REGISTERED NUMBER: 03163649 (England and Wales)

Report of the Directors and

Financial Statements For The Year Ended 31 December 2009

for

BLACK & VEATCH LIMITED

Contents of the Financial Statements
For The Year Ended 31 December 2009

BLACK & VEATCH LIMITED

Company Information
For The Year Ended 31 December 2009

DIRECTORS:	M R Nott C W T Scott B A Ainsworth D W McCarthy D R Still G W Townsend A E Collins E K Wrighton C G Hill
SECRETARIES:	C A Kiernan TW Triplett
REGISTERED OFFICE:	Grosvenor House 69 London Road Redhill Surrey RH1 1LQ
REGISTERED NUMBER:	03163649 (England and Wales)
AUDITORS:	KPMG LLP Chartered Accountants 8 Salisbury Square London EC4Y 8BB

BLACK & VEATCH LIMITED (Registered number: 03163649)

Report of the Directors
For The Year Ended 31 December 2009

The directors present their report with the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of The Company is a wholly-owned subsidiary of Black & Veatch Holding Company, a corporation whose principal place of business is at 8400 Ward Parkway, Kansas City, Missouri 64114, United States of America

The principal activities of the company in the year under review was that of the design, manufacture, construction and installation of water production, filtration, effluent, sewage treatment plants and electricity generation plants for municipal and industrial applications in the United Kingdom and throughout the world

REVIEW OF BUSINESS

For the year ended 31 December 2009, revenues were down from the previous year by 20% The main effect has been through the UK Water business approaching the end of the current Asset Management Programme (AMP) cycle resulting in a lower volume of business The Energy sector had a £36 million reduction in revenue following completion of a major project

The company concluded the year with a net profit of £15 7 million Details of the Profit and Loss performance can be found on page 7

Black & Veatch has long been a leader in delivering essential and reliable technology to clients The holding company invests heavily in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the company, in the medium to long-term future Strategic planning activities have identified a number of best-of-class technologies that resulted in a number of updates to existing services

The company's directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

DIVIDENDS

The directors do not recommend the payment of a dividend (2008 nil)

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

B A Ainsworth
D W McCarthy
D R Still
G W Townsend
A E Collins
E K Wrighton

Other changes in directors holding office are as follows

M R Nott - appointed 26 March 2009
C W T Scott - appointed 26 March 2009
C G Hill - appointed 26 March 2009

DIRECTORS INDEMNITY

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at 31 December 2009

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made £5,500 charitable donations during the year (2008 £26,366) The company made no political donations in the current year (2008 Nil)

ELECTIVE RESOLUTION

The company has passed resolutions to dispense with the requirement to hold Annual General Meetings and to re-appoint the auditors on an annual basis KPMG Audit plc will therefore continue in office

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure is a continuing risk for the company, which could result in it losing sales to its key competitors To manage this risk, the company strives to provide enhancing service to its clients, driving higher levels of project execution and addressing issues promptly, and through the maintenance of strong relationships with customers

Nearly 7% of the company's turnover is derived from overseas trade (2008 11%) and it is therefore exposed to currency movements on such sales Where appropriate, the company manages this risk with forward foreign exchange contracts in line with its treasury policies

The company's businesses may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks

The company operates a hybrid pension scheme comprising a defined contribution section and a defined benefit section The defined benefit section is closed to new members and is currently in deficit The funding level of this pension plan is subject to adverse change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities including decreasing discount rates and increasing longevity of plan members, as well as declines in the market value of plan investments Significant adverse changes in the actuarial assumptions underlying the UK plan valuation and the company's share of any deficit-reduction contributions made into the plan could materially impact the company's financial position

ENVIRONMENT

Black & Veatch recognise that their activities have environmental and social impacts and is committed to improving their environmental performance in all areas of its work covering consultancy, engineering and construction, and including the activities of its subcontractors and suppliers by preventing pollution and safeguarding the environment, reducing usage of energy and materials and promoting sustainability

The implementation of this commitment is the responsibility of all Black & Veatch employees with the support of a team of dedicated environmental advisors and appointed environmental representatives on sites and in offices
Black & Veatch continue to improve their Environmental Management System and in 2009 were certified to ISO 14001 2004 for a further three years by Lloyd's Register Quality Assurance Limited

During 2009 Black & Veatch set itself five key environmental objectives following the review of their environmental performance over the previous years These objectives were achieved, and included no category 1 or 2 environmental incidents, the introduction of annual environmental awards, the implementation of a new environmental training plan, improved communication on lessons learnt and best practice, and the continued reduction in our carbon footprint

Black & Veatch is proud of its environmental record and this is reflected in the number of awards that have been won over the years In 2009, we continued to receive recognition under the Considerate Constructors Scheme and won 1 Gold, 4 Silver, 3 Bronze awards, and the highest award of all with our Glenfarg site being awarded "The Most Considerate Site 2009" Black & Veatch also won 5 Institution of Civil Engineers Awards across the UK in the categories of Conservation, Greatest Contribution to London, Community, Physical Achievement , and the Edmund Hambly Medal for Sustainable Development Also a Civil Engineering Environmental Quality Assessment and Award Scheme (CEEQUAL) Excellent Whole Project Award was achieved

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities, to continue wherever possible the employment of and to arrange appropriate training for those who become disabled and to provide equal opportunities for the training and career development of disabled employees

It is also the policy of the company to maintain and develop the involvement of all employees in the affairs of the company by which each is employed Local managers provide, on a regular basis information of concern to employees using a variety of methods such as business review meetings, briefing discussions and training sessions The views of employees are also sought on matters affecting them

Black & Veatch (BVL) has set a target of achieving ZERO incidents and injuries across all of its business operations BVL Leadership and Senior Management are totally committed to this policy, and ensure that all necessary steps are taken to maintain the health, safety and welfare of our employees and others who may be affected by our operations

The management of health and safety in BVL is a line management responsibility supported by dedicated health and safety professionals BVL has established procedures to cover elements of the work undertaken by BVL in the UK and in 2009 the BVL safety managements system obtained certification to OHSAS18001 2007 by UKAS registered LRQA

BVL has a Safety and Health Management Committee, made up of senior directors and the Safety Manager It promotes and monitors health and safety performance and is responsible for driving continuous improvement and learning throughout the business The Committee sets objectives annually, based on an assessment of previous performance taking account of the Black & Veatch drive to achieve zero incidents Objectives and initiatives achieved in 2009 include roll-out of the H&S Roadshow, where the Managing Director and Safety Manager delivered H&S presentations/workshops to all areas of the business in the UK, introduction of BOSS (the UK behavioural based safety initiative) for BVL designers, launch of the H&S and Environmental Excellence Awards, improvements to the formal on-site assessment of plant operators and introduction of a new health and safety report format for EPC projects capturing leading indicators

Report of the Directors
For The Year Ended 31 December 2009

BVL is proud of its company safety record and continues to achieve lower statistical accident results than the national industry average Further, our projects have been recognised for health and safety excellence by government agencies and clients across the globe In the UK we have won over 50 RoSPA (Royal Society for the Prevention of Accidents) Gold Awards In 2009 we were awarded 3 RoSPA Gold Medals and 8 Gold Awards along with Highly Commended in the prestigious RoSPA Training Trophy, an achievement we are very proud of Also in 2009, BVL was presented the Mitsui Sumitomo Chris Joplin Award for Innovation for its BOSS in Design initiative in recognition of our health and safety innovation and commitment to continuous improvement

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, snd
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

E K Wrighton - Director

Date 24 MAY 2010

Report of the Independent Auditors to the Shareholders of BLACK & VEATCH LIMITED

We have audited the financial statements of BLACK & VEATCH LIMITED for the year ended 31 December 2009 on pages seven to twenty three The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditors' 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

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page five the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Richard Ackland

Richard Ackland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

Date 24 May 2010

BLACK & VEATCH LIMITED (Registered number 03163649)

Profit and Loss Account
For The Year Ended 31 December 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
TURNOVER	2		276 408		347,367
Cost of sales			248 973		329 220
GROSS PROFIT			27,435		18,147
Administrative expenses			13 098		16,711
			14,337		1 436
Other operating income	3		-		14
OPERATING PROFIT	5		14 337		1,450
Interest receivable and similar income	6	30		578	
Other finance income	19	1,578		2 179	
			1,608		2 757
			15 945		4 207
Interest payable and similar charges	7	715		8,191	
Other finance costs	19	1,879		1.973	
			2,594		10,164
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			13 351		(5,957)
Tax on profit/(loss) on ordinary activities	8		2 324		(165)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			15 675		(5.792)

CONTINUING OPERATIONS
All of the company's activities relate to continuing operations

The notes form part of these financial statements

BLACK & VEATCH LIMITED (Registered number: 03163649)

Statement of Total Recognised Gains and Losses
For The Year Ended 31 December 2009

	Notes	2009 £'000	2008 £'000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		15,675	(5,792)
Pension funds actuarial losses	19	(2,211)	(4 133)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		13 464	(9,925)

The notes form part of these financial statements

BLACK & VEATCH LIMITED (Registered number: 03163649)

Balance Sheet
31 December 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
FIXED ASSETS					
Intangible assets	9		29,109		31 994
Tangible assets	10		1 477		2,176
Investments	11		201		201
			30,787		34,371
CURRENT ASSETS					
Debtors	12	96,123		106,485	
Prepayments and accrued income		3,575		3,699	
Cash at bank	13	21,392		12,894	
		121,090		123,078	
CREDITORS					
Amounts falling due within one year	14	87,994		104,499	
NET CURRENT ASSETS			33 096		18,579
TOTAL ASSETS LESS CURRENT LIABILITIES			63,883		52,950
CREDITORS					
Amounts falling due after more than one year	15		(1,965)		(5,726)
PENSION LIABILITY	19		(8,105)		(6,875)
NET ASSETS			53,813		40,349
CAPITAL AND RESERVES					
Called up share capital	17		25,000		25 000
Profit and loss account	18		28,813		15,349
SHAREHOLDERS' FUNDS	23		53,813		40,349

The financial statements were approved by the Board of Directors on 24 MAY 2010 and were signed on its behalf by

E K Wrighton - Director

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules Small adjustments are made to comparative information for presentational purposes

Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of Business on page 2 The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Report of the Directors on pages 2 to 5 In addition, notes 1-23 to the financial statements include the company's objectives, policies and processes for managing its capital, its financial risk management objectives details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Accounting convention
The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

Preparation of consolidated financial statements
The financial statements contain information about BLACK & VEATCH LIMITED as an individual company and do not contain consolidated financial information as the parent of a group The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Black and Veatch Holding Company, a company registered in the U S A

Turnover
Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured The following specific recognition criteria must also be met before revenue is recognised

Sale of goods
Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured

Rendering of services
Turnover from services rendered is recognised by reference to the stage of completion of the transaction Turnover from services provided on a short-term or one-off basis is recognised when the service is complete The provision of services over a long-term period are treated as construction contracts, and the turnover recognised as set out below

Construction contracts
Turnover and profit attributable from construction contracts including long-term service provision contracts, is recognised by reference to the stage of completion of the contract An expected loss on a contract is recognised immediately in the income statement

 continued

Forecast contract revenues

Forecast contract revenue is recognised on additional work undertaken which is requested by the customer to represent a variation to the original base contract No revenue is included within the forecast unless it is contractually due or virtually certain of being received

Cost to complete

The forecast costs to complete on long term contracts are subject to a range of possible outcomes dependent on factors such as

- The cost, quantity required and usage of raw materials,
- The number and cost of man-hours,
- The likelihood of contractual risks being incurred and if incurred, being successfully mitigated

Overall contract review process

The directors participate and challenge management on their cost assessments as part of monthly contract reviews The estimated costs to complete at a point in time represent the directors' best estimate of the likely contract outcome given the facts and circumstances that are known at the time the estimate is undertaken

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on a regular basis Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are set out below

Contract outcome estimation

Contract outturns are based on actual costs incurred to date and forecast costs to complete These costs are based on the Black & Veatch Limited's directors' best estimate of the results of these contracts

There remains a range of possible outcomes of the eventual contract outturn The final contract outcomes may be materially different and are dependent on future events which include but are not limited to the ability of the Company to mitigate known and potential future risk, learning efficiencies achieved and the outcome of any future commercial negotiation in relation to the scope of work provided to the customers concerned as part of a contract variation

However, based on current plans and available information the directors of the Company believe that that the contract outturns booked in these financial statements represent an appropriate best estimate of the likely outturn (including any losses)

Goodwill

Purchased goodwill arising on business combinations is capitalised Goodwill is amortised to nil by equal annual instalments over its estimated useful life which is currently 13 5 years

Tangible fixed assets

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over the estimated useful economic lives of individual assets

Depreciation is charged from the approximate date of the asset coming into use The following rates of depreciation (per annum) have been used for each class of assets

Motor vehicles -	25%
Plant and machinery/furniture and fittings -	10%
Office machinery -	20%
Computer and data processing equipment -	3 to 5 years

continued

1 ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover the assets

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the contractual rate or rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Pension costs and other post-retirement benefits

The company participates in a group wide pension scheme which is hybrid, comprising a defined benefit section and a defined contribution section

The defined benefit section is accounted for in accordance with FRS 17 "Retirement Benefits"

The assets for the defined contribution section are held in a separately administered fund and the annual charge to the profit and loss account for this section comprises contributions payable in the accounting period

The company has a separate obligation, through a defined benefit arrangement, to fund the pensions of a number of retired partners This obligation is accounted for in accordance with FRS 17 " Retirement Benefits"

Interest

Interest payable is written off to the profit and loss account as it is incurred

Long term contracts

Long-term contracts are included in the profit and loss account by recording turnover and related costs as contract activity progresses Profit attributable to turnover to date is included where the outcome of the contract can be foreseen with reasonable certainty Full provision is made for losses on unprofitable contracts

The amount by which turnover is in excess of payments on account is separately disclosed within debtors as amounts recoverable on contracts Progress payments received in excess of costs less foreseeable losses are disclosed in creditors

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Finance Leases

Assets held under finance leases are capitalised and included in tangible fixed assets at the lower of the present value of the minimum lease payments or the fair value of the leased asset as determined at the inception of the lease The obligations relating to finance leases, net of finance charges in respect of future periods, are included within the amount payable within 12 months included within short term creditors The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect the constant rate of interest on the remaining balance of the obligation for each accounting period Rentals under operating leases are charged to the income statement on a straight-line basis

continued

2 TURNOVER

The turnover and profit (2008 - loss) before taxation are attributable to the principal activities of the company

An analysis of turnover by class of business is given below

	2009	2008
	£'000	£'000
Water sector	252,810	287,503
Energy sector	23,598	59,545
Other	-	319
	276,408	347,367

An analysis of turnover by geographical market is given below

	2009	2008
	£'000	£'000
United Kingdom	256,698	309,543
Rest of the world	19 710	37,824
	276,408	347,367

The directors believe that additional disclosure on profit will be prejudicial to the company The principal activities are the design, manufacture and installation of water production, filtration, effluent and sewage treatment plants and electricity generation plants for municipal and industrial applications in the United Kingdom and throughout the world

3 OTHER OPERATING INCOME

	2009	2008
	£'000	£'000
Sundry receipts	-	14

4 STAFF COSTS

	2009	2008
	£'000	£'000
Wages and salaries	61,896	63,974
Social security costs	5,885	6,362
Other pension costs	2 576	2,500
	70,357	72,836

The average monthly number of employees during the year was as follows

	2009	2008
Total	1,430	1 563

continued

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2009	2008
	£'000	£'000
Depreciation - owned assets	900	1,042
Profit on disposal of fixed assets	-	(40)
Goodwill amortisation	2,885	2,628
Auditors' remuneration Audit	243	220
Operating leases - land and buildings	1,951	1,787
Operating leases - Motor vehicles & equipments	353	155

Black & Veatch Ltd pays the audit fee on behalf of the UK subsidiaries of Black & Veatch The fee in 2009 includes such amounts

	2009	2008
	£	£
Directors' remuneration	2,757,864	1,826 210

Directors' remuneration breakdown is as follows

	31 12 09	31 12 08
	£	£
Base salary	1,147,595	782,707
Bonus payments	247,541	398,578
Share options	689,578	198,244
Company contributions to pension plans	61,721	49,872
Other emoluments	611,429	396,808
	2,757,864	1,826 210

Information regarding the highest paid director is as follows

	2009	2008
	£	£
Emoluments etc	873,893	579,185

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	£'000	£'000
Deposit account interest	30	-
On bank and money market deposits	-	578
	30	578

continued

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Bank interest	51	-
Interest payable to group undertakings	115	2,234
On bank and money market deposits	16	87
Exchange losses	533	5,870
	715	8,191

8 TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows

	2009 £'000	2008 £'000
Current tax		
Foreign Tax	(24)	(165)
Deferred tax	(2,300)	-
Tax on profit/(loss) on ordinary activities	(2,324)	(165)

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK The difference is explained below

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before tax	13,351	(5 957)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	3,738	(1,668)
Effects of		
(Decrease)/Increase in deferred tax benefit of losses carried forward	(3,738)	1,668
Foreign tax	(24)	(165)
Current tax credit	(24)	(165)

continued

8 **TAXATION - continued**

Factors that may affect future tax charges
Deferred Tax

	31 12 09 £'000	31 12 08 £'000
Tax effect of timing differences due to		
Depreciation in excess of capital allowances	3,100	3.300
Tax losses carried forward	50,600	56,300
	53,700	59,600

The value of company trading losses as at 31st December 2009 is £50,600,000 (2008 £56,300,000) Of these, £8,000,000 are expected to be utilised in the foreseeable future for which a deferred tax asset of £2,300,000 has been recognised The remaining balance is not recognise as it is not currently expected to be utilised in the foreseeable future

9 **INTANGIBLE FIXED ASSETS**

	Goodwill £'000
COST	
At 1 January 2009 and 31 December 2009	38,951
AMORTISATION	
At 1 January 2009	6,957
Amortisation for year	2,885
At 31 December 2009	9,842
NET BOOK VALUE	
At 31 December 2009	29,109
At 31 December 2008	31,994

continued

10 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2009	247	2,359	405	3,967	6,978
Additions	-	83	18	100	201
Disposals	-	-	(145)	-	(145)
At 31 December 2009	247	2,442	278	4,067	7,034
DEPRECIATION					
At 1 January 2009	247	1,316	207	3,032	4,802
Charge for year	-	196	70	634	900
Eliminated on disposal	-	-	(145)	-	(145)
At 31 December 2009	247	1,512	132	3,666	5,557
NET BOOK VALUE					
At 31 December 2009	-	930	146	401	1,477
At 31 December 2008	-	1,043	198	935	2,176

Tangible fixed assets includes amount held on the finance leases with a net book value of £312,785 (2008 £725,354) The depreciation charge for the year on these assets was £510,382 (2008 £574,482)

11 FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2009 and 31 December 2009	201
NET BOOK VALUE	
At 31 December 2009	201
At 31 December 2008	201

The company's investments at the balance sheet date in the share capital of companies include the following

Black & Veatch Refurbishments Limited
Country of incorporation UK
Nature of business Water and effluent and sewage treatment plants

Class of shares	% holding
Ordinary	100 00

During the year, Paterson Candy Refurbishments Limited, a fully owned subsidiary was struck off voluntarily from the Companies House and all the shares which its held in Black & Veatch Refurbishments Limited were transferred directly into Black & Veatch Ltd

continued

12 DEBTORS

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	32 775	48,100
Amounts owed by group undertakings	37,240	18,938
Amounts owed by participating interests	-	726
Amounts recoverable on contracts	19,577	33,227
Insurance claims receivable	259	500
Tax	317	235
Deferred tax asset	2,300	-
	92,468	101,726
Amounts falling due after more than one year		
Retentions	3,655	4 759
Aggregate amounts	96,123	106,485

13 CASH AT BANK

	2009 £'000	2008 £'000
Cash at bank	13,700	10,394
Cash in restricted accounts	7,692	2,500
	21 392	12,894

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Payments on account	37,777	37,352
Trade creditors	14,701	22,635
Amounts owed to group undertakings	146	2,905
Tax	-	25
Social security and other taxes	4,445	4,042
Accruals and deferred income	30,925	37,540
	87,994	104,499

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	37	116
Amounts owed to group undertakings	1,928	4,773
Other creditors	-	837
	1,965	5,726

continued

16 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other operating leases	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Expiring				
Within one year	72	50	93	96
Between one and five years	505	563	826	985
In more than five years	1,295	1,295	4	-
	1,872	1,908	923	1,081

17 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal Value	2009 £'000	2008 £'000
115,000 000 (2008 - 115,000,000)	Ordinary shares	£1	115,000	115,000

Allotted, issued and fully paid

Number	Class	Nominal Value	2009 £'000	2008 £'000
25,000,000 (2008 - 25,000,000)	Ordinary shares	£1	25,000	25,000

18 RESERVES

	Profit and loss account £'000
At 1 January 2009	15,349
Profit for the year	15,675
Actuarial Valuation of Pension Funds	(2,211)
At 31 December 2009	28,813
Profit and loss account excluding pension liability	36,918
Pension deficit	(8,105)
Profit and loss account	28,813

continued

19 EMPLOYEE BENEFIT OBLIGATIONS

The company operates a hybrid pension scheme comprising a defined contribution section and a section that provides benefits based on final pensionable pay The defined benefit section is closed to new members

These pension arrangements for the company's employees are currently provided through the Black and Veatch UK Pension Scheme, the assets of which are held separately from those of the company in an independently administered fund

The company also has an obligation to fund the pensions of a number of retired partners as set out in the Binnie & Partners pension deed, this is an unfunded scheme This obligation was acquired from Black & Veatch Consulting Limited, a fellow group company, on 31 December 2004

A full actuarial valuation of the final salary section was carried out at 31 March 2009 and projected forward to provide disclosures at 31 December 2009

The pension charge for the period was £508,726 (2008 £739,114) The company contribution is 7 2% of the pensionable pay and the employee contribution varies between members

The mortality assumption used by the actuary for the year was PA92sc YOB - 2 years (2008 PA92sc YOB - 2 years, 2007 PA92sc YOB - 2 years)

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	2009	2008
	£'000	£'000
Present value of funded obligations	(34,439)	(30,261)
Fair value of plan assets	28,748	25,447
	(5,691)	(4,814)
Present value of unfunded obligations	(2,414)	(2,061)
Deficit	(8,105)	(6,875)
Net liability	(8,105)	(6,875)

The amounts recognised in profit or loss are as follows

	Defined benefit pension plans	
	2009	2008
	£'000	£'000
Current service cost	104	316
Interest cost	1,879	1,973
Expected return	(1,578)	(2,179)
Past service cost	-	-
	405	110
Actual return on plan assets	4,094	(5,414)

continued

19 EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension plans	
	2009	2008
	£'000	£'000
Opening defined benefit obligation	32,322	34,311
Current service cost	104	316
Contributions by employer	(269)	(286)
Contributions by scheme participants	43	188
Interest cost	1,879	1 973
Actuarial losses/(gains)	4.727	(3.460)
Benefits paid	(1,345)	(720)
Curtailments	(608)	-
	36,853	32,322

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	2009	2008
	£'000	£'000
Opening fair value of scheme assets	25,447	30,654
Contributions by employer	509	739
Contributions by scheme participants	43	188
Expected return	1.578	2,179
Actuarial gains/(losses)	2,516	(7,593)
Benefits paid	(1,345)	(720)
	28.748	25,447

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit pension plans	
	2009	2008
	£'000	£'000
Actuarial losses	(2.211)	(4,133)
	(2,211)	(4.133)
Cumulative amount of actuarial losses	(16.050)	(13,839)

continued

19 EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows

	Defined benefit pension plans	
	2009	2008
Equities	47%	40%
Bonds	53%	60%
	100%	100%

The scheme assets do not include any financial instruments of Black & Veatch Limited, nor any property occupied by, or other assets used by, the company

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2009	2008
Discount rate	5 70%	5 90%
Rate of compensation increase	-	3 30%
Rate of increase of pension in payment	3 30%	2 70%
Rate of increase pensions in deferment	3 30%	2 70%
Inflation	3 30%	2 70%
Expected long term return	6 30%	7 08%

To develop the expected long-term rate of return on assets assumptions, the company considered the current level of expected returns on risk free investments (primarily government bonds) , the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio This resulted in the selection of the 6 30% assumption

The above principal actuarial assumptions are expressed as weighted averages for the main scheme Including the retired partners scheme assumptions as a weighted average would not lead to a material difference

Amounts for the current and previous four periods are as follows.

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£ 000	£'000
Defined benefit pension plans					
Defined benefit obligation	(36,853)	(32,322)	(34 311)	(34,350)	(29,623)
Fair value of scheme assets	28,748	25,447	30,654	29,736	23,705
Deficit	(8,105)	(6,875)	(3 657)	(4,614)	(5,918)
Experience adjustments on scheme liabilities	(384)	148	(112)	(446)	(115)
Experience adjustments on scheme assets	2,516	(7,593)	(884)	285	2,708

Future contributions:

The company expects to contribute a total of £437,000 to its pension plan in the year 2010

Defined contribution scheme

The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £2,402,565 (2008 £2,221,082) There were no outstanding or prepaid contributions at the end of the financial year

continued

20 ULTIMATE PARENT COMPANY

The largest and smallest group in which the results of the company are consolidated is that headed by Black & Veatch Holding Company, a corporation whose principal place of business is at 8400 Ward Parkway, Kansas City, Missouri 64114, United States of America The consolidated accounts of Black & Veatch Holding Company may be requested from the corporation's place of business

21 CONTINGENT LIABILITIES

Letters of Credit and Bonds

The company has contingent liabilities in respect of guarantees and performance bonds as to plants installed or under construction and other engagements in the ordinary course of business amounting to £31 million (2008 £32 million)

Other Project Matters

There is a project related contingent liability of $14 million (2008 nil) which the Company may have to contribute towards the cost of construction in the event a customer decides to upgrade its existing wastewater treatment plant by April 2011

There are claims arising in the normal course of trading which are in the process of negotiation and which, in some cases, are likely to be protracted over several years Provision has been made for all amounts which the directors consider will become payable on account of claims

22 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided by Financial Reporting Standard 8 not to disclose transactions with group undertakings

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000	2008 £'000
Profit/(Loss) for the financial year	15,675	(5,792)
Other recognised gains and losses relating to the year (net)	(2,211)	(4,133)
Issue of ordinary shares	-	37,500
Net addition to shareholders' funds	13,464	27,575
Opening shareholders' funds	40,349	12,774
Closing shareholders' funds	53,813	40,349