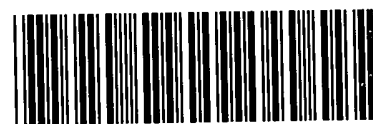


**REGISTERED NUMBER: 03163649 (England and Wales)**

**Strategic Report, Report of the Directors and  
Financial Statements For The Year Ended 31 December 2015  
for  
BLACK & VEATCH LIMITED**

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For The Year Ended 31 December 2015**

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**BLACK & VEATCH LIMITED**

**Company Information**

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**For The Year Ended 31 December 2015**

**DIRECTORS:**

C W T Scott  
C L Wallis-Lage  
I M Robinson  
M A Allan  
D S M Aitken  
H W Cheong  
R Joyce

**SECRETARY:**

F McCormack

**REGISTERED OFFICE:**

Grosvenor House  
69 London Road  
Redhill  
Surrey  
RH1 1LQ

**REGISTERED NUMBER:**

03163649 (England and Wales)

**AUDITORS:**

Harmer Slater Limited (Statutory auditor)  
Salatin House  
19 Cedar Road  
Sutton  
Surrey  
SM2 5DA

**Strategic Report  
For The Year Ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

The directors, while preparing this report, have complied with Section 414C of Companies Act 2006.

Black & Veatch Limited ('the company') is a wholly-owned subsidiary of Black & Veatch Global Inc., a corporation whose principal place of business is at 8400 Ward Parkway, Kansas City, Missouri 64114, United States of America.

**PRINCIPAL ACTIVITIES**

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. The company has branches in the Republic of Ireland and in Qatar.

**REVIEW OF BUSINESS**

For the year ended 31 December 2015, revenue (turnover) decreased by £54 million or 28% from the previous year. We continue to excel in the execution of our projects and in providing quality, best-in-class solutions to our clients.

The Company concluded the year with a loss on ordinary activities after tax of £1,689k. Details of the Profit and Loss performance can be found on page 10.

The Group owned by BVH, Inc. (the Group) 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.

Group revenue for the year was \$3.0 billion, consistent with last year, whereas our Group Earnings Before Taxes (EBT) declined based on the timing of completing projects and increased investments in our professionals and growth. Our 2015 Group EBT represents a temporary decline because strong new business in the latter part of the year added to an already record-setting portfolio of new projects with diversity in markets, services and geographies for 2016.

Group operating income was \$123 million in 2015 compared to \$175 million in 2014. Our Group net earnings of \$109 million are consistent with last year (\$113 million) as a result of tax savings from our more efficient capital structure. Group net earnings in 2015 were the fourth strongest since our Group was founded. Our Group financial performance continues to benefit from exceptional project execution and growth opportunities with new and existing clients across businesses.

In common with all the businesses of the Group the company has adopted (with acknowledgement of local legislative refinements where appropriate) the Group's policies and procedures for operations and the Group's Code of Conduct which are intended to ensure that the business of the company is operated in accordance with the Group's Values and in compliance with relevant legislation and standards. In addition to the Group's Code of Conduct the most significant of the policies include:

- Environmental, Health & Safety
- Finance, accounting and financial risk management
- Personnel and employees
- Ethical and corporate governance
- Supply chain and services procurement
- Quality systems
- IT and technology systems
- Operational and IT security
- Competition and anti-trust
- Sustainability and efficiency in applied resources

**FUTURE DEVELOPMENTS**

The company has won significant framework contracts in joint ventures with various other multinational engineering and construction businesses. The directors will continue to seek opportunities for business growth and development in the future.

**Strategic Report  
For The Year Ended 31 December 2015**

**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 13.0% of the company's turnover is derived from overseas trade (2014:11.7%) 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**

When carrying out its business, the company seeks to demonstrate respect for the requirements of the environment and of society. Black & Veatch is committed to improving its environmental performance in all areas of work, including the activities of its sub-contractors and suppliers by preventing pollution, reducing consumption of energy and materials, minimising waste, recycling where possible, and working with its clients to provide sustainable solutions.

The implementation of this commitment is the responsibility of all company employees. Support is provided by a team of ESH&S advisers, and environmental scientists and ecologists together with appointed environmental representatives on sites and in offices.

In 2015, the company's certification to ISO 14001: 2004, the international standard for environmental management, was renewed. Lloyd's Register Quality Assurance Limited undertook the assessment necessary in order to issue the company's certificate confirming continued compliance with the standard.

In 2015, the company set itself five key environmental objectives arising from a review of its environmental performance over the previous years. All five objectives, listed below, were achieved:

- Re-invigorate behavioural aspects for designers, inductions and on-site engagements;
- Reduce our normalised 2015 greenhouse gas emissions by 10% compared with our 2008 figure;
- All personnel to have necessary competencies (including O&M personnel & sub-contractors);
- Improve Risk Assessment Method Statement process to satisfy site-specific requirements in a changing environment;
- Change near-miss process to encourage the reporting of hazards.

Black & Veatch is proud of its environmental record and this is reflected in the number of awards that have been won over the years.

**Strategic Report  
For The Year Ended 31 December 2015**

**EMPLOYEES**

Details of the number of employees and related costs of the company can be found in note 5 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. 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.

As a company providing both consultancy and construction services, Health and Safety is central to the company's operations. The company is committed to preventing work-related ill health and supports and promotes the general health and well-being of employees and others affected by its activities.

The company has a strong health and safety culture - the Health & Safety Policy requires employees at all levels to contribute to the intent to maintaining a positive culture and continue the drive to achieve zero-incidents across our business.

The management of health and safety in the company is a line management responsibility supported by dedicated health and safety professionals. The company has established procedures to cover elements of the work undertaken by the company in the UK and maintain certification to OHSAS18001:2007 by UKAS registered Lloyd's Register Quality Assurance.

The company encourages this contribution of employees through a Safety, Health and Environmental Management Committee (SHE), comprising members of the Senior Leadership team, the ESH&S Manager and Quality & Environmental Systems Manager. The SHE Committee promotes and monitors health and safety performance in the company's activities and is responsible for driving continuous improvement and learning throughout the business.

The SHE Committee sets objectives annually, based on an assessment of previous performance, results from audits and feedback received from the workforce. Objectives and initiatives achieved in 2015 include: refreshing our BOSS (Behaviour on Safe Sites) behavioural safety initiative for our designers; roll out of a new BOSS film across all B&V construction sites during a nationwide stand down event; improvements to our hazard spotting process and the launch of a Health and Well-being Week.

The company is proud of its safety performance and its safety record is recognised among the leading organisations involved in delivering construction/engineering in the UK.

Further, the company's projects have been recognised for Health and Safety excellence by Government Agencies and clients across the globe. We have won 85 RoSPA (Royal Society for the Prevention of Accidents) Gold Awards, 19 RoSPA Gold Medals and 5 RoSPA President Awards, in addition in 2015, we were also awarded two additional ROSPA President's Awards and two Gold RoSPA Medal Awards in recognition of our leading Health & Safety performance in our sector.

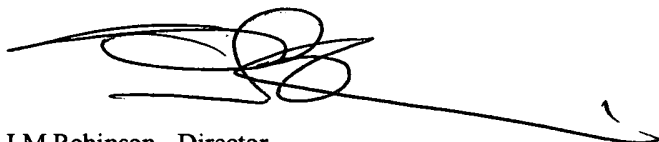
**Strategic Report  
For The Year Ended 31 December 2015**

**GOING CONCERN**

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.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'I M Robinson', with a long horizontal line extending to the right.

I M Robinson - Director

28 September 2016

**Report of the Directors  
For The Year Ended 31 December 2015**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2015.

The directors have included the following disclosures required by s416(4) in the Strategic Report in accordance with s414C(11): Future developments, Principal risks and uncertainties and Employee matters.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2015 (2014: nil).

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

M R Nott	- resigned 1/11/2015
C W T Scott	
C L Wallis-Lage	
I M Robinson	
M A Allan	
D S M Aitken	
H W Cheong	
R Joyce	- appointed 1/11/2015

**DIRECTORS INDEMNITIES**

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of approval of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 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 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;
- 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.



**Report of the Directors  
For The Year Ended 31 December 2015**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

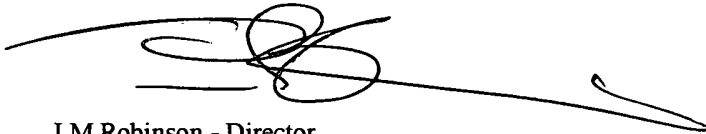
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware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

**AUDITORS**

The auditors, Harmer Slater Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Black & Veatch Global Inc., as the immediate parent of the entity by 31 December 2016.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

I M Robinson - Director

28 September 2016

## **Report of the Independent Auditors to the Member of BLACK & VEATCH LIMITED**

We have audited the financial statements of BLACK & VEATCH LIMITED for the year ended 31 December 2015 on pages ten to twenty seven. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's member, 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 member those matters we are required to state in a Report of the Auditors 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 member 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 six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

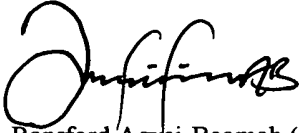
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Member of  
BLACK & VEATCH LIMITED**

**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.



Ransford Agyei-Boamah (Senior Statutory Auditor)  
for and on behalf of Harmer Slater Limited (Statutory auditor)  
Salatin House  
19 Cedar Road  
Sutton  
Surrey  
SM2 5DA

28 September 2016

**BLACK & VEATCH LIMITED (Registered number: 03163649)****Statement of Comprehensive Income  
For The Year Ended 31 December 2015**

	Notes	2015 £'000	£'000	2014 £'000	£'000
<b>TURNOVER</b>	3		136,182		190,058
Cost of sales			<u>126,597</u>		<u>176,462</u>
<b>GROSS PROFIT</b>			9,585		13,596
Administrative expenses			<u>10,607</u>		<u>14,108</u>
			(1,022)		(512)
Other operating income	4		<u>1</u>		<u>-</u>
<b>OPERATING LOSS</b>	6		(1,021)		(512)
Income from shares in group undertakings		-		9,172	
Interest receivable and similar income	7	<u>6</u>	<u>6</u>	<u>13</u>	<u>9,185</u>
			(1,015)		8,673
Interest payable and similar charges	8	595		1,491	
Other finance costs	20	<u>-</u>	<u>595</u>	<u>179</u>	<u>1,670</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(1,610)		7,003
Tax on (loss)/profit on ordinary activities	9		<u>79</u>		<u>1,355</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>			(1,689)		5,648
<b>OTHER COMPREHENSIVE</b>					
Actuarial Gains/(losses)			3,576		(2,696)
Income tax relating to other comprehensive			<u>(724)</u>		<u>580</u>
<b>OTHER COMPREHENSIVE FOR THE YEAR, NET OF INCOME TAX</b>			<u>2,852</u>		<u>(2,116)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u>1,163</u>		<u>3,532</u>

**Continuing Operations**

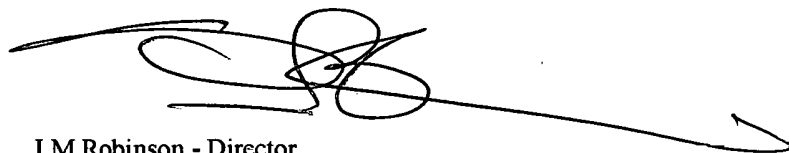
All results above derive wholly from continuing operations.

The notes form part of these financial statements

**BLACK & VEATCH LIMITED (Registered number: 03163649)****Balance Sheet  
31 December 2015**

	Notes	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	11,815	14,679
Tangible assets	11	515	879
Investments	12	<u>201</u>	<u>201</u>
		12,531	15,759
<b>CURRENT ASSETS</b>			
Debtors	13	56,931	71,134
Cash at bank	14	<u>11,831</u>	<u>4,848</u>
		68,762	75,982
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>36,345</u>	<u>44,361</u>
<b>NET CURRENT ASSETS</b>		<u>32,417</u>	<u>31,621</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		44,948	47,380
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(2,343)	(2,945)
<b>PENSION LIABILITY</b>	20	<u>(307)</u>	<u>(3,300)</u>
<b>NET ASSETS</b>		<u>42,298</u>	<u>41,135</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	37,500	37,500
Retained earnings	19	<u>4,798</u>	<u>3,635</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>42,298</u>	<u>41,135</u>

The financial statements were approved and authorised for issue by the Board of Directors on 28 September 2016 and were signed on its behalf by:



I M Robinson - Director

**BLACK & VEATCH LIMITED (Registered number: 03163649)**

**Statement of Changes in Equity  
For The Year Ended 31 December 2015**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2014</b>	37,500	103	37,603
<b>Changes in equity</b>			
Total comprehensive income	-	3,532	3,532
<b>Balance at 31 December 2014</b>	37,500	3,635	41,135
<b>Changes in equity</b>			
Total comprehensive income	-	1,163	1,163
<b>Balance at 31 December 2015</b>	37,500	4,798	42,298

The notes form part of these financial statements

**Notes to the Financial Statements  
For The Year Ended 31 December 2015**

**1. GENERAL INFORMATION**

Black & Veatch Limited ('the company') is a private company limited by share capital incorporated in England and Wales under the Companies Acts. The address of the registered office and principal place of business is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

**2. ACCOUNTING POLICIES**

**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 Strategic Report and the Report of the Directors on pages 2 to 7.

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 policies**

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

**Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and the Companies Act 2006. The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 25.

**Basis of preparing the financial statements**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of the company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the company operates. The financial statements are presented in thousands of pound sterling (£'000).

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements,

as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**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, BVH, Inc., a company registered in Delaware, U.S.A.

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**2. ACCOUNTING POLICIES - continued**

**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.

**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.

**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.

**Interest**

Interest payable is written off to the Statement of Comprehensive Income as it is incurred.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**2. ACCOUNTING POLICIES - continued**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

**Employee 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 recognised and accounted for in accordance with Section 28 (Employee benefits) of FRS 102. For defined contribution schemes the amount charged to the Statement of Comprehensive Income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditor or other debtor in the balance sheet.

**Intangible assets - 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.

In accordance with FRS 102 impairment review is performed at each reporting date. Provision is made for any impairment.

**Tangible fixed assets**

Tangible fixed assets are recorded at historical cost less accumulated depreciation and any provision for impairment. Cost comprises the purchase price together with all expenses directly incurred in bringing the asset to its location and condition ready for use.

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
Leasehold improvements -	remaining period of lease

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**2. ACCOUNTING POLICIES - continued**

**Investments**

Investment in subsidiaries are recorded at historical cost and an annual impairment review is carried out by the Directors to ensure the carrying value is appropriate.

**Debtors**

Trade debtors are amounts due from customers for services provided in the ordinary course of business. Other debtors represent all other receivables which the company is entitled to.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at bank.

**Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Finance leases**

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**2. ACCOUNTING POLICIES - continued**

**Critical accounting judgements and key sources of estimation uncertainty**

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 (after considering valuations by internally qualified engineers and surveyors) the directors of the company believe that the contract outturns booked in these financial statements represent an appropriate best estimate of the likely outturn (including any losses).

Determining whether intangible assets are impaired requires an estimation of their value in use to the company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value.

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**3. TURNOVER**

The turnover and loss (2014 - profit) before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	2015 £'000	2014 £'000
Water sector	134,124	187,987
Energy sector	<u>2,058</u>	<u>2,071</u>
	<u>136,182</u>	<u>190,058</u>

An analysis of turnover by geographical market is given below:

	2015 £'000	2014 £'000
United Kingdom	118,529	167,799
Rest of the world	<u>17,653</u>	<u>22,259</u>
	<u>136,182</u>	<u>190,058</u>

**4. OTHER OPERATING INCOME**

	2015 £'000	2014 £'000
Sundry receipts	<u>1</u>	<u>-</u>

**5. STAFF COSTS**

	2015 £'000	2014 £'000
Wages and salaries	34,224	39,036
Social security costs	3,341	3,921
Other pension costs	<u>2,498</u>	<u>2,140</u>
	<u>40,063</u>	<u>45,097</u>

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

	2015	2014
Total	<u>598</u>	<u>780</u>

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**6. OPERATING LOSS**

The operating loss is stated after charging:

	2015	2014
	£'000	£'000
Depreciation - owned assets	420	586
Goodwill amortisation	2,864	2,864
Foreign exchange movements	562	1,448
Audit of these financial statements	75	75
Audit of other UK subsidiaries' financial statements	5	5
Operating leases - land and buildings	1,588	1,635
Operating leases - Motor vehicles & equipment	<u>223</u>	<u>230</u>

	2015	2014
	£	£
Directors' remuneration	<u>1,846,129</u>	<u>1,581,275</u>

Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Emoluments etc	<u>713,812</u>	<u>446,432</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015	2014
	£'000	£'000
Deposit account interest	<u>6</u>	<u>13</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015	2014
	£'000	£'000
Bank interest	33	43
Exchange losses	<u>562</u>	<u>1,448</u>
	<u>595</u>	<u>1,491</u>

**9. TAXATION**

**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	2015	2014
	£'000	£'000
Current tax:		
Foreign Tax	79	1,155
Deferred Tax	<u>-</u>	<u>200</u>
Tax on (loss)/profit on ordinary activities	<u>79</u>	<u>1,355</u>

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2015**

**9. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

	2015 £'000	2014 £'000
(Loss)/profit on ordinary activities before tax	<u>(1,610)</u>	<u>7,003</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.250% (2014 - 21.500%)	(326)	1,506
Effects of:		
Non taxable income	-	(1,834)
Tax losses carried forward	326	528
Foreign tax	<u>79</u>	<u>1,155</u>
Total tax charge	<u>79</u>	<u>1,355</u>

**Tax effects relating to effects of other comprehensive income**

	2015		
	Gross £'000	Tax £'000	Net £'000
Actuarial Gains/(losses)	<u>3,576</u>	<u>(724)</u>	<u>2,852</u>
	<u>3,576</u>	<u>(724)</u>	<u>2,852</u>

	2014		
	Gross £'000	Tax £'000	Net £'000
Actuarial Gains/(losses)	<u>(2,696)</u>	<u>580</u>	<u>(2,116)</u>
	<u>(2,696)</u>	<u>580</u>	<u>(2,116)</u>

The company has unrelieved tax losses of approximately £88m (2014: £86m) carried forward at 31 December 2015. These unrelieved tax losses are available for utilisation against future trading profits. Deferred tax asset of £2.8m (2014: £2.8m) has been recognised in respect of these losses and is disclosed within debtors (note 13).

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**10. INTANGIBLE FIXED ASSETS**

Goodwill  
£'000

**COST**

At 1 January 2015

and 31 December 2015

38,951

**AMORTISATION**

At 1 January 2015

24,272

Amortisation for year

2,864

At 31 December 2015

27,136

**NET BOOK VALUE**

At 31 December 2015

11,815

At 31 December 2014

14,679

**11. TANGIBLE FIXED ASSETS**

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>					
At 1 January 2015	247	2,655	5	5,822	8,729
Additions	-	-	-	56	56
Disposals	-	-	(5)	-	(5)
At 31 December 2015	<u>247</u>	<u>2,655</u>	<u>-</u>	<u>5,878</u>	<u>8,780</u>
<b>DEPRECIATION</b>					
At 1 January 2015	247	2,291	5	5,307	7,850
Charge for year	-	78	-	342	420
Eliminated on disposal	-	-	(5)	-	(5)
At 31 December 2015	<u>247</u>	<u>2,369</u>	<u>-</u>	<u>5,649</u>	<u>8,265</u>
<b>NET BOOK VALUE</b>					
At 31 December 2015	<u>-</u>	<u>286</u>	<u>-</u>	<u>229</u>	<u>515</u>
At 31 December 2014	<u>-</u>	<u>364</u>	<u>-</u>	<u>515</u>	<u>879</u>

Tangible fixed assets includes amount held on the finance leases with a net book value of £220,688 (2014: £490,739). The depreciation charge for the year on these assets was £326,538 (2014: £416,582).

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**12. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2015	
and 31 December 2015	<u>201</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>201</u>
At 31 December 2014	<u>201</u>

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:	%
Ordinary	holding 100.00

	2015 £'000	2014 £'000
Aggregate capital and reserves	<u>811</u>	<u>811</u>

**13. DEBTORS**

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	11,201	12,531
Amounts owed by group undertakings	20,412	32,952
Amounts recoverable on contracts	19,012	19,725
Other debtors	<u>2,257</u>	<u>2,117</u>
	<u>52,882</u>	<u>67,325</u>
Amounts falling due after more than one year:		
Retentions	1,249	1,009
Deferred tax asset	<u>2,800</u>	<u>2,800</u>
	<u>4,049</u>	<u>3,809</u>
Aggregate amounts	<u>56,931</u>	<u>71,134</u>

**14. CASH AT BANK**

	2015 £'000	2014 £'000
Cash at bank	<u>11,831</u>	<u>4,848</u>



**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015	2014
	£'000	£'000
Payments on account	8,792	11,097
Trade creditors	15,860	11,323
Amounts owed to group undertakings	1,577	-
Social security and other taxes	94	1,598
Accruals and deferred income	<u>10,022</u>	<u>20,343</u>
	<u>36,345</u>	<u>44,361</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2015	2014
	£'000	£'000
Trade creditors	40	171
Other creditors	<u>2,303</u>	<u>2,774</u>
	<u>2,343</u>	<u>2,945</u>

**17. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2015	2014
	£'000	£'000
Within one year	1,375	451
Between one and five years	262	1,838
In more than five years	<u>43</u>	<u>-</u>
	<u>1,680</u>	<u>2,289</u>

The company has entered into a ten year operating lease for a new business premises since the year end. The annual commitment under the lease is £375,000.

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£	£
37,500,000	Ordinary shares	£1	<u>37,500,000</u>	<u>37,500,000</u>

The company has one class of ordinary shares which carry no right to fixed income.

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**19. RESERVES**

	Retained earnings £'000
At 1 January 2015	3,635
Deficit for the year	(1,689)
Actuarial Valuation of Pension Funds	<u>2,852</u>
At 31 December 2015	<u>4,798</u>

**Retained earnings**

Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

**20. 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 2015 and projected forward to provide disclosures at 31 December 2015.

The total pension charge for the period was £2,498,352 (2014: £2,140,138).

The mortality assumption used by the actuary for the year was SAPS S2 Light tables with 1 year subtracted from actual age for male members and 2 years subtracted from actual age for female members. The mortality assumption for future improvements was CMI 2014 with minimum improvement rate of 1.25% p.a.

The amounts recognised in Statement of Comprehensive Income are as follows:

	Defined benefit pension plans	
	2015 £'000	2014 £'000
Current service cost	-	-
Net interest from net defined benefit asset/liability	90	179
Past service cost	<u>-</u>	<u>-</u>
	<u>90</u>	<u>179</u>
Actual return on plan assets	<u>(98)</u>	<u>6,048</u>

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	2015	2014
	£'000	£'000
Opening defined benefit obligation	49,497	43,063
Contributions by employer	(231)	(265)
Interest cost	1,677	1,924
Actuarial losses/(gains)	(4,537)	6,419
Benefits paid	<u>(1,710)</u>	<u>(1,644)</u>
	<u>44,696</u>	<u>49,497</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2015	2014
	£'000	£'000
Opening fair value of scheme assets	46,197	38,196
Contributions by employer	-	3,597
Expected return	1,587	1,745
Actuarial gains/(losses)	(1,685)	4,303
Benefits paid	<u>(1,710)</u>	<u>(1,644)</u>
	<u>44,389</u>	<u>46,197</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2015	2014
	£'000	£'000
Actuarial gains/(losses)	<u>3,576</u>	<u>(2,116)</u>
	<u>3,576</u>	<u>(2,116)</u>

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

	Defined benefit pension plans	
	2015	2014
Equities	20%	14%
Bonds	42%	44%
Gilts	38%	41%
Cash	<u>-</u>	<u>1%</u>
	<u>100%</u>	<u>100%</u>

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

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**20. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	2015	2014
Discount rate	3.80%	3.50%
Rate of increase of pension in payment	3.00%	2.80%
Rate of increase pensions in deferment	3.00%	2.80%
Inflation (RPI)	3.00%	2.90%
Expected long term return	3.80%	3.50%
Revaluation rate (CPI)	2.00%	1.90%

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 3.50% 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.

**Future contributions:**

During the year the company paid £nil to its pension plan in respect of contributions due up to 31 March 2016.

**Defined benefit scheme**

During the period funding deficit contributions payable by the company to the scheme and amounted to £1,438,800 (2014: £1,438,800). Prepaid contributions at the end of the financial year amounted to £719,400 (2014: £2,158,200).

**21. ULTIMATE PARENT COMPANY**

The company is a subsidiary undertaking of Black & Veatch Global Inc., which is incorporated in Delaware, United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by BVH, Inc., a corporation whose principal place of business is at 11401 Lamar, Overland Park, Kansas 66211, United States of America. The consolidated accounts of BVH, Inc. may be requested from the corporation's place of business.

The company knows or has reasonable cause to believe that there is no registrable person in relation to BVH, Inc. under the Companies Act 2006.

**22. 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 £13.9 million (2014: £2.4 million).

**Other Project Matters**

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.

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2015**

**23. RELATED PARTY DISCLOSURES**

The company is a wholly owned subsidiary member of its group and has therefore taken advantage of the provisions of Section 33.1A of FRS 102 the "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose transactions with entities that are wholly owned members of the group.

There were no other related party transactions to disclose.

**24. EVENTS AFTER THE FINANCIAL PERIOD**

The company undertakes complex and difficult contracts which by their nature involve risks and uncertainties. The company seeks to minimise and mitigate such risks and uncertainties in its proposal evaluation and engineering solutions. During 2016, an unexpected event arose creating a significant impact in relation to the execution of a design and build project. The Directors are of the opinion that although the impact of this event is likely to be material to the 2016 results and financial position, it will not affect the company's ability to continue as a going concern. The Directors are exploring opportunities to mitigate and minimise any potential impact.

**25. TRANSITION TO FRS 102**

The company is a first time adopter of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council. The last financial statements under previously extant UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, there has been no effect on accounting policies. The transition from the previously extant UK GAAP to FRS 102 has had no effect on its reported financial position and financial performance.