Mott MacDonald Group Limited

Report and financial statements

31 December 2018

Mott MacDonald Group Limited

Global management, engineering and development consultancy

+150 awards
for innovation and excellence in 2018

+16,000 people

Independent and employee-owned
– wholly focused on what's best for our customers and our staff

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Chairman’s statement

Keith Howells, Chairman

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. We also need to provide our employee shareholders with an appropriate return for their investment.

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 Executive Board during 2018 as part of our medium-term succession planning. The Board now comprises seven 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.

Our independently chaired Shareholders’ Committee, which is the supervisory body for the Executive Board, elected five new members as replacements for members stepping down.

2018 was the second year of implementing the Group 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. Growth was modest, with revenue and profit performance stronger where we have strategic focus but offset by shrinkage in markets where we seek to exit or reduce our presence. A slow North American energy market impacted growth there.

Strategic Progress

Our sector strategies, developed by our Global 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 across the global business.

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 territories, 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 Group and facilitating improved

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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, has been thoroughly pilot tested in our Irish business and will be rolled out to the rest of the Group 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.

Our employee ownership model and culture continue to help us attract and retain the best talent, as well as providing strong motivation for our staff to deliver better outcomes for our clients and for the business. An underlying component of our strategy is to provide a stronger emphasis on career development; rewards and recognition; performance development; and resource management – all areas of improvement identified from our biennial staff surveys. This is being supported by ongoing initiatives addressing succession planning; leadership training; mobility; wellbeing; and equality, diversity and inclusion. There is much still to do, but the direction of travel is positive. We ended the year with just over 16,000 employees, including agency and contract staff.

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.

Recognition

Awards provide recognition – from both clients and peers – of excellence, innovation and thought leadership. In 2018 we won an exceptional 150 external awards and commendations from around the world and had outstanding contributions to our six internal awards' programmes. In addition to being named 'Top International Design Firm' by Engineering News Record, external awards of note included:

Digital: British Construction Industry Awards 'Exporting Expertise Initiative of the Year', for BIM consultancy in the Middle East; and GEO Design+BIM Awards, for 'Leadership in Design Engineering'; and the 'Smart Water' category of the IDC 2018 Smart City Asia Pacific Awards for 'Safeswim'.

Economic and social value: UK's New Civil Engineer 100 award for 'Innovation in Project Initiation'.

Infrastructure: 'Major Project Award' from the Royal Academy of Engineering for the Ordsall Chord, Manchester; 'Technical Advisor of the Year' at the Infrastructure Journal Awards and at the Partnership Awards; and the 'Tunnel Achievement Award' from Tunnel Business Magazine for Sound Transit's Northgate Link Extension project, Seattle.

People: UK Construction News Talent Award for 'Graduate Initiative of the Year'; 5th place in the UK's Top 50 Inclusive Companies list; 'Employer of the Year' WTS (Women's Transportation Seminar) International (Los Angeles and North Carolina).

Community: Register of Engineers for Disaster Relief (RedR) Award for the 'Highest Worldwide Fundraiser' for our Singapore office; 'Community Award for a Liveable Western New York' and 'Local Government Achievement Award – New York State Conference of Mayors' for the North Union Complete Street Transformation (Olean, NY).

Revenue and profit

Group revenue at £1.62bn was 5% up on last year, 7% excluding the effects of currency. This masks the transition in our strategy of selective focus, with much stronger growth in our target markets offset by declines in markets where we are seeking to exit or reduce our presence and focus on profitability. Profit before tax saw a similar increase with upside from growth partly offset by weaker project margins, excess overheads and additional pension costs. Capital employed improved by 4 days compared to 2017 but remains too high in some parts of the business, particularly the Middle East, South Africa and Hong Kong. Cash flow was sound and we maintained cash balances in excess of £100m having made significant investment in digital and sector initiatives while reducing our bank debt by £10m.

Chairman's statement

Dividend and fair value

A dividend of 55p per share was paid to shareholders at the end of December 2018. The share price increased from £12.20 to £12.70 at year-end.

Looking ahead

Despite a slowdown in some of our key markets and the ongoing political and economic uncertainties; global challenges such as population growth, climate change, urbanisation and a widespread infrastructure deficit, coupled with the potential offered by rapidly evolving technology, play to our multisector strengths. The disruption created by technology and uncertainty presents both risk and opportunity, and our aim is to be at the forefront of our industry, scanning the horizon for change and responding with foresight and agility. Our strategy, our clients and staff, put us in a good position to achieve growth and improve profitability over the next five years.

K. J. Howells.

Keith Howells, Chairman
28 February 2019

Corporate responsibility

Keith Howells, Chairman

Our corporate responsibility

Our social purpose, as articulated in full in the Chairman's statement, 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 achieved that 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

Strategic report

Mike Haigh, Managing Director

Financial performance

Gross revenue of £1,621m was 5% up over last year (£1,549m), 7% excluding exchange.

Profit before tax saw a similar increase, with upside from growth offset by weaker project margins, excess overheads and additional pension costs.

Growth of revenue and profit in those of our core sectors where we have implemented a focused strategy was in excess of 5%. We aim to build on that, and there is scope to improve growth in all of our core sectors. In 2018, growth in those sectors was partially offset by areas of the business where we are seeking to exit or reduce scale, where the emphasis is on profit improvement, rather than revenue growth.

The Group's effective tax rate for the year (35%) was lower than 2017 (43%). The reduction is largely due to adjustments impacting 2017, where a fall in US tax rates announced shortly before the end of the year had the effect of increasing the 2017 group tax rate due to a reduction in the value of the Group's deferred tax assets.

Return on average capital employed was 36%, slightly below last year (40%). Average net working capital fell from 58 to 54 days during the year but that was more than offset by the fall in margin.

Business environment

During 2018, the global mining and metals sector continued its recovery and oil prices stabilised, but political uncertainty, including Brexit, has contributed to mixed market conditions for private and public infrastructure across the world. Despite this, the UK, North America, Singapore, Australia and New Zealand all provided opportunities for growth in our core sectors, and this pattern continues into 2019 despite the uncertainties.

The UK remains the largest part of the business and provided good opportunities for growth. Central Europe has limited opportunities but there is a growing market for advisory work. In North America, both the Canadian and the US infrastructure markets have some good opportunities, while the energy sector remains slow although there are signs of improvement.

Our business in the Middle East remained steady and our strategy of focusing on the better clients helped to drive margin improvement. China, Hong Kong, Malaysia and Taiwan continued to be challenging. However, the markets in Australia, New Zealand and Singapore provided good opportunities in both public and private sectors.

The South African economy continued to be impacted by political uncertainty and both private investment and public infrastructure funding were impacted by the slow recovery of the mining sector. Several other African markets were also affected by political instability.

The global aid markets continued to offer significant opportunities, but the slow release of projects by DFID is still impacting volume.

Brexit 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 geographic, 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.

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Business performance

The Group performed reasonably well in 2018 in what was a mixed business environment, with its diversity continuing to provide a platform for growth. The Group's strategy of selective focus has started to have a positive effect with material growth in many of our core markets and sectors, tempered by consolidation and contraction in those markets where we have strategically focused on the bottom line rather than revenue growth. The key non-financial indicators used to measure performance are set out in the corporate responsibility statement. The commentary on the performance of our regional businesses, set out below, is based on the Group's management accounts. Where the management accounts are significantly affected by currency movements in year on year variances, this is highlighted to give a more balanced view.

UK and Europe

The region represents 53% of the Group's gross revenue and grew 11% over 2017, all through organic growth. Profit was slightly up on 2017. The underlying profit performance in all sectors was satisfactory, with good improvement in Advisory and Programme Delivery and Bentley Contracting. The UK business benefited from the government's pursuit of infrastructure projects as an engine for economic growth. The regulated asset-based industries, particularly water, also provided opportunity, as clients drove delivery of their investment programmes.

Our offices in Central Europe provide skilled engineering resources for projects elsewhere, and we have built a growing advisory business across Continental Europe. Working capital performance continues to be a challenge, but there was good progress in addressing specific issues on historic contracts. Overall net average working capital days improved during the year ending at 32 days.

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. Notwithstanding the uncertainty, the order book and contracted work are stronger than 12 months ago, and with good prospects at this time.

North and South America

2018 was the second full year of operating since our JV arrangement in North America ended. The businesses which joined Mott MacDonald, together with other operations that the Group already had in the US and Canada trading outside the JV arrangement, came together to form a new, 100% Group-owned business. This represented 19% of the Group's revenue in 2018.

In US dollars, gross revenues grew by 1% but profits were down 30%, largely driven by a significant contraction in the energy market and thus in our Energy business. However, the infrastructure businesses on the East and West Coasts had good growth in revenues and profit and there were important wins across both businesses, particularly in transportation. The Canadian infrastructure business grew rapidly from a small start but is not yet profitable. Towards the end of the year, energy markets were beginning to show signs of recovery.

Net average working capital days ended the year at 72 days. The order book and contracted work for 2019 are in a stronger position than at this time last year and prospects remain strong including those in the Energy sector.

Middle East and South Asia

The region represents 9% of the Group's gross revenue and declined 12% over 2017 as we focused on margin improvement, rather than volume. This focus had a positive impact with profits improving by 8%, 13% excluding the impacts of currency. The infrastructure and energy businesses in India and the Middle East both benefited from this strategy and improved their performance.

The region's challenges with working capital continued, with average net working capital improving but still very high at 130 days. Contracted work for 2019 is similar to last year, but the longer term order book is in a better position than last year.

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Asia Pacific and Australasia

The region represents 9% of the Group's gross revenue and grew by 12% over 2017 (8% after the impacts of currency), with strong growth in Australia, New Zealand and Singapore offset by weaker growth elsewhere. Profits were 20% up (before exchange) on 2017.

Australia and New Zealand had good profit growth, and there was an improvement in revenues and profits in the South East Asia business. However, the North East Asia business declined in revenues and profit. This was due to project losses and an under-recovery of overheads due to depressed volumes in challenging markets.

Improving business performance in Hong Kong and Greater China is a priority for 2019, with the focus being on profit rather than growth.

Working capital remains high although net average working capital improved to 88 days.

The order book for 2019 is stronger than last year at a regional level.

Global Development and Africa

The business represents 10% of the Group's gross revenue and comprises businesses focused on Africa and the International Development sector.

In Africa revenues were flat compared with 2017 and the loss improved slightly on the prior year. The International Development business held revenue but declined in profit compared to 2017. Both businesses have been going through a period of consolidation as they wait for improved market conditions.

The order book is marginally higher than last year.

Market position

Mott MacDonald was ranked as the 13th largest international design firm by the USA's Engineering News Record (ENR) magazine 2018. In the Infrastructure Journal's technical advisors league table, we were ranked first for the number of transactions for the 7th consecutive year.

Corporate governance

In reviewing its corporate governance arrangements, changes were introduced at the start of 2016 to make the Executive Board more accountable to the Shareholders' Committee for delivering strategy and operational performance. The Committee has three sub-committees for Audit and Risk; Remuneration and Equity; and Nominations, to ensure that there is sufficient independent input by senior shareholders and advisors in these areas. Executive Board directors are not members of the Shareholders' Committee or its sub-committees, but attend meetings as required. Further details on the Shareholders' Committee can be found on pages 12 and 13, while further details on the Board can be found on page 14.

Managing 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 Group. The use of the directives, systems and processes as a means of managing risk is complimented 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.

The key Group 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.

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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 our ownership model and 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, mobility, 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 across the Group.

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 Group 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 the Group's minimum credit rating of A-1 long term and P-1 short term.
- The Group 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 Group 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 daily, with weekly reporting to the executive team and monthly reporting to the Executive 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 Group hedges interest rate exposures where necessary.

Our outsourced internal audit function is a key point of our corporate governance. As well as carrying out typical evaluation of financial controls and processes across the business in 2018, it also carried out reviews of project controls and processes, the Group's approach to GDPR and selected reviews of central service teams as well as gateways on a major new ERP. The team plays an important role and

Strategic report

makes an effective contribution in reviewing corporate governance and strategic initiatives. It is increasingly widening its remit beyond financial controls to seek to add value to the business as well as focusing on the core areas of risk management.

Gearing and cash flow

Net average working capital reduced to 54 days. Further improvement is required on the management of work in progress to achieve our target of reducing this below 50 days. That, along with a greater focus on reducing project losses and achieving better value out of overheads, are priorities to enable us to improve margin, as well as deliver improved ROCE and liquidity across the business.

Cash balances were up nearly £9m at £115m after a net repayment of £10m of bank loans. The business continues to generate adequate cash flow for operational liquidity and organic growth. Group net cash at 31 December 2018 was £78m, up £15m on the prior year position of £63m – this after significant spend on digital and sector initiatives as we respond to the external factors driving change across the business.

Net gearing remained at nil throughout the year. The Group has a £90m committed bank facility in place until December 2022, with a £30m accordion feature available for use as part of the agreement. At 31 December 2018, £32m of this was utilised on historic acquisitions with £53m having been repaid over the past four years. The Group also has facilities to provide tender bonds, performance bonds and advance payment bonds in the normal course of business and has a pension bond in place as security for the UK pension scheme.

Shareholders' equity

Shareholders' equity increased from £124m to £133m. Increases came from profit transferred to reserves of £25m, a translation exchange gain of £5m in reserves and a small surplus on share transactions. These increases were partially offset by an FRS 102 accounting pension cost net of tax of £15m and a dividend of £6m.

Looking forward

In the short term, confidence in infrastructure investment is being impacted by global political and economic uncertainty including Brexit. At the same time the infrastructure sector continues to be disrupted as technology advances affect both the solutions we develop and our services. Change brings threat, but it also brings opportunity. The focus on our core sectors and our leadership in driving change in the industry in areas like BIM, digital, smart infrastructure, climate resilience, cities and sustainability give us confidence that our strategy of selective focused growth is the right one.

Our clients value our reputation in professional and technical excellence and thought leadership. The long-term opportunity of working with them to meet their needs through our innovation and skill will enable us to deliver better solutions through staff who are engaged with the business and its clients.

Thanks to this focus, and notwithstanding the uncertainties, we continue to win exciting projects and enter 2019 with a strong order book.

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

Mike Haigh, Managing Director
28 February 2019

Shareholders' Committee report

Liz King, Chair

Members

The Shareholders' Committee comprises senior employees from various geographies, business units, sectors and functions, along with two external independent members. On behalf of the employee shareholders, it is responsible for oversight of the Executive Board's performance in setting and delivering the Group's strategy, and achieving operational targets.

Members of the Executive Board cannot be members of this Committee, as its role is to take an objective view of the effectiveness of the Board, and to exercise non-executive oversight of it. The Board generally attends Committee meetings to report on the business, although the Committee also meets in camera.

Purpose

The purpose of the Committee and its sub-committees is to enhance the quality of discussion and debate on significant business matters, and to provide a balanced and broad perspective on matters such as risk, client engagement, focus, strategy and public profile.

The Committee and its sub-committees seek to work with the Executive Board to ensure that the culture of the Group is preserved, succession planning and staff development are effective, and that talent development and career profile bring the best people to the Group, reward them for their contribution, and retain them to help grow a successful business.

Remit

The Committee is constituted in accordance with the company's Articles. In addition to its general remit, it has powers to approve proposals from the Board on fundamental matters such as the appointment and removal of directors, significant business acquisitions or disposals, mergers, changes in share capital, major investment proposals, and changes to senior staff compensation and the wider employee incentive scheme.

The Committee is chaired by one of its members, elected by the other members for a two-year term, which may be renewed once. The role of the external members is to provide an independent perspective based on their experience outside the business and of industry best practice. They improve the quality and context of discussion and debate by providing external perspective.

Governance

The Committee met four times during the year to consider the effectiveness of the executive board's performance in delivering the strategy and to review operational performance of the business. It also met in camera four times. The shareholders committee has three sub-committees which meet on a regular basis:

- The Audit and Risk sub-committee met four times during the year to assess the adequacy of the risk management processes, control environment and corporate governance of the company, including internal audit and external audit. Its role, on behalf of the Shareholders' Committee, is to highlight material matters of business improvement in respect of internal controls, risk management, business conduct, ethics, data security and risk of fraud, as well as assessing the effectiveness of internal and external audit. The sub-committee has five members including one independent member, all drawn from the Shareholders' Committee, with the Group Risk Director, internal auditors and external auditors in attendance at meetings.

- The Remuneration and Equity sub-committee met three times during the year to consider and endorse the executive board's proposals on: annual staff salary increments by geography and sector; the allocation of the

Shareholders' Committee report

discretionary bonus pool to regions/business units; compensation proposals (salary, benefits, bonus and shares) for senior employees including directors, officers and senior staff; annual share allocations for sale to staff in regions/business units; the annual dividend and retention of company shares. These are all matters of delegated approval for the sub-committee which is there to oversee fairness and logic in how these decisions are made. The sub-committee has five members including one independent member.

- The Nominations sub-committee met three times during the year to review, recommend and, where so delegated, approve proposals from the Executive Board on nominations, including: nominations for Directors of the Executive Board; nominations for members of the Shareholders' Committee; nominations for Independent Members of the Shareholders' Committee; nominations for members of sub-committees and board committees; nominations of candidates for promotion to Grade I (the highest grade in the Group). The sub-committee has five members including one independent member.

Members of the Executive Board cannot be members of these sub-committees but they do attend these meetings as necessary to provide business context, support the sub-committees with their understanding and answer questions. The overarching focus which embraces all of this is that the Committee and the Board ensure that they are acting in the best interests of the Group to build a sustainable business that can grow and engage with all its stakeholders and the wider community in a responsible way.

Significant matters dealt with in 2018 have included the building blocks for the development of a new People Strategy in 2019; a strategy for more effective staff engagement; performance and culture across the business and how that drives engagement with stakeholders and the bottom line more effectively; digital transformation and the response required to engage competitively with customers and our supply chain recognising that work practices, services and solutions are changing fundamentally and will continue to do so; and external threats, such as Brexit, and how the Group needs to manage the uncertainty for the business, staff and wider stakeholders.

Summary

The Committee is responsible for ensuring that the Executive Board is effective and that the directors act in the best interests of the Group and its stakeholders. That largely comes from ensuring that the Board has an effective governance framework in place that operates as it should and that the Board has strategies, policies and work practices in place that embrace good corporate responsibility and provide a platform for sustainable profitable growth.

Business performance, staff development and stakeholder engagement are all strong drivers to help deliver this. The Committee works effectively with the Board to deliver this and focus on future challenges in an ever-changing business landscape.

In our 2019 accounts, the Committee and the Board will report on the adoption of the Wates Code of Corporate Governance and will report on how the directors have exercised their responsibilities under s172 of the Companies Act 2006 to act in the best interests of the Group.

Liz King, Chair
28 February 2019

Directors' report

Paul Ferguson, Company Secretary

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

Date of Annual General Meeting: 23 March 2019.

Registration

Mott MacDonald Group Limited is a company registered in England and Wales with registered number 01110949.

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.

We are an independent employee-owned company engaged in public and private sector development worldwide.

Our drivers are to add value and deliver benefits for our customers which include national and local governments, health and education bodies, transport operators, industry, utilities, developers, contractors, banks, commercial companies, funding agencies and non-governmental organisations.

Results and dividends

Profit attributable to shareholders before dividend is £24.5m (2017 – £21.1m).

An interim dividend of £5.9m (2017 – £5.8m) was paid to shareholders on 31 December 2018. The directors do not recommend the payment of a final dividend.

Acquisitions and disposals

There were no material acquisitions or disposals during the year.

Directors and their interests

The directors of the company during the year ended 31 December 2018 and their interests in the share capital of the company were as follows:

	At 31 December 2018 Ordinary Shares	At 31 December 2017 (or date of appointment) Ordinary Shares
Nick DeNichilo	91,000	90,000
Ian Galbraith	61,000	55,000
Mike Haigh	95,000	90,000
James Harris	42,500	35,000
Keith Howells	100,000	100,000
Guy Leonard	110,000	110,000
Ed Roud	90,000	85,000

All the directors were members of the Board throughout the year ended 31 December 2018, with Ian Galbraith and James Harris appointed as directors on 1 January 2018.

Employment policies

The company actively encourages employees to play a part in developing the Group's business and in enhancing its performance.

Increasing share ownership worldwide is a key element of this policy. At the end of 2018 the total number of employee shareholders was 3,010 (2017 – 2,859).

In addition, the Group recognises individual contributions through performance bonuses and annual awards. These include our long-standing Milne Award for innovation, the Best Paper Award, the Chairman's Award for customer care and our Community Awards for charitable work. A new internal award this year, Opening Opportunities with Connected Thinking recognises contribution on what is a core part of our strategy.

Directors' report

The company proactively informs staff on general, financial and economic factors influencing the Group, 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, other Executive Board members and Regional General Managers, local and global staff newsletters, and copies of all the Group's corporate magazines and reports plus our strategic plan summary.

Group 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 Group 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.

Executive Board Meetings

During 2018, nine executive board meetings were held with all directors in attendance. In addition, there was a board meeting in February to approve and sign off the annual accounts and audit, and approve the Report to Shareholders. The external auditors presented the final report on their audit at that meeting, which was attended by the Group's CEO, Managing Director, Strategy Director and Finance Director.

Committees of the Executive Board

The Executive Board has the following committees:

The Strategy and Policy Committee, chaired by the Group Strategy Director, met four times during the year to consider and approve strategic growth initiatives on behalf of the board; to consider progress in implementing the Group strategy; to review sector strategies and the effectiveness of the sector boards and global sector leaders in delivering them; to assess the business units' growth and investment plans; and to co-ordinate business development and client engagement across the Group. There are nine members of the committee including five representatives from the Shareholders' Committee.

The Operations and Risk Committee, chaired by the Group Managing Director, met four times during the year to monitor and challenge the operational performance of the five regional businesses and specifically consider growth, order book, profitability, capital employed, risk, people, quality, project delivery and compliance. It also considers the effectiveness of the Group's central support team and its newly created Digital Ventures business. The Committee has seven members including three representatives from the Shareholders' Committee.

The Investment and Finance Committee, chaired by the Group Finance Director, met four times during the year to evaluate objectively financial investments; consider proposals for acquisitions; review investments, intercompany balances, work in progress and other assets to assess whether value is recoverable given business risks and whether any provisions are required; and to assess the performance of investments to ensure they are valued appropriately in the statutory accounts. There are eight members of the committee including four from the Shareholders' Committee.

Principal risks and uncertainties

Business risks, financial risks and measures 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, 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 and the Group for that period.

Directors' report

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group 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 the Group 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 the 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 company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group'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:

Paul Ferguson, Company Secretary
28 February 2019

Independent auditor's report

to the members of Mott MacDonald Group Limited

Opinion

We have audited the financial statements of Mott MacDonald Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated and company statement of cash flows, the consolidated and company 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 group's and of the parent company's affairs as at 31 December 2018 and of the group's 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 group and the parent 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 group's or the parent 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 Chairman's statement, Corporate responsibility, Strategic report, Shareholders' Committee report and Directors' report set out on pages 1 to 16, and the Group 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

Independent auditor’s report

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.

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

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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 15 and 16, 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 group’s and the parent 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 group or the parent 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

Consolidated income statement and statement of comprehensive income

for the year ended 31 December 2018

Consolidated income statement	Notes	2018 £000	2017 £000
Gross revenue	5	**1,621,079**	1,548,878
Cost of sales		**(1,060,865)**	(990,741)
Gross profit		**560,214**	558,137
Administrative expenses		**(518,499)**	(517,993)
Group operating profit	6	**41,715**	40,144
Income from other fixed asset investments		**5**	3
(Loss)/income from current asset investments		**(354)**	704
Profit on ordinary activities before interest		**41,366**	40,851
Net interest payable	9	**(1,235)**	(1,007)
Other finance cost	25(c)	**(1,405)**	(2,447)
Profit on ordinary activities before taxation		**38,726**	37,397
Tax on profit on ordinary activities	10(a)	**(13,708)**	(16,165)
Profit on ordinary activities after taxation		**25,018**	21,232
Profit attributable to:			
Owners of the parent company	22	**24,533**	21,102
Non-controlling interests		**485**	130
		25,018	21,232

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

Consolidated statement of comprehensive income	Notes	2018 £000	2017 £000
Profit for the financial year		**25,018**	21,232
Exchange adjustments on translation of net assets of overseas subsidiaries		**4,580**	(910)
Net actuarial (loss)/gain on pension schemes	22, 25(c)	**(14,673)**	15,186
Deferred tax on net actuarial loss/(gain)	10(c), 22	**2,592**	(2,540)
Deferred tax on additional pension contributions	10(c), 22	**(2,914)**	(2,656)
Deferred tax rate change on opening pension scheme deficit	10(c), 22	**–**	(645)
Total other comprehensive (loss)/income		**(10,415)**	8,435
Total comprehensive income for the year		**14,603**	29,667
Total comprehensive income for the year attributable to:			
Owners of the parent company		**14,073**	29,575
Non-controlling interests		**530**	92
		14,603	29,667

Consolidated statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Intangible assets	12	**46,407**	52,204
Tangible assets	13	**45,135**	40,944
Other fixed asset investments	14(a)	**191**	215
		91,733	93,363
Current assets			
Debtors	15	**494,076**	493,693
Investments	14(a)	**20,407**	18,872
Cash at bank and in hand	27(b)	**114,898**	106,092
		629,381	618,657
Creditors: amounts falling due within one year	16	**(449,130)**	(441,576)
Net current assets		**180,251**	177,081
Total assets less current liabilities		**271,984**	270,444
Creditors: amounts falling due after more than one year	17	**(32,675)**	(41,310)
Provisions for liabilities	20	**(25,136)**	(25,816)
Net assets excluding pension liability		**214,173**	203,318
Pension liability	25(c)	**(80,369)**	(78,737)
Net assets including pension liability		**133,804**	124,581
Capital and reserves			
Called up share capital	21	**11,713**	11,713
Share premium account	22	**17,717**	17,717
Revaluation reserve	22	**814**	814
Investment in own shares	22	**(13,424)**	(13,566)
Profit and loss account	22	**116,647**	107,627
Equity attributable to owners of the parent company		**133,467**	124,305
Non-controlling interests		**337**	276
Total capital and reserves		**133,804**	124,581

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

K. J. Howells.

K J Howells, Chairman

Company statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Investment in subsidiary undertakings	14(b)	**347,281**	347,299
Current assets			
Debtors	15	**51,485**	45,465
Cash at bank and in hand	27(b)	**30**	175
		51,515	45,640
Creditors: amounts falling due within one year	16	**(38)**	(38)
Net current assets		**51,477**	45,602
Total assets less current liabilities		**398,758**	392,901
Creditors: amounts falling due after more than one year	17	**(250,000)**	(250,000)
Net assets		**148,758**	142,901
Capital and reserves			
Called up share capital	21	**11,713**	11,713
Share premium account	22	**17,717**	17,717
Revaluation reserve	22	**2,733**	2,733
Profit and loss account		**116,595**	110,738
Shareholders' equity		**148,758**	142,901

Mott MacDonald Group Limited reported a profit for the year of £11,745,000 (2017 − £11,672,000).

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

K. J. Howells.

K J Howells, Chairman

Consolidated and company statement of cash flows

for the year ended 31 December 2018

	Notes	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Operating activities					
Net cash inflow from operations	27(a)	**57,852**	66,103	**12,200**	11,695
Interest paid	9	**(1,769)**	(1,737)	**(6,694)**	(5,835)
Taxation:					
UK corporation tax paid		**(1,515)**	(6,928)	**–**	–
Overseas tax paid		**(9,439)**	(7,826)	**–**	–
		(12,723)	(16,491)	**(6,694)**	(5,835)
Net cash flow from operating activities		**45,129**	49,612	**5,506**	5,860
Investing activities					
Payments to acquire intangible fixed assets	12	**(4,062)**	(8,222)	**–**	–
Payments to acquire tangible fixed assets		**(18,122)**	(23,477)	**–**	–
Receipts from sales of tangible fixed assets		**916**	2,490	**–**	–
Payments to acquire current asset investments	14(a)	**(6,153)**	(7,636)	**–**	–
Receipts from sales of current asset investments		**3,900**	7,985	**–**	–
Payments to acquire other fixed asset investments	14(a)	**(3)**	–	**–**	–
Receipts from sales of other fixed asset investments		**10**	128	**–**	–
Interest received	9	**534**	730	**241**	94
Net cash flow from investing activities		**(22,980)**	(28,002)	**241**	94
Financing activities					
Net cash movement on disposal of subsidiary undertaking		**–**	(316)	**–**	–
Dividends paid to non-controlling interests		**(469)**	(431)	**–**	–
Redemption of shares classed as financial liabilities		**(4)**	(6)	**(4)**	(6)
Proceeds of sale of shares		**12,545**	10,300	**–**	–
Repurchases of own shares		**(11,568)**	(12,118)	**–**	–
New loans		**7,309**	4,715	**–**	–
Repayment of loans		**(17,722)**	(15,112)	**–**	–
Repayments of capital element of finance leases and hire purchase contracts		**(582)**	(1,201)	**–**	–
Equity dividends paid	11	**(5,888)**	(5,816)	**(5,888)**	(5,816)
Net cash flow from financing activities		**(16,379)**	(19,985)	**(5,892)**	(5,822)
Increase/(decrease) in cash and cash equivalents		**5,770**	1,625	**(145)**	132
Effect of exchange rates on cash and cash equivalents		**483**	(2,283)	**–**	–
Cash and cash equivalents at 1 January	27(b)	**105,254**	105,912	**175**	43
Cash and cash equivalents at 31 December	27(b)	**111,507**	105,254	**30**	175

Consolidated and company statement of changes in equity

for the year ended 31 December 2018

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Called up share capital (note 21)				
At 1 January and 31 December	**11,713**	11,713	**11,713**	11,713
Share premium account (note 22)				
At 1 January and 31 December	**17,717**	17,717	**17,717**	17,717
Revaluation reserve (note 22)				
At 1 January and 31 December	**814**	814	**2,733**	2,733
Investment in own shares (note 22)				
At 1 January	**(13,566)**	(10,602)	**–**	–
Sale of shares by Employee Trust to employees	**12,545**	10,300	**–**	–
Repurchases of shares by Employee Trust from employees	**(11,568)**	(12,387)	**–**	–
Surplus on disposal of own shares	**(835)**	(877)	**–**	–
At 31 December	**(13,424)**	(13,566)	**–**	–
Profit and loss account (note 22)				
At 1 January	**107,627**	83,001	**110,738**	104,882
Profit for the year	**24,533**	21,102	**11,745**	11,672
Other comprehensive (loss)/income:				
Exchange adjustments on translation of net assets of overseas subsidiaries	**4,535**	(872)	**–**	–
Net actuarial (loss)/gain on pension schemes (note 25(c))	**(14,673)**	15,186	**–**	–
Deferred tax on net actuarial loss/(gain) (note 10(c))	**2,592**	(2,540)	**–**	–
Deferred tax on additional pension contributions (note 10(c))	**(2,914)**	(2,656)	**–**	–
Deferred tax rate change on opening pension scheme deficit (note 10(c))	**–**	(645)	**–**	–
Total other comprehensive (loss)/income for the year	**(10,460)**	8,473	**–**	–
Total comprehensive income for the year	**14,073**	29,575	**11,745**	11,672
Surplus on disposal of own shares	**835**	877	**–**	–
Dividends (note 11)	**(5,888)**	(5,816)	**(5,888)**	(5,816)
Release of capital reserve	**–**	(10)	**–**	–
At 31 December	**116,647**	107,627	**116,595**	110,738
Equity attributable to owners of the parent company	**133,467**	124,305	**148,758**	142,901

Consolidated and company statement of changes in equity
(continued)

for the year ended 31 December 2018

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Equity attributable to owners of the parent company	**133,467**	124,305	**148,758**	142,901
Non-controlling interests				
At 1 January	**276**	615	**–**	–
Profit for the year	**485**	130	**–**	–
Other comprehensive income/(loss):				
Exchange adjustments on translation of net assets of overseas subsidiaries	**45**	(38)	**–**	–
Total comprehensive income for the year	**530**	92	**–**	–
Dividends	**(469)**	(431)	**–**	–
At 31 December	**337**	276	**–**	–
Total capital and reserves	**133,804**	124,581	**148,758**	142,901
Total capital and reserves				
At 1 January	**124,581**	103,258	**142,901**	137,045
Sale of shares by Employee Trust to employees	**12,545**	10,300	**–**	–
Repurchases of shares by Employee Trust from employees	**(11,568)**	(12,387)	**–**	–
Profit for the year	**25,018**	21,232	**11,745**	11,672
Other comprehensive (loss)/income for the year	**(10,415)**	8,435	**–**	–
Dividends	**(6,357)**	(6,247)	**(5,888)**	(5,816)
Release of capital reserve	**–**	(10)	**–**	–
At 31 December	**133,804**	124,581	**148,758**	142,901

All transactions other than from profit or loss or other comprehensive income are transactions with owners.

Notes to the financial statements

at 31 December 2018

1. Company information

Mott MacDonald Group Limited is a company registered in England and Wales with registered number 01110949.
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 Group and company 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, and investments in subsidiary undertakings which are held at deemed cost since transition to FRS 102.

Basis of consolidation

The Group financial statements consolidate the financial statements of Mott MacDonald Group Limited and its subsidiary undertakings drawn up to 31 December using the purchase method of accounting. The Group income statement includes the results of subsidiary undertakings acquired for the period from the date of their acquisition.

Where subsidiary undertakings have financial year ends other than 31 December, the Group financial statements consolidate their results and net assets based on management accounts drawn up to 31 December.

The profit attributable to members of the company is stated after deducting the proportion attributable to non-controlling interests.

No company income statement is presented for Mott MacDonald Group Limited as permitted by Section 408 of the Companies Act 2006.

Mott MacDonald Employee Trust

The results, assets and liabilities of the Mott MacDonald Employee Trust ('Employee Trust') have been included in the Group financial statements.

The costs of purchasing own shares held by the Employee Trust are shown as a deduction in arriving at total shareholders' equity. The proceeds from the sale of own shares held increase shareholders' equity. Any gains or losses arising from the sale or repurchase of own shares are reflected directly in reserves and do not affect the consolidated net assets of the Group.

Going concern

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

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:

Contract accounting and recoverability of receivables

The Group's contract accounting policy is central to how the Group values the work it has carried out in each financial year. This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in work scopes, changes in costs, 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.

Notes to the financial statements

at 31 December 2018

3. Significant judgements and estimates (continued)

Goodwill and other intangible assets

The Group 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 Group 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 Group 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 Group 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 Group'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 schemes

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.

Income taxes

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

Share valuation

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 company's Articles of Association. Management uses its judgement to verify this value is a reasonable estimate of the fair value of the company's shares.

4. Principal accounting policies

Business combinations

Acquisitions of subsidiaries and 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 Group 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 consolidated statement of financial position immediately below goodwill.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

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 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:

Software	2 to 10 years
Customer relationships	10 years
Forward order book	6 years
Goodwill	3 to 20 years

Non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded as equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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 Section 474 of the Companies Act 2006.

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 income statement 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 client.

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 Group has certain contractual arrangements with other participants to engage in joint activities that do not give rise to a jointly controlled entity. The Group 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 income statement in the year that they are incurred.

Fixed asset investments including subsidiaries

Fixed asset investments 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.

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.

Current asset investments

Current asset investments are held by MHACE Insurance Company Limited, the Group's captive insurance company. Current asset investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit or loss). Subsequently, they are measured at fair value through profit or loss except for those investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available. If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

The investments are managed on behalf of the Group by external investment advisors and Group management do not actively participate in the investment process. As a result, it is considered inappropriate to classify such investments as cash equivalents in the statement of cash flows.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

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.

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 statement of financial position 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 Group 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 that have been enacted or substantively enacted by the statement of financial position date and 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 income statement, other 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 Group 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.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in pound sterling (£), which is the company's and Group's presentation currency.

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 in the income statement.

The assets and liabilities of overseas subsidiary undertakings are translated into sterling at the rate of exchange ruling at the statement of financial position date. Income and expenses for each statement of comprehensive income are translated at the average rate of exchange prevailing throughout the year. All resulting exchange differences are recognised in other comprehensive income or loss.

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 Group, 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 income statement 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 income statement 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 Group operates a number of pension schemes throughout the world. These are described more fully in note 25.

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

All defined benefit schemes are now closed to future accrual of benefits and the surpluses or deficits are determined by the actuaries.

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 Group.

The cost of providing benefits under the defined benefit plans is determined separately for each plan 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 income statement during the period in which it occurs.

Notes to the financial statements

at 31 December 2018

4. Principal accounting policies (continued)

Pensions (continued)

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 income statement 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 to the income statement in subsequent periods.

Derivative financial instruments

The Group uses foreign exchange forward contracts to reduce exposure to foreign exchange rates. The Group 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.

5. Gross revenue

Gross revenue is attributable mainly to one continuing activity, the provision of consulting services, except for JN Bentley Limited which is a building and civil engineering contracting business.

Gross revenue is analysed as follows:

Analysis by destination:

	2018 £000	2017 £000
Europe and Africa	**921,661**	831,121
Americas	**361,208**	369,405
Asia Pacific and Australasia	**172,102**	158,785
Middle East and South Asia	**166,108**	189,567
	1,621,079	1,548,878

Analysis by type of business:

	2018 £000	2017 £000
Consulting services	**1,296,239**	1,292,408
Building and civil engineering contracting	**324,840**	256,470
	1,621,079	1,548,878

Notes to the financial statements

at 31 December 2018

6. Operating profit

This is stated after charging:

		2018 £000	2017 £000
Auditors' remuneration	– audit services – principal auditor for audit of parent company and Group financial statements	**316**	307
	– for audit of subsidiaries by associates of principal auditor	**790**	779
		1,106	1,086
	– audit services – non-principal auditors for audit of subsidiary companies	**155**	136
		1,261	1,222
	– non-audit services – principal auditor of parent company		
	taxation	**132**	–
	other	**3**	41
	– non-audit services – associates of principal auditor		
	taxation	**42**	39
	other	**47**	60
		224	140
Past service costs in pension schemes (note 25(c))		**2,100**	622
Current service costs in pension schemes (note 25(c))		**84**	7
Foreign exchange losses		**1,083**	6,703
Depreciation (note 13)		**14,130**	12,123
Amortisation of goodwill (note 12)		**3,574**	3,559
Amortisation of software (note 12)		**1,317**	1,108
Amortisation of other intangibles (note 12)		**4,789**	4,767
Impairment of goodwill (note 12)		**250**	–
Operating lease rentals	– vehicles and equipment	**2,198**	2,610
	– land and buildings	**31,567**	33,541

7. Directors' remuneration

	2018 £000	2017 £000
Emoluments (excluding pension contributions)	**4,456**	3,580

The emoluments above relate to 7 directors in 2018 (2017 − 5).

The emoluments (excluding pension contributions) of the highest paid director were £891,830 (2017 − £869,394).

During the year £76,861 (2017 − £69,703) of contributions were paid to defined contribution pension plans in respect of 4 directors (2017 − 3), of which £19,380 related to the highest paid director. Some of the directors also have benefits under the closed defined benefit schemes. The accrued pension of the highest paid director at 31 December 2018 was £25,627 (2017 − £24,126).

The Scheme provides an option to commute part of this pension for a lump sum, which amounted to £322,799 at 31 December 2018 (2017 − £338,195) for the highest paid director.

Notes to the financial statements

at 31 December 2018

8. Staff costs

	2018 £000	2017 £000
Salaries	**720,302**	713,148
Social security costs	**54,796**	52,403
Other pension costs	**79,093**	75,417
	854,191	840,968

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

	No.	No.
Management	**975**	940
Technical staff	**12,101**	12,092
Administrative staff	**1,763**	1,698
	14,839	14,730
The actual number of permanent staff at 31 December was:	**14,978**	14,929

9. Net interest payable

	2018 £000	2017 £000
Interest receivable	**534**	730
Interest payable:		
Bank loans and overdrafts	**(1,662)**	(1,564)
Finance charges payable under finance leases	**(11)**	(24)
Other	**(96)**	(149)
	(1,769)	(1,737)
Net interest payable	**(1,235)**	(1,007)

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	**2,645**	2,467
Non-UK tax	**9,045**	13,336
Capital gains tax – Mott MacDonald Employee Trust	**214**	237
	11,904	16,040
Adjustments in respect of previous years:		
UK corporation tax	**(1,883)**	577
Non-UK tax	**1,051**	(222)
Capital gains tax – Mott MacDonald Employee Trust	**(29)**	(86)
Total current tax	**11,043**	16,309
Deferred tax:		
Origination and reversal of timing differences	**318**	(2,722)
Adjustments in respect of previous years	**2,347**	(585)
Effect of decreased tax rate on opening balance	**–**	3,163
Total deferred tax charge/(credit) (note 10(c))	**2,665**	(144)
Tax on profit on ordinary activities (note 10(b))	**13,708**	16,165

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £2,592,000 credit (2017 − £3,185,000 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 period is higher 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 in the UK corporation tax rate 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.

A reduction in the US federal tax rate to 21%, effective from 1 January 2018, was substantively enacted on 22 December 2017 under the Tax Cuts and Jobs Act. This has reduced the Group's effective tax rate for 2018. However in 2017 the reduction in the federal tax rate was taken into account in calculating the deferred tax balances relating to the Group's US businesses, resulting in an increase in the effective tax rate.

	2018 £000	2017 £000
Profit on ordinary activities before taxation	**38,726**	37,397
Profit on ordinary activities before taxation multiplied by the average rate of corporation tax in the UK of 19% (2017 − 19.25%).	**7,358**	7,199
Effects of:		
Tax losses	**4,343**	4,079
Higher taxes on non-UK earnings	**3,708**	4,744
Adjustments in respect of previous years	**1,486**	(316)
Pension contributions	**(3,215)**	(2,888)
Timing differences not provided	**421**	192
Impact of tax rate changes	**58**	3,318
Other permanent differences	**(451)**	(163)
Tax on profit on ordinary activities (note 10(a))	**13,708**	16,165

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 consolidation adjustments, including goodwill amortisation, as well as 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 Group has tax losses of £98,309,000 (2017 − £76,972,000) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. The losses are mainly in South Africa, Hong Kong, India and Canada. Deferred tax assets have not been recognised in respect of £87,353,000 of these losses as there is significant uncertainty over whether the subsidiary undertakings in which they have arisen will generate sufficient taxable profits in future years to allow the losses to be utilised.

Notes to the financial statements

at 31 December 2018

10. Tax (continued)

(c) Deferred tax

Group

	2018 £000	2017 £000
The deferred tax included in the statement of financial position is as follows:		
Included in debtors (note 15)	**27,883**	32,126
Included in provisions for liabilities (note 20)	**(3,872)**	(5,254)
	24,011	26,872
The elements of deferred taxation are as follows:		
Excess of book depreciation over tax allowances on fixed assets	**2,095**	2,475
Amortisation of intangible assets	**(3,753)**	(4,680)
Pension liability (note 25(c))	**14,202**	13,870
Accrued expenses and provisions	**9,774**	11,446
Losses	**1,970**	5,259
Other timing differences	**(277)**	(1,498)
	24,011	26,872
The movement in the year was:		
At 1 January	**26,872**	33,839
Deferred tax (charge)/credit in the income statement (note 10(a))	**(2,665)**	144
Deferred tax credit/(charge) in the statement of comprehensive income		
− on net actuarial loss/(gain) in pension schemes (note 22)	**2,592**	(2,540)
− on additional pension contributions made during the year (note 22)	**(2,914)**	(2,656)
− due to effect of rate change on opening balance of pension scheme (note 22)	**–**	(645)
Impact of disposals	**–**	(241)
Exchange and other adjustments	**126**	(1,029)
At 31 December	**24,011**	26,872

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

Notes to the financial statements

at 31 December 2018

11. Dividends

	2018 £000	2017 £000
The following dividends were paid during the year:		
Ordinary:		
Interim dividend paid per share (2018 − 55p; 2017 − 55p)	**5,888**	5,816

The trustees of the Mott MacDonald Employee Trust waived the dividend on their 1,008,477 ordinary shares (held at the relevant date for dividend purposes) amounting to £554,662.

12. Group intangible fixed assets

2018	Goodwill £000	Software £000	Other intangibles £000	Total £000
Cost:				
At 1 January	**96,113**	**17,430**	**42,530**	**156,073**
Exchange adjustments	**68**	**262**	**110**	**440**
Additions	**–**	**4,062**[1]	**–**	**4,062**
Disposals	**–**	**(960)**	**–**	**(960)**
At 31 December	**96,181**	**20,794**	**42,640**	**159,615**
Amortisation:				
At 1 January	**81,831**	**6,031**	**16,007**	**103,869**
Exchange adjustments	**47**	**241**	**80**	**368**
Provided during the year	**3,574**	**1,317**	**4,789**	**9,680**
Impairment charges	**250**	**–**	**–**	**250**
Disposals	**–**	**(959)**	**–**	**(959)**
At 31 December	**85,702**	**6,630**	**20,876**	**113,208**
Net book value:				
At 31 December	**10,479**	**14,164**	**21,764**	**46,407**
At 1 January	14,282	11,399	26,523	52,204

The goodwill carrying value at 31 December 2018 is £10,479,000 of which the single largest element relates to the acquisition of Bentley Holdings Limited made in 2014 (£5,383,000).

[1]During the period, a further £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.

The £21,764,000 other intangibles comprise customer relationships (£20,361,000) and forward order book (£1,403,000). These mainly relate to the acquisition of Bentley Holdings Limited.

Notes to the financial statements

at 31 December 2018

13. Group tangible fixed assets

2018	Motor vehicles £000	Fixtures, fittings & equipment £000	Total £000
Cost:			
At 1 January	**5,583**	**105,206**	**110,789**
Exchange adjustments	**66**	**1,524**	**1,590**
Additions	**1,772**	**16,906**	**18,678**
Disposals	**(1,061)**	**(8,470)**	**(9,531)**
At 31 December	**6,360**	**115,166**	**121,526**
Depreciation:			
At 1 January	**2,903**	**66,942**	**69,845**
Exchange adjustments	**73**	**1,256**	**1,329**
Provided during the year	**1,184**	**12,946**	**14,130**
Disposals	**(975)**	**(7,938)**	**(8,913)**
At 31 December	**3,185**	**73,206**	**76,391**
Net book value:			
At 31 December	**3,175**	**41,960**	**45,135**
At 1 January	2,680	38,264	40,944

The above figures for fixtures, fittings and equipment include plant and machinery held under finance leases with a net book value of £1,336,000 (2017 − £1,551,000).

Notes to the financial statements

at 31 December 2018

14. Investments

(a) Group

Other fixed asset investments	2018 £000
Cost:	
At 1 January	**215**
Additions	**3**
Disposals	**(27)**
At 31 December	**191**

The principal activity of the businesses comprising other fixed asset investments is that of consulting engineers.

Current asset investments	2018 £000	2017 £000
Valuation:		
At 1 January	**18,872**	18,902
Additions	**6,153**	7,636
Disposals	**(3,472)**	(7,608)
Fair value adjustments	**(1,146)**	(58)
At 31 December	**20,407**	18,872
Investments:		
Listed on the London Stock Exchange	**20,407**	18,872

Current asset investments are held by MHACE Insurance Company Limited, the Group's captive insurance company. The historical cost of current asset investments is £20,769,000 (2017 − £18,088,000).

Notes to the financial statements

at 31 December 2018

14. Investments (continued)

(b) Company

Subsidiary undertakings	2018 £000
Cost or deemed cost:	
At 1 January	**349,637**
Transfer to subsidiary undertaking	**(45)**
At 31 December	**349,592**
Amounts provided:	
At 1 January	**2,338**
Transfer to subsidiary undertaking	**(27)**
At 31 December	**2,311**
Net book value:	
At 31 December	**347,281**
At 1 January	347,299

The total historical cost of interests in subsidiary undertakings is £346,465,000 (2017 − £346,510,000). Subsidiary undertakings held at cost or written down value amount to £334,073,000 (2017 − £334,091,000). Subsidiary undertakings held at deemed cost amount to £13,208,000 (2017 − £13,208,000), the historical cost of which amounts to £10,081,000 (2017 − £10,081,000).

Notes to the financial statements

at 31 December 2018

14. Investments (continued)

(c) Principal subsidiaries

The company's principal subsidiary undertakings at 31 December 2018 are shown below. All of these undertakings have coterminous year ends with the exception of Mott MacDonald Private Limited which has a year end of 31 March due to local regulations. The main activities of these are almost entirely those of engineering, management and development consultancies, except for MHACE Insurance Company Limited which is an insurance company, Mott MacDonald International Limited which is an investment company and JN Bentley Limited which is a building and civil engineering contractor.

Subsidiary undertaking	% held of ordinary share capital 2018	2017	Country of incorporation/registration
JN Bentley Limited	**100**	100	England and Wales
MHACE Insurance Company Limited	**100**	100	Guernsey
Mott MacDonald & Company LLC	**65**	65	Oman
Mott MacDonald (Beijing) Limited	**100**	100	China
Mott MacDonald Africa (Proprietary) Limited[1]	**49**	49	South Africa
Mott MacDonald Australia Pty Limited	**100**	100	Australia
Mott MacDonald B.V.	**100**	100	Netherlands
Mott MacDonald Canada Limited	**100**	100	Canada
Mott MacDonald France SAS	**100**	100	France
Mott MacDonald Group, Inc.	**100**	100	United States of America
Mott MacDonald Hong Kong Limited	**100**	100	China (Hong Kong)
Mott MacDonald International Limited[2]	**100**	100	England and Wales
Mott MacDonald Ireland Limited	**100**	100	Republic of Ireland
Mott MacDonald Limited[2]	**100**	100	England and Wales
Mott MacDonald New Zealand Limited	**100**	100	New Zealand
Mott MacDonald Private Limited	**100**	100	India
Mott MacDonald Singapore Pte Limited	**100**	100	Singapore
Mott MacDonald, Inc.	**100**	100	United States of America
PT Mott MacDonald Indonesia	**100**	100	Indonesia

[1]Although the holding in ordinary shares is less than 50%, other indicators of control have been taken into account in determining that this is a subsidiary and in calculating the non-controlling interest.

[2]Investment not held through subsidiary undertaking.

A full list of subsidiary undertakings is separately detailed in note 29.

Notes to the financial statements

at 31 December 2018

15. Debtors

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade debtors	**232,646**	219,991	**–**	–
Amounts recoverable on contracts	**187,971**	195,737	**–**	–
Amount owed by subsidiary undertaking	**–**	–	**51,483**	45,462
Amounts owed by other fixed asset investments	**587**	675	**–**	–
Deferred taxation (note 10(c))	**27,883**	32,126	**–**	–
Taxation recoverable	**10,733**	9,713	**–**	–
Other debtors	**11,267**	11,748	**2**	3
Prepayments and accrued income	**22,989**	23,703	**–**	–
	494,076	493,693	**51,485**	45,465

Trade debtors are shown net of a provision for impairment of £33,033,000 (2017 – £18,908,000).

Amount owed by subsidiary undertaking of £51,483,000 in the company statement of financial position is a loan from Mott MacDonald Group Limited to Mott MacDonald Limited. Interest on this loan is charged at bank rate. The intention is that this loan will not be called up at short notice if doing so would cause the subsidiary undertaking to be unable to meet its liabilities as they fall due.

Deferred taxation is recoverable after more than one year.

16. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Current instalments due on unsecured bank and other loans (note 18)	**35**	91	**–**	–
Bank overdrafts (note 27(b))	**3,391**	838	**–**	–
Payments on account	**172,970**	174,934	**–**	–
Amounts due to other fixed asset investments	**25**	125	**–**	–
Trade creditors	**60,134**	46,876	**–**	–
Current UK corporation tax	**422**	299	**–**	–
Non-UK taxation	**11,443**	10,415	**–**	–
Other taxes	**12,604**	11,610	**–**	–
Social security	**13,719**	12,558	**–**	–
Shares classed as financial liabilities (note 21)	**29**	33	**29**	33
Obligations under finance leases (note 19)	**450**	521	**–**	–
Other creditors	**19,100**	20,160	**9**	5
Accruals	**154,808**	163,116	**–**	–
	449,130	441,576	**38**	38

Notes to the financial statements

at 31 December 2018

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Unsecured bank loans (note 18)	**32,518**	41,198	**–**	–
Obligations under finance leases (note 19)	**157**	112	**–**	–
Amount owed to subsidiary undertaking	**–**	–	**250,000**	250,000
	32,675	41,310	**250,000**	250,000

Amount owed to subsidiary undertaking of £250,000,000 in the company statement of financial position is a loan from Mott MacDonald Limited to Mott MacDonald Group Limited. Interest on this loan is charged at a rate of LIBOR + 2%.

18. Loans

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Wholly repayable within five years	**32,553**	41,289	**–**	–

The £32.6m loans mainly relate 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:

Group

	Land and buildings		Other	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Amounts payable:				
Within one year	**31,750**	28,362	**1,881**	1,796
In two to five years	**93,206**	88,022	**1,463**	1,765
Over five years	**60,491**	72,500	**–**	–
	185,447	188,884	**3,344**	3,561

Obligations under finance leases, included within creditors, are analysed as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Wholly repayable within five years	**607**	633	**–**	–

Notes to the financial statements

at 31 December 2018

20. Provisions for liabilities

Group

2018	Provision for losses on contracts £000	Deferred taxation Note 10(c) £000	Other provisions £000	Total £000
At 1 January	**7,524**	**5,254**	**13,038**	**25,816**
Exchange adjustments	**(55)**	**1**	**1**	**(53)**
Arising during the year	**3,023**	**–**	**4,162**	**7,185**
Utilised	**(3,855)**	**(1,383)**	**(2,574)**	**(7,812)**
At 31 December	**6,637**	**3,872**	**14,627**	**25,136**

Other provisions are mainly in respect of outstanding claims within MHACE Insurance Company Limited, the Group's captive insurance company.

Due to the nature of provision for losses on contracts and other provisions, 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.

Deferred tax is expected to reverse over six years.

21. Share capital

Allotted, called up and fully paid

	2018 No.	2017 No.	**2018 £000**	2017 £000
Ordinary shares of £1 each	**11,713,212**	11,713,212	**11,713**	11,713
Convertible deferred shares of 1p each (classified as a liability) (note 16)	**2,922,980**	3,342,080	**29**	33
			11,742	11,746

Ownership of the issued ordinary shares is divided between employees and the Mott MacDonald Employee Trust ('Employee Trust').

Ownership of the shares by employees means that the company is independent from external shareholders' influence on the long term development of the company. It is employees who make a major contribution to the company's long term strategy and development and everything earned from developing the company is returned to employees who have worked hard to create it.

The Employee Trust has been in place since 1986. Its purpose is to support the framework of employee share ownership within the Group. The Employee Trust acts as a warehouse to ensure that the internal market for shares 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 company and the Employee Trust buys shares at fair value sold by employee shareholders.

Notes to the financial statements

at 31 December 2018

21. Share capital (continued)

The Employee Trust is not used to make conditional benefits available to employees or employee shareholders.

Shares are not gifted to employees and there are no option schemes that exist. As such, there is no share-based payment arrangement reflected in these financial statements. Shares are only bought and sold at fair value.

The convertible deferred shares were offered for cash at par to former employees of the company or any of its subsidiary undertakings who held ordinary shares of the company for more than five years but who had ceased to be such holders by virtue of a ‘Qualifying Sale’ as more particularly described in the Articles of Association. On the occurrence of a ‘Specified Event’ as described in the Articles of Association, the convertible deferred shares (together with a corresponding number of unclassified shares) will be converted into ordinary shares of the company. The convertible deferred shares carry no voting rights and no entitlement to dividends or any surplus on winding up. The convertible deferred shares are disclosed as current liabilities rather than as share capital (see note 16), and are held at fair value, which approximates their nominal value.

From 9 April 2016, the company no longer issues convertible deferred shares. The company instead offers, to a subscriber holding qualifying shares, the right to receive the cash equivalent amount that the subscriber would have been entitled to upon the occurrence of a conversion event had the subscriber been issued with the appropriate number of convertible deferred shares by reason of one or more qualifying events.

22. Reserves

Group

Share premium account
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve
This reserve relates to revaluation of current asset investments held by MHACE Insurance Company prior to transition to FRS 102.

Investment in own shares
This reserve records the value of shares held by the Employee Trust, which is consolidated in these financial statements. Shares held by the Employee Trust are shown as a deduction in arriving at total shareholders’ equity.

Company

Share premium account
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve
This reserve records revaluation of investments in subsidiary undertakings which were held at valuation prior to transition to FRS 102.

Notes to the financial statements

at 31 December 2018

22. Reserves (continued)

Group

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	**171,245**	**(63,618)**	**107,627**	83,001
Exchange adjustments on translation of net assets of overseas subsidiaries	**4,752**	**(217)**	**4,535**	(872)
Profit attributable to owners of the parent company	**24,533**	**–**	**24,533**	21,102
Dividends (note 11)	**(5,888)**	**–**	**(5,888)**	(5,816)
Transfer in respect of additional pension contributions (net of deferred tax)	**(14,017)**	**14,017**	**–**	–
Deferred tax on additional pension contributions (note 10(c))	**(2,914)**	**–**	**(2,914)**	(2,656)
Deferred tax rate change on opening scheme deficit (note 10(c))	**–**	**–**	**–**	(645)
Net actuarial (loss)/gain on pension schemes (note 25(c))	**–**	**(14,673)**	**(14,673)**	15,186
Deferred tax on net actuarial loss/(gain) (note 10(c))	**–**	**2,592**	**2,592**	(2,540)
Other finance cost (net of deferred tax)	**1,203**	**(1,203)**	**–**	–
Current service cost (net of deferred tax)	**73**	**(73)**	**–**	–
Past service cost (net of deferred tax)	**1,743**	**(1,743)**	**–**	–
Release of capital reserve	**–**	**–**	**–**	(10)
Surplus on disposal of own shares	**835**	**–**	**835**	877
At 31 December	**181,565**	**(64,918)**	**116,647**	107,627

The pension deficit of £64,918,000 above differs from the pension liability in the statement of financial position of £80,369,000 by £15,451,000. This difference relates to the pre-acquisition elements of the pension deficits in JN Bentley Limited and Multi Design Holdings Limited of £717,000 and £532,000 respectively and the deferred tax arising on the Group pension liability of £14,202,000.

The net cumulative goodwill written off directly against reserves prior to goodwill being capitalised on the statement of financial position amounts to £1,995,000 (2017 – £1,995,000); and that credited to reserves amounts to £2,444,000 (2017 – £2,444,000).

Notes to the financial statements

at 31 December 2018

23. Capital commitments

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

24. Contingent liabilities

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Guarantee of bank loans and overdrafts in respect of other Group companies	**–**	–	**33,474**	42,152

In addition, in the normal course of business, down payment, performance and tender bonds have been given by certain subsidiary undertakings. 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.

25. Pensions and other retirement benefits

(a) Mott MacDonald Pension Schemes

The Group 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 Group 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 Group'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 Group.

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

(a) Mott MacDonald Pension Schemes (continued)

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 Group 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.

In agreeing the latest recovery plan with the trustees of the UK defined benefit pension scheme, the Group 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 Group 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.

(b) Other pension schemes

In the USA, there is the Mott MacDonald Defined Benefit Pension Plan (frozen as of March 31, 1995). This is a defined benefit scheme which is closed to new members and future accrual of benefits. An interim report was prepared by a qualified actuary at 31 December 2018 for disclosure purposes which showed that the total market value of the assets of the scheme was US$12.7m (2017 − US$14.3m) and the liabilities were US$19.2m (2017 − US$20.7m) resulting in a deficit of US$6.5m at 31 December 2018 (2017 − US$6.4m).

In the Republic of Ireland, there is a further defined benefit scheme which is also closed to new members and future accrual of benefits. An interim report was prepared by a qualified actuary at 31 December 2018 for disclosure purposes which showed that the total market value of the assets of the scheme was €8.5m (2017 − €9.2m) and the liabilities were €9.1m (2017 − €10.3m) resulting in a deficit of €0.6m at 31 December 2018 (2017 − €1.1m).

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

(b) Other pension schemes (continued)

The Bentley Holdings Limited group, which is in the UK, includes a defined benefit scheme which is sponsored by its wholly owned subsidiary JN Bentley Limited. It is also closed to new members and future accrual of benefits. An interim report was prepared by a qualified actuary at 31 December 2018 for disclosure purposes which showed that the total market value of the assets of the scheme was £11.3m (2017 − £10.7m) and the liabilities were £14.7m (2017 − £15.3m) resulting in a deficit of £3.4m at 31 December 2018 (2017 − £4.6m).

These pension schemes are not material in the context of the Group financial statements.

(c) Group pension schemes

The assets and liabilities of the Mott MacDonald Pension Scheme ('MMPS') 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
Funded status of MMPS	**(71.4)**	(68.4)
Net amount recognised in respect of MMPS	**(71.4)**	(68.4)
Deficit in MMPS	**(71.4)**	(68.4)
Deficit in other Group schemes	**(9.0)**	(10.3)
Total deficit in Group schemes excluding deferred tax (as reported in the statement of financial position)	**(80.4)**	(78.7)
Related deferred tax asset (note 10(c))	**14.2**	13.9
Net pension liability	**(66.2)**	(64.8)

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

(c) Group pension schemes (continued)

Components of pension (cost)/income

Year to 31 December	2018 £m	2017 £m
Total pension cost recognised in administrative expenses in arriving at operating profit		
– for MMPS (Past service cost)	(2.1)	–
– for other Group schemes	(0.1)	(0.6)
	(2.2)	(0.6)

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

	2018 £m	2017 £m
Interest cost on MMPS liabilities	(16.8)	(18.3)
Interest income on MMPS assets	15.2	15.8
Net pension interest (cost)/income recognised within other finance cost in the income statement		
– for MMPS	(1.6)	(2.5)
– for other Group schemes	0.2	0.1
	(1.4)	(2.4)
Actuarial gains/(losses) on MMPS liabilities	17.5	(9.5)
Actuarial (losses)/gains on MMPS assets	(32.3)	24.6
Net actuarial (losses)/gains immediately recognised for MMPS	(14.8)	15.1
Total pension (cost)/income recognised in other comprehensive (loss)/income		
– for MMPS	(14.8)	15.1
– for other Group schemes	0.1	0.1
	(14.7)	15.2

Plan assets

The weighted average asset allocation at the year end for MMPS 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

Notes to the financial statements

at 31 December 2018

25. Pensions and other retirement benefits (continued)

(c) Group pension schemes (continued)

Components of pension (cost)/income

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 – for MMPS	**(17.1)**	40.4

The key financial assumptions used to determine the pension liability at 31 December for MMPS 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

Weighted average life expectancy for mortality tables used to determine benefit obligations for MMPS 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 not to disclose transactions with wholly owned subsidiary undertakings.

Key management personnel

The Group's directors are considered to be its key management personnel. Directors' remuneration is set out in note 7.

Notes to the financial statements

at 31 December 2018

27. Notes to the statement of cash flows

(a) Reconciliation of profit on ordinary activities before taxation to net cash inflow from operations

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Profit on ordinary activities before taxation	**38,726**	37,397	**11,745**	11,672
Adjustments to reconcile profit before taxation for the year to net cash inflow from operations:				
Depreciation	**14,130**	12,123	**–**	–
Amortisation of intangible assets	**9,680**	9,434	**–**	–
Impairment of goodwill	**250**	–	**–**	–
Fair value adjustments on current asset investments	**1,146**	58	**–**	–
Pension contributions	**(16,931)**	(15,604)	**–**	–
Past service cost	**2,100**	622	**–**	–
Current service cost	**84**	7	**–**	–
Loss/(profit) on disposal of other fixed asset investments	**17**	(81)	**–**	–
Profit on disposal of tangible fixed assets	**(298)**	(1,910)	**–**	–
Loss on disposal of intangible fixed assets	**1**	48	**–**	–
Profit on disposal of current asset investments	**(428)**	(377)	**–**	–
Loss on disposal of subsidiary undertakings	**–**	2,378	**–**	–
Net interest payable	**1,235**	1,007	**6,453**	5,741
Other finance cost	**1,405**	2,447	**–**	–
Decrease/(increase) in debtors	**2,052**	(7,084)	**(6,002)**	(5,686)
Increase/(decrease) in creditors	**3,981**	25,033	**4**	(32)
Increase in provisions for liabilities	**702**	605	**–**	–
Net cash inflow from operations	**57,852**	66,103	**12,200**	11,695

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
At 31 December	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000
Cash at bank and in hand	**114,898**	106,092	**30**	175
Bank overdrafts (note 16)	**(3,391)**	(838)	**–**	–
Cash and cash equivalents	**111,507**	105,254	**30**	175

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the financial statements

at 31 December 2018

28. Financial assets and liabilities

	Notes	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Financial assets at fair value through profit or loss					
Listed investments	14(a)	**20,407**	18,872	**–**	–
Financial assets that are equity instruments measured at cost less impairment					
Other fixed asset investments	14(a)	**191**	215	**–**	–
Financial assets that are debt instruments measured at amortised cost[1]					
Trade debtors	15	**232,646**	219,991	**–**	–
Amount owed by subsidiary undertaking	15	**–**	–	**51,483**	45,462
Amounts owed by other fixed asset investments	15	**587**	675	**–**	–
Other debtors	15	**11,267**	11,748	**2**	3
Financial liabilities at fair value through profit or loss					
Shares classed as financial liabilities	16, 21	**29**	33	**29**	33
Financial liabilities measured at amortised cost[1]					
Bank overdrafts	16	**3,391**	838	**–**	–
Amounts due to other fixed asset investments	16	**25**	125	**–**	–
Trade creditors	16	**60,134**	46,876	**–**	–
Other creditors	16	**19,100**	20,160	**9**	5
Amount owed to subsidiary undertaking	17	**–**	–	**250,000**	250,000
Loans	18	**32,553**	41,289	**–**	–
Obligations under finance leases	19	**607**	633	**–**	–

The fair values of the assets and liabilities held at fair value through profit or loss at the statement of financial position date are determined using quoted prices.

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).

Financial risks

The Group has a variety of controls in place to manage liquidity risk, credit risk and exchange risk, and minimise financial loss. The more important aspects are:

- For investments, where viable, all counterparties must meet the Group's minimum credit rating of A-1 long term and P-1 short term.
- There is no speculative use of derivatives, currency or other instruments.

Notes to the financial statements

at 31 December 2018

29. Subsidiary undertakings

Subsidiary undertaking by country of incorporation/registration	% held of ordinary share capital	Registered office key
United Kingdom		
Bentley Holdings Limited	100	A
Cambridge Education Associates Limited	100	B
Cambridge Education Consultants Limited	100	B
Cambridge Education Limited[1]	100	B
Consortium Services Limited[1]	100	C
Courtyard Group UK Limited	100	B
Ewbank and Partners Limited[1]	100	B
Ewbank Preece Consulting Limited[1]	100	B
Ewbank Preece Limited[1]	100	B
Franklin & Andrews International Limited	100	B
Franklin & Andrews Limited[1]	100	B
Franklin Osprey Services Limited	100	B
Fulcrum First Limited	100	B
HLSP Limited	100	B
JBA Bentley Limited	75	A
JN Bentley Limited	100	A
John Proctor Travel Limited[1]	100	B
MIME Learning Limited[1]	100	D
MMG Consulting Limited	100	B
MMRA Limited	100	B
Mott Hay & Anderson International Limited[1]	100	B
Mott MacDonald Bentley Limited	100	A
Mott MacDonald Engineering Consultants Limited[1]	100	B
Mott MacDonald Gas Experts Limited	100	B
Mott MacDonald International Limited[1]	100	B
Mott MacDonald Limited[1]	100	B
Mott MacDonald Nominees[1]	100	B
Mott MacDonald SA Limited[1]	100	B
Mott MacDonald Trustees Limited[1]	100	B
MRT Consulting Engineers Limited	100	B
Multi Design Consultants Limited	100	B
Multi Design Holdings Limited[1]	100	B
Needlemans Limited[1]	100	B
Osprey PMI Limited	100	B
Power Ink Limited	100	B
Preece Cardew & Rider Limited[1]	100	B
Procyon Oil & Gas Limited	100	B
Project Management International Limited	100	B
Schema Associates Limited[1]	100	B
Sir M MacDonald & Partners Limited[1]	100	B
Sterling Management Limited[1]	100	B
Teamwork Management Services Limited[1]	100	B
Australia		
AWT Water Pty Limited	100	F
Hughes Trueman Pty Limited	100	F
Mortimer Project Management Pty Limited	100	G
Mott MacDonald Australia Pty Limited	100	F
Botswana		
Merz & McLellan Botswana (Pty) Limited	100	H

Notes to the financial statements

at 31 December 2018

29. Subsidiary undertakings (continued)

Subsidiary undertaking by country of incorporation/registration	% held of ordinary share capital	Registered office key
Botswana (continued)		
PDNA Botswana (Proprietary) Limited[2]	49	I
Brazil		
Habtec Engenharia Sanitaria e Ambiental Ltda	100	J
Bulgaria		
Mott MacDonald (Bulgaria) EOOD	100	K
Canada		
Mott MacDonald Canada Limited	100	L
China		
Mott MacDonald (Beijing) Limited	100	M
Mott MacDonald (Shenzhen) Limited	100	N
China (Hong Kong)		
Franklin & Andrews (Hong Kong) Limited	100	O
Mott MacDonald Consultants (HK) Limited	100	O
Mott MacDonald Hong Kong Limited	100	O
China (Macau)		
Mott MacDonald Macau Limited	100	P
Colombia		
Mott MacDonald Colombia SAS	100	Q
Czech Republic		
Mott MacDonald CZ, spol. s r.o.	100	R
Congo, Democratic Republic of the		
Mott MacDonald DRC SASU	100	S
Egypt		
Mott MacDonald (Egypt) Limited	100	T
Finland		
Mott MacDonald Finland Oy	100	U
France		
Mott MacDonald France SAS	100	V
Guernsey		
MHACE Insurance Company Limited	100	W
Hungary		
Mott MacDonald Magyarorszag Kft	100	X
India		
Mott MacDonald Private Limited	100	Y
Indonesia		
PT Mott MacDonald Indonesia	100	Z
Ireland		
Ewbank Preece O'hEocha Limited	100	AA
Franklin & Andrews (Ireland) Limited	100	AA
Mott MacDonald Ireland Limited	100	AA
Mott MacDonald Pettit Engineering Limited	100	AA
Somin Holdings Limited	100	AA
Italy		
Mott MacDonald Italy S.r.l.	100	AB
Japan		
Mott MacDonald Japan KK	100	AC
Kazakhstan		
Mott MacDonald Kazakhstan LLP	100	AD

Notes to the financial statements

at 31 December 2018

29. Subsidiary undertakings (continued)

Subsidiary undertaking by country of incorporation/registration	% held of ordinary share capital	Registered office key
Kenya		
Mott MacDonald Kenya Limited	100	AE
Malawi		
Mott MacDonald Blantyre Limited	100	AF
Malaysia		
Mott MacDonald (Malaysia) Sdn. Bhd.	100	AG
Mauritius		
PDNA Consulting (Mauritius) Limited[2]	49	AH
PDNA Trading Limited[2]	49	AI
Mongolia		
Mott MacDonald Mongolia Company Limited	100	AJ
Mozambique		
PDNA Mozambique LDA	100	AK
Netherlands		
BMB Mott MacDonald B.V.	100	AL
Euroconsult Mott MacDonald B.V.	100	AL
Mott MacDonald B.V.	100	AL
New Zealand		
Mott MacDonald New Zealand Limited	100	AM
Nigeria		
Cambridge Education Nigeria Limited	100	AN
Mott MacDonald (Nigeria) Limited	100	AO
MRT Consulting Engineers (Nigeria) Limited	100	AP
Norway		
Mott MacDonald Norge AS	100	AQ
Oman		
Mott MacDonald & Company LLC	65	AR
Philippines		
Mott MacDonald (Philippines) Inc	100	AS
Poland		
Mott MacDonald Poland Sp. z o.o. w likwidacji	100	AT
Mott MacDonald Polska Spolka z o.o.	100	AT
Romania		
Mott MacDonald Romania SRL	100	AU
SC Educatia 2000+ Consulting SRL	100	AV
Russia		
Mott MacDonald R Limited Liability Company	100	AW
Serbia		
Mott MacDonald S d.o.o.	100	AX
Sierra Leone		
Mott MacDonald (SL) Limited	100	AY
Singapore		
Franklin + Andrews Pte Limited	100	AZ
Mott MacDonald Singapore Pte Limited	100	AZ
Slovakia		
Mott MacDonald Slovensko, s r.o.	100	BA
Spain		
Mott MacDonald Spain, S. L. U.	100	BB
South Africa		
Merz & McLellan (Proprietary) Limited	100	BC
Mott MacDonald Africa (Pty) Limited[2]	49	BC

Notes to the financial statements

at 31 December 2018

29. Subsidiary undertakings (continued)

Subsidiary undertaking by country of incorporation/registration	% held of ordinary share capital	Registered office key
South Africa (continued)		
Mott MacDonald Contracting (Pty) Limited[2]	49	BC
Mott MacDonald Development South Africa (Pty) Limited[2]	49	BC
Mott MacDonald Holdings (South Africa) (Pty) Limited[2]	49	BC
Mott MacDonald South Africa (Proprietary) Limited[2]	49	BC
PDNA Holdings (Pty) Limited[2]	49	BC
Phambili Merz (Proprietary) Limited	100	BC
Taiwan		
Taiwan Mott MacDonald Limited	81	BD
Tanzania		
Cambridge Education Tanzania Limited	100	BE
Thailand		
Mott MacDonald (Thailand) Limited	100	BF
Thai MM Limited	100	BF
Turkey		
Mott MacDonald T Engineering Consultants Limited	100	BG
Uganda		
Mott MacDonald Uganda Limited	100	BH
United Arab Emirates		
Ewbank International Consultants (Private) Limited	100	BI
United States of America		
Cambridge Education, LLC	100	BJ
Coast & Harbor Engineering, Inc.	100	BJ
J.B. Trimble, Inc.	100	BK
Keith B. Higgins & Associates, Inc.	100	BL
Mott MacDonald Consultants, Inc.	100	BJ
Mott MacDonald Federal, LLC	100	BJ
Mott MacDonald Michigan, LLC	100	BJ
Mott MacDonald Operating Services, LLC	100	BJ
Mott MacDonald Alabama, LLC	100	BM
Mott MacDonald Architects, Inc.	100	BN
Mott MacDonald Florida, LLC	100	BO
Mott MacDonald Group, Inc.	100	BP
Mott MacDonald Holdings, Inc.	100	BP
Mott MacDonald I&E, LLC	100	BP
Mott MacDonald, LLC	100	BP
Mott MacDonald Massachusetts, LLC	100	BQ
Mott MacDonald NY, Inc.	100	BR
Mott MacDonald USA, LLC	100	BS
Mott MacDonald, Inc.	100	BT
Richard P. Arber Associates, Inc.	100	BU

[1]Investment not held through subsidiary undertakings.

[2]Although the holding in ordinary shares is less than 50%, other indicators of control have been taken into account in determining that this is a subsidiary and in calculating the non-controlling interest.

Notes to the financial statements

at 31 December 2018

29. Subsidiary undertakings (continued)

Other fixed asset investments by country of incorporation/registration	% held of ordinary share capital	Registered office key
United Kingdom		
BMM JV Limited	**50**	**BV**
Environments for Learning Leeds PSP Limited	**24**	**BW**
M2 (Water) LLP	**50**	**B**
Oman		
Galfar Mott MacDonald LLC	**35**	**AR**

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**
22 Station Road, Cambridge, CB1 2JD, United Kingdom	**C**
St. Vincent Plaza, 319 St. Vincent Street, Glasgow, G2 5LD, United Kingdom	**D**
Hays House, Millmead, Guildford, Surrey, GU2 4HJ, United Kingdom	**E**
Mezzanine Floor, 22 King William Street, Adelaide SA 5000, Australia	**F**
Mott MacDonald Australia Pty Ltd, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia	**G**
Plot 50370, Fairgrounds, East Wing, Acumen Park, Gaborone, Botswana	**H**
Plot 776, Extension 2, Gaborone, Botswana	**I**
Avenia Treze de Maio 13, Salas 1.504, 1.505, 1.506, 1.507, 1.508, 1.509, 1.510 e 1.511 (Grupo 1.508) Centro, Rio de Janeiro, Brazil	**J**
13 Floor 2, Damian Gruev Street, Sofia 1606, Bulgaria	**K**
Suite 301, 30 Duncan Street, Toronto ON M5V 2C3, Canada	**L**
Suite 1007 Tower E Global Trade Centre, 36 North 3rd Ring Road East, Beijing, 100013, China	**M**
2302 Block 1, Xinwen Building, 2 Shennan Zhong Road, Futian District, Shenzhen, China	**N**
3/F Mapletree Bay Point, 348 Kwun Tong Road, Kowloon, Hong Kong	**O**
Avenida da Praia Grande 759, 3F, Macau SAR, Macau, China	**P**
Calle 93B No. 12-48, Oficina 308, Edificio Futura, Bogota D.C., Colombia	**Q**
Narodni 15, 110 00 Praha 1, Czech Republic	**R**
7eme Etage, Immeuble BCDC, Boulevard du 30 Juin, Commune de la Gombe, Kinshasa, Congo, Democratic Republic of the	**S**
71 Rabaa El-Adaweya Investment Project, El Akad Mall Ext., 5th Floor, Apartment 53, Nasr City, Cairo, Egypt	**T**
c/o Sweco Industry Oy, PL 75, Helsinki, 00381, Finland	**U**
33 Avenue de la Republique, 75011, Paris, France	**V**
4th Floor, The Albany, South Esplanade, St. Peter Port, Guernsey GY1 4NF	**W**
Vaci Str 45 F/7, Budapest, 1134, Hungary	**X**
44, Dr. R.G. Thadani Marg, Worli, Mumbai, 400 018, India	**Y**
Gedung Sequis Center, 3rd Floor, Jalan Jenderal Sudirman No 71, Jakarta, 12190, Indonesia	**Z**
South Block, Rockfield, Dundrum, Dublin 16, Republic of Ireland	**AA**
Via Enrico Albareto 31, 16154, Genoa, Italy	**AB**
4F Nihonbashi Honcho 1-chrome Building, 1-9-13 Nihonbashi Honcho, Chuo-ku, Tokyo, Japan	**AC**
Office 1114, Syganak Street 29, Esil District, Astana, 010000, Kazakhstan	**AD**
Axis Kenya Limited, 2nd Floor, Apollo Centre, Wing A, Ring Road Parklands, Westlands, Nairobi, Kenya	**AE**
Grant Thornton, MASM House, Lower Sclater Road, P. O. Box 508, Blantyre, Malawi	**AF**
Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpar, Malaysia	**AG**
c/o Navitas Corporate Services Ltd, Navitas House, Robinson Road, Floreal, Mauritius	**AH**
c/o Globefin Management Services Ltd, 1st Floor, Anglo Mauritius House, Intendance Street, Port Louis, Mauritius	**AI**
Suite 203, Crystal Business Center, Chinggis Avenue 11/1, Ulaanbaatar, 210628, Mongolia	**AJ**

Notes to the financial statements

at 31 December 2018

29. Subsidiary undertakings (continued)

Registered Office	Key
Rua Comandante Joao Belo, Polana Cimento, Maputo, Mozambique	AK
Amsterdamseweg 15, 6814 CM Arnhem, Netherlands	AL
Level 1, 23 Union Street, Auckland, 1010, New Zealand	AM
20 Kwame Nkrumah Crescent, Asokoro, Abuja, Nigeria	AN
Sterling Towers, 20 Marina, Lagos, Nigeria	AO
20 Johnson Street, Ilupeju, Lagos, PO Box 3188, Nigeria	AP
c/o Inforegn AS Misjonsmarka 1, 4024 Stavanger, Norway	AQ
PO Box 587, Postal Code 112, Ruwi, Sultanate of Oman	AR
The Regus TEC Inc, 27th Floor Tower 2, The Enterprise Centre, 6766 Ayala Ave. Corner, Paseo de Roxas, 1226, Philippines	AS
Ul. Prosta 68, 00-838, Warsaw, Poland	AT
246 Traian Street, Floor 3, Ap. 5 District 2, Bucharest, Romania	AU
15 Iancu Capitanu Street, District 2, Bucharest, Romania	AV
4th Floor, 71 Sadovnicheskaya Embankment, 115035, Moscow, Russia	AW
Kneginje Zorke 2, Floor 1, Belgrade, 11000, Serbia	AX
24 Regent Road, Hill Station, Freetown, Sierra Leone	AY
152 Beach Road, #35-00 Gateway East, 189721, Singapore	AZ
Sulekova 2, Bratislava 811 06, Slovakia	BA
Avenida del General Peron, number 38, 29020, Madrid, Spain	BB
3rd Floor, Building 1, 11 Alice Lane, Sandhurst, Sandton 2196, South Africa	BC
9F, No. 467, Sec 6, Zhongxiao E. Rd, Nangang District, Taipei, 11557, Taiwan (Republic of China)	BD
11th Floor, Golden Jubilee Towers, Ohio Street, Box 80512, Dar es Salaam, United Republic of Tanzania	BE
19th Floor, Chamnan Phenjati Building, 65/159 and 65/162 Rama 9 Road, Huay-Kwang, Bangkok, 10310, Thailand	BF
Sun Plaza, No. 5 Kat, Maslak Mah. Bilim Sok., 15 Sariyer, Istanbul, 34485, Turkey	BG
c/o Africa Registrars, Plot 2 Bombo Road, City Apartments, 3rd Floor Suite 13, PO Box 31776, Kampala, Uganda	BH
PO Box 11302, Dubai, United Arab Emirates	BI
111 Wood Avenue South, Iselin NJ 08830-4112, United States of America	BJ
2000 Riveredge Parkway, Suite 700, Atlanta GA 30328, United States of America	BK
1300 First Street, Suite B, Gilroy CA 95020, United States of America	BL
153 West Interstate, Mobile AL 36608, United States of America	BM
Suite 177, 2320 Highland Avenue South, Birmingham AL 35205, United States of America	BN
220 West Garden Street, Suite 700, Pensacola FL 32502, United States of America	BO
The Corporation Service Company, 2711 Canterville Road, Suite 400, Wilmington, 19808, Delaware, United States of America	BP
150 Lower Westfield Road, Holyoke MA 01040, United States of America	BQ
1400 Broadway, 30th Floor, New York NY 10018, United States of America	BR
101 Station Drive, Suite 130, Westwood MA 02090, United States of America	BS
One University Avenue, Suite 100, North Lobby, Westwood MA 02090, United States of America	BT
143 Union Boulevard, Suite 1000, Lakewood CO 80228, United States of America	BU
St James House, Knoll Road, Camberley, Surrey, GU15 3XW, United Kingdom	BV
c/o Albany Spc Services Limited, 3rd Floor, 3-5 Charlotte Street, Manchester M1 4HB, United Kingdom	BW

Group five year summary

Years ended 31 December	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Gross revenue	**1,621,079**	1,548,878	1,407,198	1,401,408	1,231,005
Profit on ordinary activities before taxation	**38,726**	37,397	60,571	63,561	59,568
Tax on profit on ordinary activities	**(13,708)**	(16,165)	(9,247)	(22,312)	(23,080)
Non-controlling interests	**(485)**	(130)	(605)	(14,674)	(12,049)
Dividends	**(5,888)**	(5,816)	(6,469)	(6,045)	(11,247)
Retained profit	**18,645**	15,286	44,250	20,530	13,192
Employment of Group capital					
Fixed assets	**91,733**	93,363	84,114	89,334	98,594
Net current assets (less provisions)	**155,115**	151,265	180,096	201,165	192,327
Excluding pension liability	**246,848**	244,628	264,210	290,499	290,921
Pension liability (excluding deferred tax)	**(80,369)**	(78,737)	(106,867)	(91,285)	(82,296)
Including pension liability	**166,479**	165,891	157,343	199,214	208,625
Group capital employed					
Creditors falling due after more than one year	**32,675**	41,310	54,085	45,812	61,333
Equity attributable to owners of the parent company excluding pension liability	**213,836**	203,042	209,510	197,480	184,867
Non-controlling interests	**337**	276	615	47,207	44,721
Excluding pension liability	**246,848**	244,628	264,210	290,499	290,921
Pension liability (excluding deferred tax)	**(80,369)**	(78,737)	(106,867)	(91,285)	(82,296)
Including pension liability	**166,479**	165,891	157,343	199,214	208,625
Net funds					
Cash at bank and in hand	**114,898**	106,092	106,023	122,065	103,689
Bank overdrafts	**(3,391)**	(838)	(111)	(616)	(396)
Current instalments due on loans	**(35)**	(91)	(514)	(440)	(799)
Loans falling due after more than one year	**(32,518)**	(41,198)	(53,986)	(45,376)	(60,983)
Obligations under finance leases	**(607)**	(633)	(870)	(1,613)	(935)
Shares classed as financial liabilities	**(29)**	(33)	(39)	(37)	(33)
	78,318	63,299	50,503	73,983	40,543

Mott MacDonald Group – Governance committees

Executive Board and committees

Executive Board members
Keith Howells (CEO, Chair)
Nick DeNichilo (Regional General Manager, NASA)
Ian Galbraith (Director, Operations)
Mike Haigh (Managing Director)
James Harris (Regional General Manager, EUNA)
Guy Leonard (Strategy Director)
Ed Roud (Finance Director)
Paul Ferguson (General Counsel) – in attendance

Executive Board committees
Strategy and Policy members
Guy Leonard (Chair)
Ian Clarke
David Cox
Nick DeNichilo
Mark Enzer
Mike Haigh
Keith Howells
David Johnson
Anne Kerr

Operations and Risk members
Mike Haigh (Chair)
Peter Carden
Mark Enzer
Paul Ferguson
Ian Galbraith
Randal Jones
Ed Roud

Investment and Finance members
Ed Roud (Chair)
SS Acharya
Jon Barbalich
Mike Gennaro
Mike Haigh
James Harris
Guy Leonard
Cathy Travers

Shareholders' Committee and sub-committees

Shareholders' Committee members
Liz King (Chair)
SS Acharya
Jon Barbalich
Jol Bates
Al Beninato
Paul Bentley
Peter Carden
Ian Clarke
David Cox
Mark Enzer
Mike Gennaro
Simon Harrison
David Johnson
Randal Jones
Anne Kerr
Cathy Travers
David White
Doug Wilson
FookHin You
Denise Bower (Independent)
Bob Prieto (Independent)

Shareholders' Committee sub-committees
Audit and Risk Assurance members
Doug Wilson (Chair)
Jol Bates
Paul Bentley
Bob Prieto (Independent)
David White

Nominations members
Cathy Travers (Chair)
SS Acharya
Denise Bower (Independent)
Simon Harrison
David Johnson

Remuneration and Equity members
Denise Bower (Chair/Independent)
Al Beninato
Anne Kerr
Liz King
FookHin You

Opening opportunities with connected thinking.

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