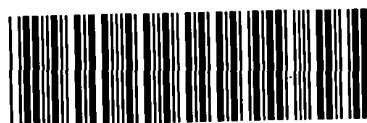


REGISTERED NUMBER: 03163649 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements For The Year Ended 31 December 2016
for
BLACK & VEATCH LIMITED**

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**Contents of the Financial Statements
For The Year Ended 31 December 2016**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

BLACK & VEATCH LIMITED

**Company Information
For The Year Ended 31 December 2016**

DIRECTORS:

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

SECRETARY:

F McCormack

REGISTERED OFFICE:

60 High Street
Redhill
Surrey
RH1 1SH

REGISTERED NUMBER:

03163649 (England and Wales)

INDEPENDENT AUDITOR:

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

**Strategic Report
For The Year Ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016.

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 2016, revenue (turnover) increased by £1.6 million or 1% 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 £24.7 million. Details of the Profit and Loss performance can be found on page 9.

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.

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 2.5% of the company's turnover is derived from overseas trade (2015:13.0%) 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.

**Strategic Report
For The Year Ended 31 December 2016**

ENVIRONMENT, SAFETY AND HEALTH

As a company providing consultancy, asset management and construction services, health and safety and the environment are central to Black & Veatch (BVL) operations. BVL is committed to preventing work-related ill health, supports and promotes the general health and well-being of employees and others affected by its activities and improving our environmental performance in all areas of work.

BVL has a strong environmental, health and safety culture with our Health & Safety Policy requiring 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. Likewise our environmental policy requires all employees to prevent pollution, reduce the consumption of energy and materials, minimise waste and work with our clients to provide sustainable solutions.

The management of environment, health and safety in BVL is a line management responsibility supported by dedicated environmental, health and safety professionals. BVL has established procedures to cover elements of the work undertaken by BVL in the UK and maintain certification to OHSAS18001: 2007 and ISO 14001: 2004 with UKAS registered Lloyd's Register Quality Assurance.

BVL has an Environmental, Safety and Health Management Committee, comprising members of the senior leadership team, including Managing Director, Design & Build Director and Director Consultant Services, together with the ESH&S Manager and Quality & Environmental Systems Manager. The Committee promotes and monitors environment, 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, results from audits and feedback received from the workforce. Objectives and initiatives achieved in 2016 include: carrying out a BOSS behavioural safety culture survey across the business; reducing our greenhouse gas emissions; measuring our energy saving opportunities and introducing a new occupational road risk mitigation scheme. We have also continued our monthly health promotions and ran a focussed Safety week in May and Health & Well-being week in October for employees and our supply chain.

B&V is proud of its health and safety performance and its health and safety record is recognised as one of the leading organisations involved in delivering construction/engineering in the UK.

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 88 RoSPA (Royal Society for the Prevention of Accidents) Gold Awards, 21 Gold Medals and 7 President Awards, in 2016, we received another ROSPA President's Award and Gold Medal Award - in recognition of our leading health and safety performance in our sector. We have also been recognised by CEMARS and in 2016 we were awarded the Gold Certificate for Carbon Reducer 6yrs.

EMPLOYEES

Details of the number of employees and related costs can be found in note 6 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.

**Strategic Report
For The Year Ended 31 December 2016**

GOING CONCERN

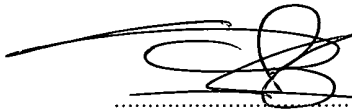
The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current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

EVENTS AFTER THE FINANCIAL PERIOD

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

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 left.

I M Robinson - Director

2nd November 2017

**Report of the Directors
For The Year Ended 31 December 2016**

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 2016.

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016 (2015: nil).

DIRECTORS

The directors during the year under review were:

C W T Scott
C L Wallis-Lage
I M Robinson
M A Allan - resigned 29/9/2016
D S M Aitken
H W Cheong
R Joyce

The directors holding office at 31 December 2016 did not hold any beneficial interest in the issued share capital of the company at 1 January 2016 or 31 December 2016.

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 2016**

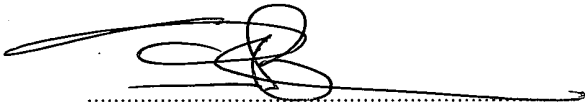
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

I M Robinson - Director

2nd November 2017

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

We have audited the financial statements of BLACK & VEATCH LIMITED for the year ended 31 December 2016 on pages nine to twenty five. 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 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 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 2016 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 matters prescribed by the Companies Act 2006

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

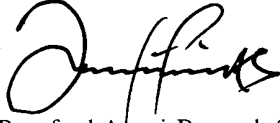
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members 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

2nd November 2017

BLACK & VEATCH LIMITED (Registered number: 03163649)**Statement of Comprehensive Income
For The Year Ended 31 December 2016**

	Notes	2016 £'000	2015 £'000
TURNOVER	3	137,729	136,182
Cost of sales		<u>148,073</u>	<u>126,597</u>
GROSS (LOSS)/PROFIT		(10,344)	9,585
Administrative expenses		<u>11,859</u>	<u>10,607</u>
		(22,203)	(1,022)
Other operating income	4	<u>2</u>	<u>1</u>
OPERATING LOSS	6	(22,201)	(1,021)
Interest receivable and similar income	7	<u>29</u>	<u>6</u>
		(22,172)	(1,015)
Interest payable and similar expenses	8	<u>2,467</u>	<u>595</u>
LOSS BEFORE TAXATION		(24,639)	(1,610)
Tax on loss	9	<u>78</u>	<u>79</u>
LOSS FOR THE FINANCIAL YEAR		(24,717)	(1,689)
OTHER COMPREHENSIVE			
Actuarial Gains/(losses)		(3,984)	3,576
Income tax relating to other comprehensive		<u>797</u>	<u>(724)</u>
OTHER COMPREHENSIVE FOR THE YEAR, NET OF INCOME TAX		<u>(3,187)</u>	<u>2,852</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(27,904)</u>	<u>1,163</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 2016**

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Intangible assets	10	8,951	11,815
Tangible assets	11	2,149	515
Investments	12	<u>201</u>	<u>201</u>
		11,301	12,531
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	50,642	52,882
Debtors: amounts falling due after more than one year	13	4,330	4,049
Cash at bank	14	<u>35,349</u>	<u>11,831</u>
		90,321	68,762
CREDITORS			
Amounts falling due within one year	15	<u>80,805</u>	<u>36,345</u>
NET CURRENT ASSETS		<u>9,516</u>	<u>32,417</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,817	44,948
CREDITORS			
Amounts falling due after more than one year	16	(3,161)	(2,343)
PENSION LIABILITY	20	<u>(3,262)</u>	<u>(307)</u>
NET ASSETS		<u>14,394</u>	<u>42,298</u>
CAPITAL AND RESERVES			
Called up share capital	18	37,500	37,500
Retained earnings	19	<u>(23,106)</u>	<u>4,798</u>
SHAREHOLDERS' FUNDS		<u>14,394</u>	<u>42,298</u>

The financial statements were approved and authorised for issue by the Board of Directors on 2nd November 2017 and were signed on its behalf by:



.....
I M Robinson - Director

The notes form part of these financial statements

BLACK & VEATCH LIMITED (Registered number: 03163649)

**Statement of Changes in Equity
For The Year Ended 31 December 2016**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2015	37,500	3,635	41,135
Changes in equity			
Total comprehensive income	-	1,163	1,163
Balance at 31 December 2015	37,500	4,798	42,298
Changes in equity			
Total comprehensive loss	-	(27,904)	(27,904)
Balance at 31 December 2016	37,500	(23,106)	14,394

The notes form part of these financial statements

**Notes to the Financial Statements
For The Year Ended 31 December 2016**

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 4.

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.

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).

Summary of disclosure exemptions

The company meets the definition of qualifying entity under FRS102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

- 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 the 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 consideration in the consolidated financial statements of its parent, BVH, Inc., a company registered in Delaware, USA.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2016**

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 2016**

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 2016**

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

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.

Financial Instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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:

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2016****2. ACCOUNTING POLICIES - continued****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). As at 31 December 2016 the Amounts Recoverable on Contracts was £25m (2015: £19m).

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. As at 31 December 2016 the net book value of intangible fixed assets was £8,951,000 (2015: £11,815,000).

At 31 December 2016, the company had unrelieved tax losses of approximately £115m. In the director's opinion, there may be other future taxable profits against which the tax losses will be relieved and consequently a deferred tax asset of £2.8m has been recognised in respect of these losses.

3. TURNOVER

The turnover and loss before taxation, derived from the provision of services, are attributable to the principal activities of the company.

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

	2016	2015
	£'000	£'000
Water sector	129,785	134,124
Energy sector	<u>7,944</u>	<u>2,058</u>
	<u>137,729</u>	<u>136,182</u>

An analysis of turnover by geographical market is given below:

	2016	2015
	£'000	£'000
United Kingdom	134,332	118,529
Rest of the world	<u>3,397</u>	<u>17,653</u>
	<u>137,729</u>	<u>136,182</u>

4. OTHER OPERATING INCOME

	2016	2015
	£'000	£'000
Sundry receipts	<u>2</u>	<u>1</u>

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2016**

5. EMPLOYEES AND DIRECTORS

	2016	2015
	£'000	£'000
Wages and salaries	31,894	34,224
Social security costs	3,258	3,341
Other pension costs	1,771	2,498
	<u>36,923</u>	<u>40,063</u>

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

	2016	2015
Total	<u>613</u>	<u>598</u>

	2016	2015
	£	£
Directors' remuneration	<u>2,008,135</u>	<u>1,846,129</u>

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments etc	<u>748,219</u>	<u>713,812</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2016	2015
	£'000	£'000
Depreciation - owned assets	651	420
Goodwill amortisation	2,864	2,864
Foreign exchange movements	2,443	562
Audit of these financial statements	75	75
Audit of other UK subsidiaries' financial statements	5	5
Operating leases - land and buildings	1,711	1,588
Operating leases - Motor vehicles & equipment	<u>279</u>	<u>223</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£'000	£'000
Deposit account interest	<u>29</u>	<u>6</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£'000	£'000
Bank interest	24	33
Exchange losses	<u>2,443</u>	<u>562</u>
	<u>2,467</u>	<u>595</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

9. TAXATION

Analysis of the tax charge

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

	2016 £'000	2015 £'000
Current tax:		
Foreign Tax	<u>78</u>	<u>79</u>
Tax on loss	<u>78</u>	<u>79</u>

UK corporation tax has been charged at 20%.

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:

	2016 £'000	2015 £'000
Loss before tax	<u>(24,639)</u>	<u>(1,610)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	(4,928)	(326)
Effects of:		
Tax losses carried forward	4,928	326
Foreign tax	<u>78</u>	<u>79</u>
Total tax charge	<u>78</u>	<u>79</u>

Tax effects relating to effects of other comprehensive income

	2016		
	Gross £'000	Tax £'000	Net £'000
Actuarial Gains/(losses)	<u>(3,984)</u>	<u>797</u>	<u>(3,187)</u>
	<u>(3,984)</u>	<u>797</u>	<u>(3,187)</u>
	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>

The company has unrelieved tax losses of approximately £115m (2015: £88m) carried forward at 31 December 2016. These unrelieved tax losses are available for utilisation against future trading profits. Deferred tax asset of £2.8m (2015: £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 2016

10. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 January 2016 and 31 December 2016	<u>38,951</u>
AMORTISATION	
At 1 January 2016	27,136
Amortisation for year	<u>2,864</u>
At 31 December 2016	<u>30,000</u>
NET BOOK VALUE	
At 31 December 2016	<u>8,951</u>
At 31 December 2015	<u>11,815</u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 January 2016	247	2,655	5,879	8,781
Additions	-	1,592	692	2,284
Disposals	<u>(247)</u>	<u>(2,616)</u>	<u>(5,623)</u>	<u>(8,486)</u>
At 31 December 2016	<u>-</u>	<u>1,631</u>	<u>948</u>	<u>2,579</u>
DEPRECIATION				
At 1 January 2016	247	2,369	5,649	8,265
Charge for year	-	360	291	651
Eliminated on disposal	<u>(247)</u>	<u>(2,616)</u>	<u>(5,623)</u>	<u>(8,486)</u>
At 31 December 2016	<u>-</u>	<u>113</u>	<u>317</u>	<u>430</u>
NET BOOK VALUE				
At 31 December 2016	<u>-</u>	<u>1,518</u>	<u>631</u>	<u>2,149</u>
At 31 December 2015	<u>-</u>	<u>286</u>	<u>230</u>	<u>516</u>

Tangible fixed assets includes amount held on the finance leases with a net book value of £488,593 (2015:£220,688). The depreciation charge for the year on these assets was £298,060 (2015:£326,538).

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2016**

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2016 and 31 December 2016	<u>201</u>
NET BOOK VALUE	
At 31 December 2016	<u>201</u>
At 31 December 2015	<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

Registered office: United Kingdom

Nature of business: Water and effluent and sewage treatment plants

	% holding
Class of shares:	
Ordinary	100.00

	2016 £'000	2015 £'000
Aggregate capital and reserves	<u>811</u>	<u>811</u>

Black & Veatch Trustees Limited

Registered office: United Kingdom

Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00

13. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	13,414	11,201
Amounts owed by group undertakings	10,650	20,412
Amounts recoverable on contracts	25,037	19,012
Other debtors	<u>1,541</u>	<u>2,257</u>
	<u>50,642</u>	<u>52,882</u>
Amounts falling due after more than one year:		
Retentions	1,530	1,249
Deferred tax asset	<u>2,800</u>	<u>2,800</u>
	<u>4,330</u>	<u>4,049</u>
Aggregate amounts	<u>54,972</u>	<u>56,931</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

14. CASH AT BANK

	2016	2015
	£'000	£'000
Cash at bank	<u>35,349</u>	<u>11,831</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Payments on account	40,309	8,792
Trade creditors	19,884	15,860
Amounts owed to group undertakings	-	1,577
Tax	44	-
Social security and other taxes	1,510	94
Accruals and deferred income	<u>19,058</u>	<u>10,022</u>
	<u>80,805</u>	<u>36,345</u>

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

	2016	2015
	£'000	£'000
Trade creditors	281	40
Tax	50	-
Other creditors	<u>2,830</u>	<u>2,303</u>
	<u>3,161</u>	<u>2,343</u>

17. LEASING AGREEMENTS

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

	2016	2015
	£'000	£'000
Within one year	889	1,680
Between one and five years	2,724	544
In more than five years	<u>2,284</u>	<u>11</u>
	<u>5,897</u>	<u>2,235</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £889,015 (2015: 1,680,035).

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
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 carries no right to fixed income.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2016**

19. RESERVES

	Retained earnings £'000
At 1 January 2016	4,798
Deficit for the year	(24,717)
Actuarial Valuation of Pension Funds	<u>(3,187)</u>
At 31 December 2016	<u>(23,106)</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 2016.

The total pension charge for the period was £1,771,147 (2015: £2,498,352).

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 long term rate of improvement of 1.25% p.a..

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2016 £'000	2015 £'000
Current service cost	-	-
Net interest from net defined benefit asset/liability	(11)	90
Past service cost	<u>-</u>	<u>-</u>
	<u>(11)</u>	<u>90</u>
Actual return on plan assets	<u>7,072</u>	<u>(98)</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2016	2015
	£'000	£'000
Opening defined benefit obligation	44,696	49,497
Contributions by employer	(221)	(231)
Interest cost	1,648	1,677
Actuarial losses/(gains)	8,600	(4,537)
Benefits paid	<u>(2,252)</u>	<u>(1,710)</u>
	<u>52,471</u>	<u>44,696</u>

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

	Defined benefit pension plans	
	2016	2015
	£'000	£'000
Opening fair value of scheme assets	44,389	46,197
Expected return	1,659	1,587
Actuarial gains/(losses)	5,413	(1,685)
Benefits paid	<u>(2,252)</u>	<u>(1,710)</u>
	<u>49,209</u>	<u>44,389</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2016	2015
	£'000	£'000
Actuarial gains/(losses)	<u>(3,187)</u>	<u>2,852</u>
	<u>(3,187)</u>	<u>2,852</u>

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

	Defined benefit pension plans	
	2016	2015
Equities	10%	20%
Bonds	17%	42%
Gilts	<u>73%</u>	<u>38%</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 2016

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	2016	2015
Discount rate	2.60%	3.80%
Rate of increase of pension in payment	3.20%	3.00%
Rate of increase pensions in deferment	3.20%	3.00%
Inflation (RPI)	3.20%	3.00%
Expected long term return	2.60%	3.80%
Revaluation rate (CPI)	2.20%	2.00%

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 2.60% 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:

The company made no future contributions during the year.

Defined benefit scheme

During the period funding deficit contributions payable by the company to the scheme and amounted to £719,480 (2015: £1,438,800). Prepaid contributions at the end of the financial year amounted to £nil (2015: £719,400).

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 £15.3 million (2015: £13.9 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 2016**

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

Between the year end and the date of approval of the financial statements the company has applied to strike off and dissolve the subsidiary Black and Veatch Refurbishments Limited.