Mott MacDonald Limited

Report and financial statements

31 December 2018

Mott MacDonald Limited

Directors
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Ian Galbraith
Mike Haigh
James Harris
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Ed Roud

Company Secretary
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Strategic report

Our purpose is to improve peoples' lives by providing professional services in the built and natural environments, and in social and economic development. We help our clients add value to their businesses, and for their stakeholders, by using our ingenuity, professional excellence and connected thinking to address their challenges in ways that safeguard the welfare of the public and the environment and support sustainable development. As an employee-owned company, we aim to reward our people fairly, provide them with development opportunities and offer them a platform to achieve their career aspirations.

To achieve that, we need to generate sufficient and sustainable profit over the long term, so that we can invest in our people, improve our efficiency and deliver excellent outcomes for our clients.

Our values, expressed in our PRIDE statement, continue to define the company's culture and are reflected in our strategy (Progress, Drive), our dealings with employees and stakeholders (Respect), and the way we conduct business (Integrity, Excellence).

Two new members were added to the Board at the end of 2017 as part of our medium-term succession planning. The Board now comprises six members representing a range of engineering, management and financial disciplines, all with substantial (>30 years) experience in the industry. In making key decisions, the Board recognises its duties (under section 172 of the Companies Act 2006) to promote the success of the Company for the benefit of its members as a whole and seeks to act accordingly.

2018 was the second year of implementing the Group's strategy developed during 2016, with good progress achieved against the guiding principles of being more focused, efficient, competitive and differentiated. However, markets were flat, with uncertainty created by Brexit, slowing global growth and international trade disputes compounding ongoing disruption in the global energy market – which provides both opportunity and threat.

Strategic Progress

Our sector strategies, developed by our Sector Leaders during 2017, are generating a better focus on key opportunities and guiding our regional operations with their business planning and execution. Our strengthened technical practice networks are becoming more effective in helping us deploy the right knowledge, skills and experience in support of winning and executing projects.

Our account leadership programme is creating a much stronger client focus and helping us develop a clearer understanding of our clients' challenges in delivering better outcomes for their customers.

As a result, our business units are now focused on fewer prospects with fewer clients in fewer markets, concentrating their efforts on producing better tenders for the key opportunities. This has resulted in an improved win rate, paving the way for sustainable growth in better markets.

We continue to make good progress towards our aim of being 'digital by default', with Building Information Modelling (BIM) now the standard way of delivering engineering projects. This is leading to the upskilling of staff in pursuit of the efficiencies that BIM offers. Office 365 is now fully embedded across the business and facilitating improved communication, collaboration and knowledge sharing. Our people are widely engaged in industry initiatives to 'go digital'. The use of our global delivery centres, which are centres of excellence for digital delivery, has progressed although not at the pace we envisaged.

Our new Enterprise Resource Planning (ERP) system, 'Connect Business', which will support our business operations, is expected be rolled out during 2019/20. We continue to make headway in reducing overheads across the business to drive competitiveness, although there is more to do as we continue to seek to streamline and consolidate common services through technology driven solutions.

Implementation of our strategy together with the consolidation and evolution of our brand are helping to differentiate us as a business in what continues to be a competitive market place.

Market overview

During 2018, economic recovery continued across most major economies. The global mining and metals sector continued its recovery and oil prices stabilised. Political uncertainty including Brexit has contributed to mixed market conditions for private and public infrastructure across the world. Despite this, the UK still provided opportunities for growth in many of

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our core sectors. There are selected markets in Continental Europe that are attractive but Central Europe has limited opportunities. While Africa provides opportunity for International Development work, South African infrastructure markets remain depressed and are unattractive given risk and opportunity. The Middle East remains challenging, but South America is offering scope for projects in our core sectors.

The outlook for 2019 continues to reflect the uncertainties around the world, however at this time, there are good prospects in our core markets and sectors.

Brexit will impact, and we have plans to respond to the challenges, but timing and impact at this stage are not clear. It continues to be a risk for the business as we enter 2019. We have developed a detailed risk assessment and contingency plans in response to various scenarios. We believe that our sector and services diversity together with the scenario planning we have done will prepare us for whatever the outcome of the Brexit negotiations may be for the UK and Europe. The leadership team managing this are reviewing the position on a regular basis and providing updates for business managers and staff, communication and support being essential for staff across the UK and Europe who are affected by uncertainty.

Performance

Gross revenue of £740m was 5% up on 2017 (£708m). The UK business continued to benefit from a good pipeline of government infrastructure projects. Transportation was solid and grew 5%, while markets were a bit more challenging for the Energy and Buildings businesses which were both flat on last year. However, the Advisory and Water businesses had good volumes and delivered good growth with revenues seeing close to double digit growth. Profits were a bit more challenged. While the Advisory business had double digit growth, the other businesses experienced a fall in profits from very competitive pricing, losses on problematic projects and a lack of effective control over controllable overheads.

Headline profit before tax of £25m was £4m down on 2017 (£29m). In addition to the challenging trading environment described above, provisions were required against intercompany balances and additional costs were recognised in the Pension Scheme to allow for the impact of GMP equalisation. There is slight offset from lower currency differences. Underlying performance was good, with improvement in underlying profits and margin.

Net interest receivable increased from £12m to £13m, largely due to intercompany interest from Group companies.

The effective tax rate is 8.1% (2017 – 4.7%). The increase is largely due to higher intercompany provisions this year compared to 2017 for which no tax relief is available and an increase in provision for overseas taxes.

The business expects the uncertainty around Brexit, and the impact from it, to continue through 2019 and increase as we approach the deadline for leaving the EU. Planning for various scenarios is well advanced. Notwithstanding the uncertainty, the order book and contracted work are stronger than 12 months ago, and with good prospects at this time.

The key non-financial indicators that are used to measure performance are set out and described in the Corporate responsibility statement.

Statement of financial position

Net assets have fallen from £337m to £331m. Profit after tax of £23m has been offset by the impact of FRS 102 pension accounting (£15m) and by dividends paid to the parent company (£14m).

Trade debtors and amounts recoverable on contracts combined, have fallen from £200m to £171m, against a backdrop of 5% business growth. The business has addressed a number of working capital issues during the year which had inflated carrying values, although there is more to do in this area.

The gross pension liability increased by £3m to £71m, with the annual payments of £15.5m offset by an adverse actuarial valuation, the fall in assets exceeding the reduction in liabilities. The net pension liability is still low at £59m.

Gearing and cash flow

The business continues to generate sufficient cash flow to maintain its liquidity at acceptable levels and to fund organic growth. Cash balances were up 18% at £58m benefitting from resolving working capital claims. The increase in cash is after repayment of £5m of the bank loan in place, now down to £7m. Net cash increased 38% from £37m to £51m. Liquidity ratios remain strong and the company has moved from

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a net debt position of £20m at the end of 2014, to a net cash position which has grown to £51m at the end of 2018, due to strong operational management.

The parent company, Mott MacDonald Group Limited, has £90m of committed facilities in place until December 2022 with a £30m accordion facility available as part of that agreement. It also has bond facilities to provide tender bonds, performance bonds and advance payment bonds in the normal course of business. All bank and pension scheme covenants are complied with, headroom is comfortable in all cases.

Contracted work

The order book continues to be robust and our core markets should provide good opportunity for us to pursue growth. It is expected that the UK will continue to provide opportunity. The Middle East remains competitive and uncertain.

Principal risks and uncertainties

Business risks

Business risks are managed through directives, systems and processes. Control is exercised through staff compliance with mandatory directives which require appropriate management authority to be granted before starting activities which may bring risk to the company. The use of the directives, systems and processes as a means of managing risk is complemented by the use of risk registers at group, unit and project level. The Group's Appetite for Risk is set out in a policy statement as guidance for all business operations.

The key risks, along with mitigation measures in place, are:

Reputational risk – directives and procedures cover ethics, code of conduct, conflict of interest, whistle-blowing and anti-fraud; and there are clear procedures for undertaking due diligence on suppliers and customers. Our strategy, which determines the markets, countries and sectors we work in, provides an underlying foundation.

IT and Digital – policies and procedures exist to mitigate cyber attacks and data theft, risks posed in IT support services and failure of communication systems. This helps to ensure the quality of our information security systems.

Commercial – we have contingency plans for use in the event of a major recession or rapid decline or loss of a core market, as well as a credit downgrade and material reduction of our bank facilities.

High level operational risk – we have directives and procedures in place to manage how we target, bid and carry out work which may carry a higher level of risk such as uncapped liability, uninsured liability, disproportionate high value of liabilities, liquidated damages, fitness for purpose, and environmental consequences. Working in challenging markets where a high level of economic and political risk may exist, including sanctions, is managed carefully with set procedures and approvals required for taking on and delivering work.

Business growth risk is managed largely by a strategy of focused growth which aims our efforts at better quality work, in better quality markets with better quality clients. We have no external shareholders driving for growth beyond our capacity which could create weakness in our finances or reputation.

People – we aim to attract and retain the best people and our PRIDE Values and ownership culture create an environment of fairness and equal opportunity. Our suite of policies and initiatives around Equality, Diversity and Inclusion, anti-bullying, agile working and individual and team identity create an environment where people can thrive, develop and take the opportunity to drive their careers. A new people agenda will provide some of the missing pieces to this over the next year with the aim of improving the quality of training, development, career planning and succession planning.

Our Business Management System (BMS) is designed to be fully compliant with international standards, or British Standards where international standards are not available. These standards cover quality, safety, ethics, security, information security and environment. Operational risk control was further enhanced by the roll out of process management software to better manage project risk and deliver operational efficiencies. The use of this is mandatory.

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Supporting the directives, systems and process controls are the risk management committees at both Group and business unit level. These committees consider the effectiveness of our systems, and the likelihood and impact of risks facing the business. Mitigation measures are developed by these committees and cascaded throughout the business.

We have comprehensive professional indemnity, public liability and employers' liability insurance policies in place to mitigate the impact of risk realisation.

Financial risks
The company is exposed to liquidity risk, credit risk and exchange risk and has a variety of controls and processes in place to manage these risks to minimise financial loss. The more important aspects are:

- For investments, where viable, all counterparties must meet a minimum credit rating of A-1 long term and P-1 short term.
- The company does not undertake any speculative trades.
- In evaluating transactional exchange rate risk, the net exposure would be hedged with foreign exchange forward contracts, where necessary.
- In evaluating translational exchange rate risk, the company does not use hedging instruments.
- Credit control procedures are undertaken during the bidding period, and for the duration of the contracts.
- Working capital and cash flow targets are monitored and managed on a daily basis, with weekly reporting to the executive team and monthly reporting to the Board.

Any material transaction and translation exposure after matching is monitored by management with appropriate action taken as necessary. There is no material interest rate risk at the year end. The company hedges interest rate exposures where necessary.

Looking forward

The company is well positioned to pursue growth in its core markets. The current macroeconomic pressures may create uncertainty in the short term, particularly from speculation around the way that Britain leaves the EU. However, the continuing resilience of the UK economy will provide a platform for long term growth given the strength of our core sectors.

The company has been working on scenario planning of Brexit impacts since mid-2018. These plans consider our business, our projects, our clients and our people. Our diversity and the effort that we have put into our contingency planning position us well for whatever may come.

Despite the uncertainty we continue to win exciting work and face 2019 with a strong order book.

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

Mike Haigh, Managing Director
28 February 2019

Corporate responsibility

The company has strategies, policies and initiatives which are driven from the Group's overall approach to corporate responsibility.

Our corporate responsibility

Our social purpose can be summarised as using our professional skills to improve people's lives and provide rewarding careers for our employees by being sustainably profitable. The desire to make a positive difference to the world is what attracts many of our colleagues to their chosen professions and Mott MacDonald provides a platform for them to achieve that aim. What we do, in developed as well as emerging markets, contributes to many of the United Nations' Sustainable Development Goals (SDGs). We endeavour to make thoughtful choices about the projects we choose to work on, show leadership on the critical issues facing our planet, and exercise our commitment to society.

This report on our performance and achievements in 2018 summarises how we achieved positive outcomes for our clients, our colleagues and society, recognising the interdependency and importance of financial, social and environmental performance for long-term corporate health.

Our commitment to clients, colleagues and society

The links between economic sustainability and social development are clear, albeit there are issues to resolve – not least around inequality. The world is a more fragile place when it leaves large sections of society behind or harms the environment in the pursuit of growth. The links between economic, social and environmental sustainability come into focus when we consider the importance of people enjoying healthy and prosperous lives. Climate change, pollution, ecosystem fragility and species loss all impact society – and a weakened society is less able to participate in economic growth and wellbeing.

Companies like ours can provide solutions to many of the world's problems by helping our clients deliver projects that, as well as providing economic benefits, recognise the potential impacts on communities and the environment and mitigate them. Our decisions and actions have impact. Making projects sustainable involves taking account of the risks and opportunities present today and thinking about those which may emerge tomorrow.

We believe that this is where our employee ownership model can make a difference. Because we have no external shareholders, we are free to operate in the best interests of our clients, our employees, our communities and the environment. We put principle before short term profit and aim to act in the best interests of all by doing what's right, rather than what's easy.

Our view is that addressing the SDGs enables stronger business cases, improved stakeholder, community and investor relationships, enhanced reputation, reduced risk and new growth opportunities – in short, better business.

Over the last two years we have been working to better understand the impacts of the projects we work on by talking to those directly affected – our clients' customers. Their experiences are shared in our recent publication: 'Mott MacDonald, In their own words'.

Non-financial indicators

Social and environmental performance are increasingly recognised as integral to economic and financial outcomes. Interdependencies are becoming more visible and better understood. Yet most organisations still have poor systems for evaluating benefits and gathering non-financial metrics. Our own are still in development and we acknowledge our data is imperfect. But we are making progress and gaining improved insight into the social and environmental impacts and performance of our projects and our business.

Our projects

Delivering sustainable, effective and efficient projects demands that we understand our clients' businesses and objectives. That requires strong relationships, and we continue to strengthen our account leadership to that end. Project delivery is assisted by other initiatives:

- **Quality and risk:** We are ISO 9001, ISO 14001 and ISO 45001 certified for quality, environmental and safety management.
- **Digital efficiency:** We have advanced our digital maturity such that digital solutions are now standard for design, communication and documentation across the Group, making collaboration and information sharing simpler – both internally and externally – and enabling quality, cost, time, carbon and safety benefits.

Corporate responsibility

- **Sustainability:** We aim to assess social, economic and environmental sustainability when bidding and delivering work.
- **Carbon:** We assess capital and operational carbon on all projects over £10m capital value and recommend reductions on the basis that this generally also cuts costs. We did so on a third of large infrastructure projects in 2018.
- **Climate resilience:** We've committed to assess the risks posed by climate change on all large projects and communicate this to clients, with recommendations for action when required.
- **Excellence:** For the benefit of our projects, clients and staff, we aim to be the best in our field. Awards won are one way of measuring success with a tally of 150 in 2018 – a Group record.

Our people

We believe that diversity is good for business, as diverse organisations are more creative, effective and profitable. Achievements in 2018 include:

- **Globalising EDI:** Our Equality, Diversity and Inclusion network expanded outside the UK in 2018, providing training and building awareness in several territories. This will continue through 2019, recognising that progress will be more challenging in some places given cultural norms.
- **Gender pay gap:** In 2018, we were the first company of our type in the UK to publish gender pay gap data (21%). We're working to close it faster than will occur naturally through industry change. From 2017, the company's gender balance shifted by +1% female across all grades.
- **Wellbeing:** We have been providing added emphasis on health and wellbeing, including on work-related stress, safe driving and cycling.

Our business

Creating and sustaining a successful business requires:

- **Being proactive about risk:** Our approach to all areas of risk management adopts many aspects of ISO 31000 – Risk Management, and we comply with national legislation and regulations in the countries where we deliver projects. Our 'CLASS' risk management approach has been communicated afresh to staff. We are compliant with ISO 27001 – Information Management Security, and in 2018 we appointed a Head of Information Security to strengthen that compliance.
- **Being firm about bribery or corruption:** We were the first firm of our kind to sign up to British Standard 10500 – the anti-bribery and corruption standard. Our Board provides industry leadership on ethics, and business ethics training is mandatory for all staff, with advanced training for staff exposed to environments where the risk is greater. All reports received through our confidential whistle-blowing process are fully investigated.
- **Reducing carbon:** We're committed to reducing our per capita carbon footprint by 5% year on year up to 2021; we met this target in 2017, with emissions of 2.50t/person compared to 2.63t/person in 2016.
- **Promoting safety:** Our accident incidence rate (AIR) was 2.0 in 2018, up from 1.6 in 2017. Staff reporting of accidents or near misses significantly improved from 9% to 17%, illustrating greater awareness of risk.
- **Encouraging innovation:** 2018 saw the launch of our innovation strategy. This focuses investment on ideas with the greatest potential, through incubation and testing to commercial maturity. Funding for innovation increased over the year to 0.5% of Group revenue.

Our community

We aim to provide exceptional professional leadership to our industry. Many staff members lend their expertise to industry bodies or inspire future generations by contributing to university programmes. The following provides an indication of the level at which some of our colleagues are operating:

- **Nick DeNichilo**, President and CEO of our North America business is chair of the American Society of Civil Engineers' Industry Leaders Council.
- **Neresh Pather**, Development Director of our South Africa business is President of Consulting Engineers South Africa.
- **Mark Enzer**, Group Technical Director is chair of the Digital Framework Task Group, Centre for Digital Built Britain; and led the Digital Transformation workstream of Project 13 for the UK Infrastructure Client Group.
- **Simon Harrison**, Group Strategic Development Manager is Vice President of the Institution of Engineering and Technology, chair of its Energy Policy Panel and leader of its Future Power Systems Architecture Programme.

Corporate responsibility

The scale and diversity of the contributions made shows the responsibility felt – and pride taken – in developing our professional community, helping those we work for and responding to key issues. In addition:

- We encourage staff to work in their communities and provide focused financial support to assist them. With clients and delivery partners, we seek opportunities to create local employment, improved access to jobs, better health and education, skills training and environmental improvements.
- We encourage young people to consider careers in our industries by contributing to academic programmes and research at numerous universities across the globe, providing summer internships and industrial placements and sponsoring students.
- Graduates and apprentices account for 20% of our workforce – we are aiming for 25% by 2021.

K. J. Howells.

Keith Howells, Chairman
28 February 2019

Directors' report

The directors present their report, together with the audited financial statements of the company for the year ended 31 December 2018.

Registration

Mott MacDonald Limited is a company registered in England and Wales with registered number 01243967.

Results and dividends

The profit for the year after taxation amounts to £23.3m (2017 – £28.1m). The directors recommended an interim dividend of £14.2m (2017 – £13.4m) and this was paid on 14 December 2018. The directors do not propose a final dividend.

Principal activities

Mott MacDonald is one of the world's leading engineering, management and development consultancies. Its core business sectors are advisory, built environment, energy, international development, transport and water.

Directors

The following were directors of the company during the year ended 31 December 2018:

Ian Galbraith
Mike Haigh
James Harris
Keith Howells
Guy Leonard
Ed Roud

Employment policies

The company actively encourages employees to play a part in developing the company's business and in enhancing its performance. Increasing share ownership worldwide in the parent undertaking, Mott MacDonald Group Limited, is a key element of this policy. In addition, the company recognises individual contributions through bonuses and annual awards.

The company proactively informs staff on general, financial and economic factors influencing the company, as well as on all matters affecting them directly. This is achieved through our intranet, staff councils and briefings, communications from the Chairman, Group MD and other Executive Board members, local and regional staff newsletters and copies of all the company's corporate magazines and reports.

Company policy is to employ, develop and promote staff based solely on aptitude, ability and work ethic. As a result, our staff come from a wide diversity of backgrounds.

The company wishes to ensure that no discrimination occurs, either directly or indirectly, against individuals with a disability on the grounds of that disability in relation to recruitment, promotion, training, benefits, terms and conditions of employment and dismissal. Wherever possible, reasonable adjustments will be made to either the workplace, workstation or working environment to help employees cope with disabilities.

Principal risks and uncertainties

Business risks, financial risks and factors to mitigate the risks are described in the Strategic report.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report which includes the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Directors' report

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

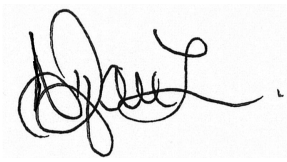
The directors confirm that:
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with Section 485 of the Companies Act 2006.

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



Diana Zivko, Company Secretary
28 February 2019

Independent auditor's report

to the members of Mott MacDonald Limited

Opinion

We have audited the financial statements of Mott MacDonald Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report, Corporate responsibility and Directors' report set out on pages 2 to 10 and the five year summary other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent auditor’s report

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors’ responsibilities statement set out on pages 9 and 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Peter Gamson ACA, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28 February 2019

Statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Gross revenue	5	**740,215**	707,964
Cost of sales		**(475,248)**	(450,210)
Gross profit		**264,967**	257,754
Administrative expenses		**(254,171)**	(244,443)
Operating profit	6	**10,796**	13,311
Fair value adjustments	14	**579**	622
Dividends received from subsidiary undertakings		**2,500**	6,000
Profit on ordinary activities before interest		**13,875**	19,933
Net interest receivable	9	**13,110**	12,049
Other finance cost	25	**(1,600)**	(2,500)
Profit on ordinary activities before taxation		**25,385**	29,482
Tax on profit on ordinary activities	10(a)	**(2,048)**	(1,391)
Profit on ordinary activities after taxation		**23,337**	28,091
Other comprehensive (loss)/income			
Net actuarial (loss)/gain on pension scheme	25	**(14,800)**	15,100
Deferred tax on net actuarial loss/(gain)	10(c)	**2,516**	(2,567)
Deferred tax on additional pension contributions	10(c)	**(2,635)**	(2,465)
Total other comprehensive (loss)/income		**(14,919)**	10,068
Total comprehensive income for the year		**8,418**	38,159

The company's gross revenue and operating profit relate to continuing operations.

Statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	**12,894**	10,169
Tangible assets	13	**10,413**	11,885
Investments	14	**80,354**	80,827
		103,661	102,881
Current assets			
Debtors	15	**564,826**	579,971
Cash at bank and in hand		**58,018**	49,330
		622,844	629,301
Creditors: amounts falling due within one year	16	**(314,407)**	(312,793)
Net current assets		**308,437**	316,508
Total assets less current liabilities		**412,098**	419,389
Creditors: amounts falling due after more than one year	17	**(7,000)**	(12,000)
Provisions for liabilities	20	**(2,241)**	(1,647)
Net assets excluding pension liability		**402,857**	405,742
Pension liability	25	**(71,394)**	(68,394)
Net assets including pension liability		**331,463**	337,348
Capital and reserves			
Called up share capital	21	**10,000**	10,000
Profit and loss account	22	**321,463**	327,348
Shareholders' equity		**331,463**	337,348

These financial statements were approved by the board of directors on 28 February 2019.

K. J. Howells.

K J Howells, Chairman

Statement of changes in equity

for the year ended 31 December 2018

	Notes	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2017		10,000	303,312	313,312
Profit for the year	22	–	28,091	28,091
Other comprehensive income:				
Actuarial gain on pension scheme	22, 25	–	15,100	15,100
Deferred tax on actuarial gain	10(c), 22	–	(2,567)	(2,567)
Deferred tax on additional pension contributions	10(c), 22	–	(2,465)	(2,465)
Total other comprehensive income for the year		–	10,068	10,068
Dividends paid	11	–	(13,414)	(13,414)
Distributions to fellow subsidiary undertakings	22	–	(709)	(709)
At 31 December 2017/1 January 2018		**10,000**	**327,348**	**337,348**
Profit for the year	22	**–**	**23,337**	**23,337**
Other comprehensive loss:				
Actuarial loss on pension scheme	22, 25	**–**	**(14,800)**	**(14,800)**
Deferred tax on actuarial loss	10(c), 22	**–**	**2,516**	**2,516**
Deferred tax on additional pension contributions	10(c), 22	**–**	**(2,635)**	**(2,635)**
Total other comprehensive loss for the year		**–**	**(14,919)**	**(14,919)**
Dividends paid	11	**–**	**(14,198)**	**(14,198)**
Distributions to fellow subsidiary undertakings	22	**–**	**(105)**	**(105)**
At 31 December 2018		**10,000**	**321,463**	**331,463**

Notes to the financial statements

at 31 December 2018

1. Company information

Mott MacDonald Limited is a company registered in England and Wales with registered number 01243967. The registered office is: Mott MacDonald House, 8-10 Sydenham Road, Croydon, CR0 2EE, United Kingdom.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The company is exempt from preparing consolidated financial statements on the grounds that it qualifies as an intermediate parent company under Section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company has adopted the exemption from disclosing a statement of cash flows and the related notes in accordance with Section 1.11 of FRS 102. The equivalent disclosure is included in the consolidated financial statements of the company's ultimate parent undertaking, Mott MacDonald Group Limited.

Mott MacDonald Employee Trust

Mott MacDonald Limited is the sponsoring entity for the Mott MacDonald Employee Trust ('Employee Trust').

The Employee Trust has been in place since 1986. Its purpose is to support the framework of employee share ownership in the ultimate parent company, Mott MacDonald Group Limited. The Employee Trust acts as a warehouse to ensure that the internal market for shares in the parent company, Mott MacDonald Group Limited, can operate fluidly during the year. The Employee Trust sells shares to employees when they are given the opportunity to buy shares at fair value in the parent company and the Employee Trust buys shares in the parent company at fair value when they are sold by employee shareholders.

The results, assets and liabilities of the Employee Trust have been included in these financial statements.

Going concern

After considering the company's future prospects, its cash flow forecasts and bank facilities available, the directors have full expectation that the company has adequate resources to continue in operational existence for the foreseeable future and at least for a period of twelve months from the date of approval of these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Ultimate parent undertaking

The company's ultimate parent undertaking is Mott MacDonald Group Limited, a company registered in England and Wales. Copies of the Group financial statements can be obtained at a nominal cost from the registered office, Mott MacDonald House, 8-10 Sydenham Road, Croydon, CR0 2EE, United Kingdom.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Mott MacDonald Group Limited.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Notes to the financial statements

at 31 December 2018

3. Significant judgements and estimates (continued)

Contract accounting and recoverability of receivables

The company's contract accounting policy is central to how the company values the work it has carried out in each financial year. This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in work scopes, changes in costs and costs to completion and recoverability of debts, for example. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

Goodwill and other intangible assets

The company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five to ten years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Goodwill and other intangibles are disclosed in note 12.

Claims

The company from time to time receives claims in respect of professional service matters. It defends such claims where appropriate and makes provision for the possible amounts considered likely to be payable, up to the deductible under the company's related insurance arrangements. A different assessment of the likely outcome of each case or of the possible cost involved may result in a different provision and cost.

Defined benefit pension scheme

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, inflation, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 25.

Investment in parent undertaking

Management determines the fair value of shares bought by employees from the Employee Trust and sold by employees to the Employee Trust in accordance with the parent company's Articles of Association. Management uses its judgement to verify this value is a reasonable estimate of the fair value of the parent company's shares.

Impairment of investments and intercompany balances

The company determines whether there are indicators of impairment of investments in subsidiaries on at least an annual basis. Where there are indicators of impairment, the company performs impairment tests which require an estimation of the value-in-use of the relevant cash-generating units ('CGUs') to which investments in subsidiaries are allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Recoverability of intercompany balances is also considered at least annually, taking into account the expected future cash flows of the relevant CGUs.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies

Business combinations

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the acquirer's interest in the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised separately on the face of the statement of financial position immediately below goodwill.

Goodwill and intangible assets

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its estimated useful life.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the statement of comprehensive income is taken into account in determining the profit or loss on sale or closure.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Intangible assets, including software, acquired separately from a business are capitalised at cost where they meet the capitalisation criteria of FRS 102.

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred, unless the asset will generate probable future economic benefits and the costs can be reliably measured.

Subsequent to initial recognition, goodwill and intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Goodwill and intangible assets are amortised on a straight line basis over their estimated useful lives. The net book value of goodwill and intangible assets is reviewed for impairment if events or changes in circumstances indicate the net book value may not be recoverable. The useful economic lives of goodwill and intangible assets are as follows:

Goodwill	5 to 20 years
Software	2 to 10 years

Tangible fixed assets

Tangible fixed assets are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the straight line method. The useful economic lives of tangible fixed assets are as follows:

Freehold buildings	50 years
Fixtures, fittings and equipment	3 to 10 years
Motor vehicles	3 to 4 years
Leased assets	duration of lease (3 to 10 years)

Gross revenue

The term 'gross revenue' used in these financial statements is the same as the statutory definition of turnover contained in the Companies Act 2006, Section 474.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

Gross revenue (continued)

Gross revenue represents the fair value of the consideration receivable in respect of services provided during the year, inclusive of direct expenses incurred but excluding Value Added Tax. Where the company receives and disburses funds on behalf of clients under an agency arrangement but earns no margin, such receipts and disbursements are offset with each other in the financial statements.

Gross revenue is recognised in the statement of comprehensive income by reference to the stage of completion of the contract at the statement of financial position date, provided that a right to consideration has been obtained through performance.

Consideration accrues as contract activity progresses by reference to the value of work performed, which coincides with costs incurred, and this is estimated by reference to costs incurred to date compared to expected lifetime costs. Hence the proportion of revenue recognised in the year equates to the proportion of costs incurred to total anticipated contract costs less amounts recognised in previous years where relevant.

Contract variations and claims are included in revenue where it is probable that the amount, which can be measured reliably, will be recovered from the clients.

Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on contracts represent the excess of revenue earned by reference to work done over the amounts invoiced at the year end. Where the progress payments received and receivable exceed the value of revenue earned to date, the excess is shown within creditors as payments on account.

Jointly controlled operations

The company has certain contractual arrangements with other participants to engage in joint activities that do not give rise to a jointly controlled entity. The company includes its share of the assets in such joint ventures, together with the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such agreements are measured in accordance with the terms of each arrangement.

Research and development

Research and development costs are charged to the statement of comprehensive income in the year that they are incurred.

Fixed asset investments

Investments in subsidiary undertakings are recognised initially at fair value which is normally the transaction price (including transaction costs). Subsequently, they are measured at cost less any provision for impairment.

Investment in the parent undertaking, Mott MacDonald Group Limited, is measured at fair value with changes in fair value recognised in the statement of comprehensive income.

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.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

Taxation

Current tax, including UK corporation tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in the statement of comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Dividends

Dividends are only reflected in the financial statements to the extent that at the statement of financial position date, they are declared and paid or declared as a final dividend in a general meeting.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

Foreign operations which are conducted through foreign branches are accounted for in accordance with the nature of the business operations concerned. Where such a branch operates as a separate business with local finance, it is accounted for using the closing rate method. Where the foreign branch operates as an extension of the company's trade and its cash flows have direct impact upon those of the company, the temporal method is used.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of comprehensive income so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Employee benefits

Short term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

Pensions

The company has operated a number of pension schemes in the UK. These are described more fully in note 25.

Pension costs charged against operating profit for the defined contribution scheme are the contributions payable in respect of the accounting period.

The defined benefit scheme is now closed to future accrual of benefits and the surplus or deficit is determined by the actuary.

Scheme assets are measured at fair values. Fair value is based on market price information and in the case of quoted securities is the published bid price. Scheme liabilities are measured on an actuarial basis using the 'Projected Unit' method and are discounted at appropriate high quality corporate bond rates. The surplus or deficit is presented separately from other assets and liabilities on the statement of financial position, with the corresponding deferred tax asset or liability disclosed within debtors or provisions for liabilities. A surplus is recognised only to the extent that it is recoverable by the company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the statement of comprehensive income during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the statement of comprehensive income as other finance income or cost. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income or loss in the period in which they occur. Remeasurements are not reclassified in subsequent periods.

Derivative financial instruments

The company uses foreign exchange forward contracts to reduce exposure to foreign exchange rates. The company also uses interest rate swaps to adjust interest rate exposures.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the foreign exchange forward contracts is calculated by reference to current foreign exchange forward contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cash flows based on observable yield curves.

Notes to the financial statements

at 31 December 2018

5. Gross revenue

Gross revenue is attributable to one continuing activity, the provision of consulting services.

Gross revenue by destination:

	2018 £000	2017 £000
Europe and Africa	**579,528**	530,470
Middle East and South Asia	**136,324**	157,920
Americas	**14,847**	11,465
Asia Pacific and Australasia	**9,516**	8,109
	740,215	707,964

6. Operating profit

This is stated after charging:

	2018 £000	2017 £000
Auditors' remuneration – audit services – principal auditor for audit of company	**316**	307
– associates of principal auditor for audit of branches	**20**	22
	336	329
– other non-audit services		
taxation	**133**	–
other	**3**	41
	136	41
Past service cost in pension scheme (note 25)	**2,100**	–
Foreign exchange losses	**1,367**	5,735
Depreciation (note 13)	**3,868**	3,646
Amortisation of software (note 12)	**542**	394
Operating lease rentals – vehicles and equipment	**6**	9
– land and buildings	**11,670**	12,583

7. Directors' remuneration

	2018 £000	2017 £000
Emoluments (excluding pension contributions)	**3,210**	3,541

The emoluments (excluding pension contributions) of the highest paid director were £789,783 (2017 − £828,132).

During the year £52,281 (2017 − £42,967) of contributions were paid to the Master Trust in respect of 3 directors (2017 − 2), of which £nil (2017 − £nil) related to the highest paid director. Some of these directors also have benefits under the closed defined benefit section of the Mott MacDonald Pension Scheme ('MMPS').

Notes to the financial statements

at 31 December 2018

8. Staff costs

	2018 £000	2017 £000
Salaries	**331,156**	327,135
Social security costs	**30,863**	28,869
Other pension costs	**59,538**	56,449
	421,557	412,453

The average number of persons employed by the company (including directors) during the year was made up as follows:

	No.	No.
Management	**555**	527
Technical staff	**5,387**	5,284
Administrative staff	**794**	808
	6,736	6,619
The actual number of permanent staff at 31 December was:	**6,902**	6,663

9. Net interest receivable

	2018 £000	2017 £000
Interest receivable:		
Interest due from parent undertaking	**6,694**	5,835
Interest due from fellow subsidiary undertakings	**7,135**	7,625
Other interest	**171**	85
	14,000	13,545
Interest payable:		
Bank interest	**(495)**	(621)
Interest due to parent undertaking	**(241)**	(33)
Interest due to fellow subsidiary undertakings	**(152)**	(806)
Other interest	**(2)**	(36)
	(890)	(1,496)
Net interest receivable	**13,110**	12,049

Notes to the financial statements

at 31 December 2018

10. Tax

(a) Tax on profit on ordinary activities

	2018 £000	2017 £000
The taxation charge is made up as follows:		
Current tax:		
UK corporation tax	**947**	943
Non-UK tax	**1,260**	518
Capital gains tax – Mott MacDonald Employee Trust	**214**	237
	2,421	1,698
Adjustments in respect of previous years:		
UK corporation tax	**(1,379)**	933
Non-UK tax	**1,230**	(464)
Capital gains tax – Mott MacDonald Employee Trust	**(29)**	(86)
Total current tax	**2,243**	2,081
Deferred tax:		
Origination and reversal of timing differences	**(496)**	113
Adjustments in respect of previous years	**301**	(803)
Total deferred tax credit (note 10(c))	**(195)**	(690)
Tax on profit on ordinary activities (note 10(b))	**2,048**	1,391

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a £2,516,000 credit (2017 − £2,567,000 charge).

Notes to the financial statements

at 31 December 2018

10. Tax (continued)

(b) Factors affecting tax charge for the year

The tax provided for the year is lower than the amount computed at the average rate of corporation tax in the UK of 19% (2017 − 19.25%). The differences are explained below. The average rates reflect the reduction substantively enacted on 18 November 2015 from 20% to 19% with effect from 1 April 2017.

A further reduction in the UK corporation tax rate, from 19% to 17% with effect from 1 April 2020, was substantively enacted on 15 September 2016. This reduction has been taken into account in calculating the deferred tax assets and liabilities included in the statement of financial position.

	2018 £000	2017 £000
Profit on ordinary activities before taxation	**25,385**	29,482
Profit on ordinary activities before taxation multiplied by the average rate of corporation tax in the UK of 19% (2017 − 19.25%).	**4,823**	5,675
Effects of:		
Net higher tax on non-UK earnings	**1,260**	518
Non-UK branch profits	**(623)**	(991)
Adjustments in respect of previous years	**123**	(420)
Non-taxable (income)/expense (foreign exchange (gain)/loss on foreign branches)	**(201)**	683
Non-taxable income (UK dividends received)	**(475)**	(1,155)
Expenses not deductible for tax purposes	**222**	239
Research and development relief	**(1,254)**	(1,146)
Pension contribution and other items	**(2,945)**	(2,791)
Effect of rate change	**58**	(15)
Effect of group reliefs	**(1,607)**	(1,376)
Tax attributable to Mott MacDonald Employee Trust	**214**	237
Other permanent differences	**2,453**	1,933
Tax on profit on ordinary activities (note 10(a))	**2,048**	1,391

Adjustments in respect of previous years include the effects of changes in tax legislation or interpretations and revisions of estimates used in establishing prior year tax provisions.

Other permanent differences include permanent tax reliefs and non-deductible items.

The items listed above are likely to impact on tax charges of future years as well, although their exact quantum will vary with time and circumstances.

The company has no tax losses (2017 − £nil) that are available indefinitely for offset against future taxable profits in those countries in which the losses arose.

Notes to the financial statements

at 31 December 2018

10. Tax (continued)

(c) Deferred tax

	2018 £000	2017 £000
The deferred tax included in the statement of financial position is as follows:		
Included in debtors (note 15)	**14,904**	14,824
The elements of deferred taxation are as follows:		
Excess of book depreciation over tax allowances on fixed assets	**2,334**	2,528
Other timing differences	**433**	669
Pension liability (notes 15, 25)	**12,137**	11,627
	14,904	14,824
The movement in the year was:		
At 1 January	**14,824**	19,166
Deferred tax credit recognised in income (note 10(a))	**195**	690
Deferred tax credit/(charge) recognised in other comprehensive (loss)/income		
– on net actuarial loss/(gain) in pension scheme (note 22)	**2,516**	(2,567)
– on additional pension contributions made during the year (note 22)	**(2,635)**	(2,465)
Exchange and other adjustments	**4**	–
At 31 December	**14,904**	14,824

The amount of the net reversal of deferred tax expected to occur next year is £nil (2017 − £nil).

11. Dividends

	2018 £000	2017 £000
The following dividends were paid during the year:		
Interim dividend paid	**14,198**	13,414

Notes to the financial statements

at 31 December 2018

12. Intangible fixed assets

2018	Goodwill £000	Software £000	Total £000
Cost:			
At 1 January	**2,496**	**11,462**	**13,958**
Exchange adjustments	**–**	**5**	**5**
Additions	**–**	**3,266**[1]	**3,266**
At 31 December	**2,496**	**14,733**	**17,229**
Amortisation:			
At 1 January	**2,496**	**1,293**	**3,789**
Exchange adjustments	**–**	**4**	**4**
Provided during the year	**–**	**542**	**542**
At 31 December	**2,496**	**1,839**	**4,335**
Net book value:			
At 31 December	**–**	**12,894**	**12,894**
At 1 January	–	10,169	10,169

[1] During the year, £2,680,000 has been capitalised in relation to costs of development of a new ERP system which had not been brought into use by the end of the year. The cumulative amount capitalised to 31 December 2018 is £11,903,000.

Notes to the financial statements

at 31 December 2018

13. Tangible fixed assets

2018	Motor vehicles £000	Fixtures, fittings & equipment £000	Total £000
Cost:			
At 1 January	**1,210**	**51,132**	**52,342**
Exchange adjustments	**21**	**431**	**452**
Additions	**11**	**2,366**	**2,377**
Disposals	**(18)**	**–**	**(18)**
At 31 December	**1,224**	**53,929**	**55,153**
Depreciation:			
At 1 January	**1,122**	**39,335**	**40,457**
Exchange adjustments	**27**	**406**	**433**
Provided during the year	**23**	**3,845**	**3,868**
Disposals	**(18)**	**–**	**(18)**
At 31 December	**1,154**	**43,586**	**44,740**
Net book value:			
At 31 December	**70**	**10,343**	**10,413**
At 1 January	88	11,797	11,885

Notes to the financial statements

at 31 December 2018

14. Investments

2018	Investment in parent undertaking at fair value £000	Investments in subsidiary undertakings at cost £000	Total £000
At 1 January	**15,107**	**71,696**	**86,803**
Additions	**11,509**	**2**	**11,511**
Disposals	**(12,545)**	**(18)**	**(12,563)**
Fair value adjustments	**579**	**–**	**579**
At 31 December	**14,650**	**71,680**	**86,330**
Amounts provided:			
At 1 January and at 31 December	**–**	**5,976**	**5,976**
Net book value:			
At 31 December	**14,650**	**65,704**	**80,354**
At 1 January	15,107	65,720	80,827

The profit on disposal of shares in the parent undertaking was £nil.

The historical cost of the investment in the parent undertaking was £13,424,000 (2017 − £13,566,000).

Notes to the financial statements

at 31 December 2018

14. Investments (continued)

Subsidiary undertakings and other fixed asset investments

A full list of undertakings is given below:

Name of undertaking	% held of ordinary share capital 2018	2017	Registered office key
Subsidiary undertakings			
Bentley Holdings Limited	**100**	100	**A**
Cambridge Education Associates Limited	**100**	100	**B**
Cambridge Education Consultants Limited	**100**	100	**B**
Courtyard Group UK Limited	**100**	100	**B**
Franklin & Andrews International Limited	**100**	100	**B**
Franklin Osprey Services Limited	**100**	100	**B**
Fulcrum First Limited	**100**	100	**B**
HLSP Limited	**100**	100	**B**
JBA Bentley Limited[1]	**75**	75	**A**
JN Bentley Limited[1]	**100**	100	**A**
MMG Consulting Limited	**100**	100	**B**
Mott MacDonald Bentley Limited[1]	**100**	100	**A**
Mott MacDonald Colombia SAS	**100**	100	**E**
Mott MacDonald Gas Experts Limited	**100**	100	**B**
Multi Design Consultants Limited	**100**	100	**B**
Osprey PMI Limited	**100**	100	**B**
Power Ink Limited	**100**	100	**B**
Procyon Oil & Gas Limited	**100**	100	**B**
Project Management International Limited	**100**	100	**B**
Other fixed asset investments			
BMM JV Limited	**50**	50	**C**
Environments for Learning Leeds PSP Limited	**24**	24	**D**
M2 (Water) LLP	**50**	50	**B**

[1]Investment held wholly or partly through subsidiary undertaking.

Registered Office	
Snaygill Industrial Estate, Keighley Road, Skipton, North Yorkshire, BD23 2QR, United Kingdom	**A**
Mott MacDonald House, 8-10 Sydenham Road, Croydon, Surrey, CR0 2EE, United Kingdom	**B**
St James House, Knoll Road, Camberley, Surrey, GU15 3XW, United Kingdom	**C**
c/o Albany Spc Services Limited, 3rd Floor, 3-5 Charlotte Street, Manchester M1 4HB, United Kingdom	**D**
Calle 93B No. 12-48, Oficina 308, Edificio Futura, Bogota D.C., Colombia	**E**

Notes to the financial statements

at 31 December 2018

15. Debtors

	2018 £000	2017 £000
Trade debtors	**96,464**	106,262
Amounts recoverable on contracts	**74,487**	93,292
Amount owed by parent undertaking	**250,000**	250,000
Amounts owed by fellow subsidiary undertakings	**99,389**	85,416
Amounts owed by other fixed asset investments	**528**	616
Deferred taxation (note 10(c))	**14,904**	14,824
Taxation recoverable	**6,742**	7,028
Other debtors	**4,706**	4,916
Prepayments and accrued income	**17,606**	17,617
	564,826	579,971

Trade debtors are shown net of a provision for impairment of £25,425,000 (2017 – £10,706,000).

Amount owed by parent undertaking of £250,000,000 is a loan from Mott MacDonald Limited to Mott MacDonald Group Limited. Interest on this loan is charged at a rate of LIBOR + 2%.

The intention is that amounts owed by parent undertaking and fellow subsidiary undertakings will not be called up at short notice if doing so would mean that the parent or subsidiary undertaking would be unable to meet its liabilities as they fall due.

Included within deferred taxation is a balance of £12,137,000 (2017 – £11,627,000) in relation to the pension liability (notes 10(c), 25). Deferred taxation is recoverable after more than one year.

16. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Payments on account	**104,329**	108,433
Amount due to parent undertaking	**51,483**	45,462
Amounts due to fellow subsidiary undertakings	**30,436**	34,830
Trade creditors	**15,182**	10,609
Current UK corporation tax	**422**	300
Non-UK taxation	**8,345**	7,461
Other taxes	**8,344**	9,535
Social security	**7,669**	7,150
Other creditors	**8,817**	8,439
Accruals	**79,380**	80,574
	314,407	312,793

Interest is paid on amounts owed to parent and fellow subsidiary undertakings based on the Bank Rate.

17. Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Unsecured bank loans (note 18)	**7,000**	12,000

Notes to the financial statements

at 31 December 2018

18. Loans

Loans repayable, included within creditors, are analysed as follows:

	2018 £000	2017 £000
Wholly repayable within five years (note 17)	**7,000**	12,000

The £7.0m loan relates to amounts drawn down on the multi-currency revolving facility agreement which is in place until 15 December 2022 and bears a market floating rate of interest based on LIBOR.

19. Obligations under leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Amounts payable:				
Within one year	**12,008**	10,799	**3**	6
In two to five years	**41,396**	44,025	**–**	2
Over five years	**38,696**	48,660	**–**	–
	92,100	103,484	**3**	8

20. Provisions for liabilities

Provision for losses on contracts:	**2018 £000**
At 1 January	**1,647**
Exchange adjustments	**37**
Arising during the year	**1,485**
Utilised	**(928)**
At 31 December	**2,241**

Due to the nature of provisions for losses on contracts, the timing of their utilisation varies with the size and complexity of the underlying facts and circumstances. It is not unusual for such matters to take up to five years to be resolved, sometimes longer.

21. Share capital

	2018 No.	2017 No.	**2018 £000**	2017 £000
Authorised				
Ordinary shares of £1 each	**260,000,000**	260,000,000	**260,000**	260,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**10,000,000**	10,000,000	**10,000**	10,000

Notes to the financial statements

at 31 December 2018

22. Reserves

Profit and loss account	2018 Excluding pension deficit £000	2018 Pension deficit £000	2018 Including pension deficit £000	2017 Including pension deficit £000
At 1 January	**383,337**	**(55,989)**	**327,348**	303,312
Profit on ordinary activities after taxation	**23,337**	**–**	**23,337**	28,091
Dividends (note 11)	**(14,198)**	**–**	**(14,198)**	(13,414)
Distributions to fellow subsidiary undertakings	**(105)**	**–**	**(105)**	(709)
Transfer in respect of additional pension contributions (net of deferred tax)	**(12,865)**	**12,865**	**–**	–
Deferred tax on additional pension contributions (note 10(c))	**(2,635)**	**–**	**(2,635)**	(2,465)
Net actuarial (loss)/gain on pension scheme (note 25)	**–**	**(14,800)**	**(14,800)**	15,100
Deferred tax on net actuarial loss/(gain) (note 10(c))	**–**	**2,516**	**2,516**	(2,567)
Other finance cost (net of deferred tax)	**1,328**	**(1,328)**	**–**	–
Past service cost (net of deferred tax)	**1,743**	**(1,743)**	**–**	–
At 31 December	**379,942**	**(58,479)**	**321,463**	327,348

Included in this profit and loss account is an undistributable profit of £57,190,000 relating to the profit on transfer of the company's investment in Mott MacDonald International Limited in 2005 to Mott MacDonald Group Limited at market value.

The pension deficit of £58,479,000 above differs from the pension liability in the statement of financial position of £71,394,000. This difference relates to the deferred tax asset of £12,137,000 in debtors plus the pre-divisionalisation element of the pension deficit in Multi Design Holdings Limited of £778,000.

23. Capital commitments

There were no capital commitments contracted and not provided for in the financial statements.

24. Contingent liabilities

	2018 £000	2017 £000
Guarantee of bank loans and overdrafts in respect of other group companies	**25,518**	29,199

In addition, in the normal course of business, down payment, performance and tender bonds have been given by the company. In the opinion of the directors, these are not expected to give rise to any significant liability. There are also bank guarantees in respect of the pension scheme as disclosed in note 25.

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits

The company has operated a number of pension schemes in the UK. The Mott MacDonald Pension Scheme ('MMPS') is trust based which, from 1 January 2001 until 31 December 2011, had both defined benefit and defined contribution sections. On 1 May 2000, the defined benefit section was closed to new entrants. From 1 January 2001, all members were transferred to the defined contribution section. This section was contracted into the State Second Pension, formerly known as the State Earnings Related Pension Scheme ('SERPS') and was closed to new members on 31 December 2004.

From 1 January 2005, new employees were entitled to join the Mott MacDonald Stakeholder Pension Scheme, a contract based scheme. From 1 April 2011, all Stakeholder members were transferred to the Group Personal Pension Plan ('GPP').

From 1 January 2012, all defined contribution members were transferred to the GPP. Contribution structures in MMPS continued in the GPP. From 1 January 2012, all active defined benefit members were made deferred by removing the salary link and offering sliding scale enhancements to their pensions.

From 1 June 2017 all GPP members were transferred to a Master Trust and new employees are now contractually enrolled into the Master Trust. The minimum Master Trust employee contribution level is 4.5%.

The Company contributes to the Master Trust, at the rates specified in the rules of the scheme. From 1 January 2014, all new employees are contractually enrolled. To comply with auto-enrolment law, all current employees who were not in the GPP were contractually enrolled in May 2016. Total pension contributions were £39.6m (2017 − £37.1m).

Costs relating to the remaining defined benefit section of MMPS were £16.2m (2017 − £15.2m). These costs include both administrative expenses relating to MMPS and an instalment of £15.5m to reduce the deficit. Members' pensions were increased during the year according to the rules of MMPS.

MMPS is funded by means of assets which are held in trustee-administered funds, separated from the company's own resources. The contributions to MMPS are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the 'Projected Unit' method and a funding agreement between the trustees and the company.

The following key assumptions were used to assess the funding level at the last actuarial valuation:

Date of valuation	1 January 2018
Future investment return per annum – pre-retirement	Discount rate yield curve*
– post-retirement	Discount rate yield curve*

*This is equal to the yield on UK Government fixed interest gilts at different terms on the yield curve, with an outperformance allowance of 1.6% over the period to 31 December 2020, 1.4% over the period from 1 January 2021 to 31 December 2023, 0.9% in 2024 and 0.5% thereafter.

At the last actuarial valuation on 1 January 2018, the market value of assets was £595m and the level of funding based on market value of assets was 86%. The level of funding is the value of the assets expressed as a percentage of MMPS liabilities after allowing for revaluation of benefits to normal pension date.

The valuation position of MMPS was updated to 31 December 2018 by a qualified independent actuary for the purpose of producing these financial statements in accordance with FRS 102.

It should be noted that the calculations and methods under FRS 102 are different from those used by the actuary to determine the funding level of MMPS. The company and the trustees regularly review the funding level of MMPS with the advice of the actuary. During 2018 minimum contributions of £15.5m were paid to MMPS. Under the current funding plan these will be £16.0m in 2019 and are then predicted to increase at 3.9% per annum.

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

In agreeing the latest recovery plan with the trustees of the defined benefit pension scheme, the company has agreed with the trustees to provide a minimum security of £19m and a maximum security of £35m throughout the period of the recovery plan.

The level of security is agreed annually with the pension scheme trustees and at 31 December 2018 the level of security in place was £25m in the form of bank guarantees which are renewable on an annual basis.

The security can be called on by the trustees in the event of the company defaulting on its contributions to MMPS or in the event of a change in control of the company or it being placed in administration. In the view of the directors, such possible events are remote.

The assets and liabilities of MMPS as at 31 December are analysed below:	**2018 £m**	2017 £m
Change in defined benefit obligation		
Defined benefit obligation at 1 January	**(663.2)**	(669.8)
Interest cost	**(16.8)**	(18.3)
Actuarial gains/(losses)	**17.5**	(9.5)
Benefits paid	**34.7**	34.4
Past service cost	**(2.1)**	–
Defined benefit obligation at 31 December	**(629.9)**	(663.2)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	**(629.9)**	(663.2)
Change in plan assets		
Fair value of plan assets at 1 January	**594.8**	574.3
Interest income on MMPS assets	**15.2**	15.8
Actuarial (losses)/gains on MMPS assets	**(32.3)**	24.6
Employer contributions	**15.5**	14.5
Benefits paid	**(34.7)**	(34.4)
Fair value of plan assets at 31 December	**558.5**	594.8
Pension liability (excluding deferred tax)	**(71.4)**	(68.4)
Related deferred tax asset included within debtors (notes 10(c), 15)	**12.1**	11.6

Components of pension (cost)/income

Year to 31 December	**2018 £m**	2017 £m
Past service cost	**(2.1)**	–
Total pension cost recognised in administrative expenses in arriving at operating profit	**(2.1)**	–

Past service cost of £2.1m relates to a provision for the impact of Guaranteed Minimum Pension (GMP) equalisation.

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

Components of pension (cost)/income (continued)

Year to 31 December	2018 £m	2017 £m
Interest cost on MMPS liabilities	(16.8)	(18.3)
Interest income on MMPS assets	15.2	15.8
Net interest cost recognised in other finance cost in the statement of comprehensive income	(1.6)	(2.5)
Actuarial gains/(losses) on MMPS liabilities	17.5	(9.5)
Actuarial (losses)/gains on MMPS assets	(32.3)	24.6
Net actuarial (losses)/gains recognised in other comprehensive (loss)/income	(14.8)	15.1

Plan assets

The weighted average asset allocation at the year end was as follows:	2018 %	2017 %
Asset category		
Liability driven investment	74	57
Diversified growth funds	14	32
Corporate bonds	6	5
Equities	5	5
Cash and other	1	1
	100	100

Actual return on plan assets

Year to 31 December	2018 £m	2017 £m
Interest income on MMPS assets	15.2	15.8
Actuarial (losses)/gains on MMPS assets	(32.3)	24.6
Actual return on plan assets	(17.1)	40.4

The key financial assumptions used to determine the pension liability at 31 December are:

	2018 %	2017 %
RPI inflation	3.3	3.2
Discount rate for scheme liabilities	2.9	2.6
CPI inflation	2.2	2.1
Pension increases (inflationary increases with a maximum of 5% p.a.)	2.2	2.1
Salary increases	n/a	n/a

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December:

	2018		2017	
	Male Years	**Female Years**	Male Years	Female Years
Member age 60 (current life expectancy)	**27.9**	**29.0**	28.4	29.5
Member age 40 (life expectancy at age 60)	**29.0**	**30.6**	29.5	31.1

26. Related party transactions

The company has taken advantage of the provisions in Section 33.1A of FRS 102 which exempt subsidiary undertakings from disclosing transactions with other wholly owned subsidiary undertakings within the Group.

During the year, the company made sales of £21,656,000 (2017 − £19,079,000) to non-wholly owned fellow subsidiary undertakings and purchases of £2,524,000 (2017 − £2,880,000) from non-wholly owned fellow subsidiary undertakings. The net balance due from non-wholly owned fellow subsidiary undertakings at 31 December 2018 was £53,898,000 (2017 − £43,926,000).

27. Financial assets and liabilities

	2018 £000	2017 £000
Financial assets at fair value through profit or loss		
Investment in parent undertaking (note 14)	**14,650**	15,107
Financial assets that are debt instruments measured at amortised cost[1]		
Trade debtors (note 15)	**96,464**	106,262
Amount owed by parent undertaking (note 15)	**250,000**	250,000
Amounts owed by fellow subsidiary undertakings (note 15)	**99,389**	85,416
Amounts owed by other fixed asset investments (note 15)	**528**	616
Other debtors (note 15)	**4,706**	4,916
Financial liabilities measured at amortised cost[1]		
Trade creditors (note 16)	**15,182**	10,609
Amount due to parent undertaking (note 16)	**51,483**	45,462
Amounts due to fellow subsidiary undertakings (note 16)	**30,436**	34,830
Other creditors (note 16)	**8,817**	8,439
Loans (note 18)	**7,000**	12,000

There were no derivative financial instruments at the year end (2017 − £nil).

[1]Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount (calculated using the effective interest method).

Five year summary

Years ended 31 December	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Gross revenue	**740,215**	707,964	675,105	642,610	579,295
Operating profit	**10,796**	13,311	35,444	36,020	28,029
Provision for impairment of investments	**–**	–	(2,114)	(1,785)	(392)
Income from other fixed asset investments	**–**	–	–	35	35
Fair value adjustments	**579**	622	962	935	1,182
Dividends received from subsidiary undertakings	**2,500**	6,000	6,000	–	600
Profit on ordinary activities before interest	**13,875**	19,933	40,292	35,205	29,454
Net interest receivable	**13,110**	12,049	9,683	7,915	9,781
Other finance cost	**(1,600)**	(2,500)	(3,000)	(2,400)	(2,500)
Profit on ordinary activities before taxation	**25,385**	29,482	46,975	40,720	36,735
Tax on profit on ordinary activities	**(2,048)**	(1,391)	(5,129)	(7,454)	(9,690)
Profit on ordinary activities after taxation	**23,337**	28,091	41,846	33,266	27,045
Dividends	**(14,198)**	(13,414)	(15,246)	(12,964)	(23,255)
Distributions to fellow subsidiary undertakings	**(105)**	(709)	(381)	(1,019)	(458)
Retained profit	**9,034**	13,968	26,219	19,283	3,332
Employment of capital					
Fixed assets	**103,661**	102,881	90,251	87,123	100,862
Net current assets less provisions	**306,196**	314,861	340,555	345,437	338,388
Excluding pension liability	**409,857**	417,742	430,806	432,560	439,250
Pension liability (excluding deferred tax)	**(71,394)**	(68,394)	(95,494)	(84,894)	(74,695)
Including pension liability	**338,463**	349,348	335,312	347,666	364,555
Capital employed					
Creditors falling due after more than one year	**7,000**	12,000	22,000	39,800	55,300
Capital and reserves excluding pension liability	**402,857**	405,742	408,806	392,760	383,950
Excluding pension liability	**409,857**	417,742	430,806	432,560	439,250
Pension liability (excluding deferred tax)	**(71,394)**	(68,394)	(95,494)	(84,894)	(74,695)
Including pension liability	**338,463**	349,348	335,312	347,666	364,555
Net funds/(debt)					
Cash at bank and in hand	**58,018**	49,330	49,523	44,541	35,221
Bank loans	**(7,000)**	(12,000)	(22,000)	(39,800)	(55,300)
	51,018	37,330	27,523	4,741	(20,079)

Opening opportunities with connected thinking.

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