REGISTERED NUMBER 03163649 (England and Wales)

Report of the Directors and

Financial Statements For The Year Ended 31 December 2011

for

BLACK & VEATCH LIMITED

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For The Year Ended 31 December 2011

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BLACK & VEATCH LIMITED

Company Information
For The Year Ended 31 December 2011

DIRECTORS:	M R Nott C W T Scott B A Ainsworth G W Townsend C G Hill H Brouwer de Koning S D Canney T P Reorda C L Wallis-Lage
SECRETARIES:	C A Daly TW Triplett
REGISTERED OFFICE:	Grosvenor House 69 London Road Redhill Surrey RH1 1LQ
REGISTERED NUMBER:	03163649 (England and Wales)
AUDITORS:	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

BLACK & VEATCH LIMITED (REGISTERED NUMBER: 03163649)

Report of the Directors
For The Year Ended 31 December 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The Company is a wholly-owned subsidiary of Black & Veatch Holding Company, a corporation whose principal place of business is at 8400 Ward Parkway, Kansas City, Missouri 64114, United States of America

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

REVIEW OF BUSINESS

For the year ended 31 December 2011, revenue (turnover) increased by £23 million or 10% from the previous year

A detailed review of a large construction project carried out during the year resulted in increased costs and an adverse impact to the profit and loss account of £15 5m

The Company concluded the year with a net loss of £9 3 million Details of the Profit and Loss performance can be found on page 8

To continue its support for the future activities of the company, on 31st July 2012, Black & Veatch International Company invested a further £12 5m through the issue by the company of 12 5 million ordinary £1 shares for cash at par

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

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011 (2010 nil)

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

M R Nott
C W T Scott
B A Ainsworth
G W Townsend
C G Hill
H Brouwer de Koning

Other changes in directors holding office are as follows

D W McCarthy - resigned 8 December 2011
S D Canney - appointed 24 January 2011
T P Reorda - appointed 8 December 2011

C L Wallis-Lage was appointed as a director after 31 December 2011 but prior to the date of this report

E K Wrighton ceased to be a director after 31 December 2011 but prior to the date of this report

DIRECTORS INDEMNITYS

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at 31 December 2011

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made £1,382 charıtable donatıons durıng the year (2010 £2,335) The company made no polıtıcal donatıons ın the current year (2010 nıl)

PRINCIPAL RISKS AND UNCERTAINTIES

Competıtıve pressure ıs a contınuıng rısk for the company, whıch could result ın ıt losıng sales to ıts key competıtors To manage thıs rısk, the company strıves to provıde enhancıng servıce to ıts clıents, drıvıng hıgher levels of project executıon and addressıng ıssues promptly, and through the maıntenance of strong relatıonshıps wıth customers

Nearly 7 3% of the company's turnover ıs derıved from overseas trade (2010 2%) and ıt ıs therefore exposed to currency movements on such sales Where approprıate, the company manages thıs rısk wıth forward foreıgn exchange contracts ın lıne wıth ıts treasury polıcıes

The company's busınesses may be affected by fluctuatıons ın the prıce and supply of key raw materıals, although purchasıng polıcıes and practıces seek to mıtıgate, where practıcable, such rısks

The company operates a hybrıd pensıon scheme comprısıng a defined contrıbutıon sectıon and a defined benefit sectıon The defined benefit sectıon ıs closed to new members and ıs currently ın deficıt The fundıng level of thıs pensıon plan ıs subject to adverse change resultıng from movements ın the actuarıal assumptıons underlyıng the calculatıon of plan lıabılıtıes, ıncludıng decreasıng dıscount rates and ıncreasıng longevıty of plan members, as well as declınes ın the market value of plan ınvestments Sıgnıficant adverse changes ın the actuarıal assumptıons underlyıng the UK plan valuatıon and the company's share of any deficıt-reductıon contrıbutıons made ınto the plan could materıally ımpact the company's financıal posıtıon

ENVIRONMENT

When carrying out its business, Black & Veatch aims to have a total respect and care 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 our clients to provide sustainable solutions

The implementation of this commitment is the responsibility of all Black & Veatch employees Support is provided by a team of specialist environmental advisors and appointed environmental representatives on sites and in offices

All parts of Black & Veatch Limited continue to be certified as compliant with ISO 14001 2004, the international standard for environmental management Lloyd's Register Quality Assurance Limited undertakes third party assessments

During 2011 Black & Veatch set itself five key environmental objectives arising from a review of their environmental performance over the previous years Four of these five objectives were achieved, the fifth, sustainability reporting, has been deferred until 2012 The objectives that were achieved were
- no Category 1 or 2 environmental incidents and an Environmental Incident Frequency Rate (EIFR) of less than 0 11,
- improved environmental near-miss reporting,
- improved communication on environmental innovation and best practice,
- the continued reduction in greenhouse gas emissions

Black & Veatch is proud of its environmental record and this is evident from the number of awards that have been won over the years In 2011, BVL continued to receive recognition under the Considerate Constructors Scheme, winning a Gold Award for Glencorse WTW (for the second year), a Silver Award for Campbeltown WWQP and Bronze Awards for both Cwellyn WTW and Mogden STW Black & Veatch also won the Chartered Institution of Water and Environmental Management (CIWEM) 'World of Difference' Award for Glencorse WTW and a CEEQUAL (Civil Engineering Environmental Quality Assessment and Award Scheme) for the Bristol Resilience Scheme

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements

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

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

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

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

BVL has a Safety, Health and Environmental Management Committee, made up of senior directors, the Safety Manager and the Quality & Environmental Systems Manager It promotes and monitors health and safety performance and is responsible for driving continuous improvement and learning throughout the business The Committee sets objectives annually, based on an assessment of previous performance, results from audits and feedback received from the workforce Objectives and initiatives achieved in 2011 include extending the implementation of BOSS (the UK behavioural based safety initiative) and the appointment of a new BOSS Champion, introduction of the Well-being project to address the management of stress in the workplace through the application of the HSE Management Standards, introduction of Safety Stand-down interactive events in offices,improvements to safety management system and full implementation of revised Drugs and Alcohol Policy including programmed random testing on construction sites under BVL control

BVL is proud of its company safety record and continues to achieve lower statistical accident results than the national industry average Further, our projects have been recognised for health and safety excellence by government agencies and clients across the globe In the UK we have won over 50 RoSPA (Royal Society for the Prevention of Accidents) Gold Awards In 2011 we were awarded 2 RoSPA Gold Medals and 8 Gold Awards

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) 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

ON BEHALF OF THE BOARD

M R Nott - Director

Date 26 September 2012

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 2011 on pages eight to twenty three The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors

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

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

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

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

Richard Ackland (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

Date 26 September 2012

BLACK & VEATCH LIMITED (REGISTERED NUMBER: 03163649)

Profit and Loss Account
For The Year Ended 31 December 2011

	Notes	31 12 11 £'000	£'000	31 12 10 £'000	£'000
TURNOVER	2		255,218		232,960
Cost of sales			247,442		229,932
GROSS PROFIT			7,776		3,028
Administrative expenses			17,230		16,362
OPERATING LOSS	4		(9,454)		(13,334)
Interest receivable and similar income	5		330		840
			(9,124)		(12,494)
Interest payable and similar charges	6	91		20	
Other finance costs	18	133		276	
			224		296
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(9,348)		(12,790)
Tax on loss on ordinary activities	7		-		160
LOSS FOR THE FINANCIAL YEAR			(9,348)		(12,950)

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

The notes form part of these financial statements

Statement of Total Recognised Gains and Losses
For The Year Ended 31 December 2011

	31 12 11	31 12 10
	£'000	£'000
LOSS FOR THE FINANCIAL YEAR	(9,348)	(12,950)
Pension funds actuarial gains/(losses)	(3,147)	1
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(12,495)	(12,949)

The notes form part of these financial statements

BLACK & VEATCH LIMITED (REGISTERED NUMBER· 03163649)

Balance Sheet
31 December 2011

	Notes	31 12 11 £'000	£'000	31 12 10 £'000	£'000
FIXED ASSETS					
Intangible assets	8		23,339		26,224
Tangible assets	9		1,309		1,175
Investments	10		201		201
			24,849		27,600
CURRENT ASSETS					
Debtors	11	67,425		62,375	
Prepayments and accrued income		3,024		2,760	
Cash at bank	12	26,282		25,753	
		96,731		90,888	
CREDITORS					
Amounts falling due within one year	13	84,814		70,976	
NET CURRENT ASSETS			11,917		19,912
TOTAL ASSETS LESS CURRENT LIABILITIES			36,766		47,512
CREDITORS					
Amounts falling due after more than one year	14		(367)		(195)
PENSION LIABILITY	18		(8,030)		(6,453)
NET ASSETS			28,369		40,864
CAPITAL AND RESERVES					
Called up share capital	16		25,000		25,000
Profit and loss account	17		3,369		15,864
SHAREHOLDERS' FUNDS	22		28,369		40,864

The financial statements were approved by the Board of Directors on 26th September 2012 and were signed on its behalf by

M R Nott

M R Nott - Director

The notes form part of these financial statements

1 ACCOUNTING POLICIES

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

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of Business on page 2 The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Report of the Directors on pages 2 to 6 In addition, notes 1-22 to the financial statements include the company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

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

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

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

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

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

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

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

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

continued

Forecast contract revenues

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

Cost to complete

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

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

Overall contract review process

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

Use of estimates and judgments

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

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

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

Contract outcome estimation

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

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

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

Goodwill

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

Tangible fixed assets

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

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

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

continued

1 ACCOUNTING POLICIES - continued

Deferred tax
Deferred tax ıs recognısed ın respect of all tımıng dıfferences that have orıgınated but not reversed at the balance sheet date

A deferred tax asset ıs regarded as recoverable and therefore recognısed only when, on the basıs of all avaılable evıdence, ıt can be regarded as more lıkely than not that there wıll be suıtable taxable profits agaınst whıch to recover the assets

Foreıgn currencies
Transactıons ın foreıgn currencıes are recorded usıng the rate of exchange rulıng at the date of the transactıon or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and lıabılıtıes denomınated ın foreıgn currencıes are translated ınto sterlıng at the contractual rate or rates of exchange rulıng at the balance sheet date and the gaıns or losses on translatıon are ıncluded ın the profit and loss account

Pension costs and other post-retırement benefits
The company partıcıpates ın a group wıde pensıon scheme whıch ıs hybrıd, comprısıng a defined benefit sectıon and a defined contrıbutıon sectıon

The defined benefit sectıon ıs accounted for ın accordance wıth FRS 17 "Retırement Benefits"

The assets for the defined contrıbutıon sectıon are held ın a separately admınıstered fund and the annual charge to the profit and loss account for thıs sectıon comprıses contrıbutıons payable ın the accountıng perıod

The company has a separate oblıgatıon, through a defined benefit arrangement, to fund the pensıons of a number of retıred partners Thıs oblıgatıon ıs accounted for ın accordance wıth FRS 17 " Retırement Benefits"

Interest
Interest payable ıs wrıtten off to the profit and loss account as ıt ıs ıncurred

Long term contracts
Long-term contracts are ıncluded ın the profit and loss account by recordıng turnover and related costs as contract actıvıty progresses Profit attrıbutable to turnover to date ıs ıncluded where the outcome of the contract can be foreseen wıth reasonable certaınty Full provısıon ıs made for losses on unprofitable contracts

The amount by whıch turnover ıs ın excess of payments on account ıs separately dısclosed wıthın debtors as amounts recoverable on contracts Progress payments receıved ın excess of costs less foreseeable losses are dısclosed ın credıtors

Operatıng Leases
Operatıng lease rentals are charged to the profit and loss account on a straıght lıne basıs over the perıod of the lease

Fınance Leases
Assets held under finance leases are capıtalısed and ıncluded ın tangıble fixed assets at the lower of the present value of the mınımum lease payments or the faır value of the leased asset as determıned at the ınceptıon of the lease The oblıgatıons relatıng to finance leases, net of finance charges ın respect of future perıods, are ıncluded wıthın the amount payable wıthın 12 months ıncluded wıthın short term credıtors The ınterest element of the rental oblıgatıon ıs allocated to accountıng perıods durıng the lease term to reflect the constant rate of ınterest on the remaınıng balance of the oblıgatıon for each accountıng perıod Rentals under operatıng leases are charged to the ıncome statement on a straıght-lıne basıs

contınued

2 TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the company

An analysis of turnover by class of business is given below

	31 12 11	31 12 10
	£'000	£'000
Water sector	254,190	225,889
Energy sector	1,028	7,071
	255,218	232,960

An analysis of turnover by geographical market is given below

	31 12 11	31 12 10
	£'000	£'000
United Kingdom	236,626	229,666
Rest of the world	18,592	3,294
	255,218	232,960

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

3 STAFF COSTS

	31 12 11	31 12 10
	£'000	£'000
Wages and salaries	48,408	49,779
Social security costs	4,830	4,838
Other pension costs	2,418	2,433
	55,656	57,050

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

	31 12 11	31 12 10
Total	1,093	1,172

4 OPERATING LOSS

The operating loss is stated after charging

	31 12 11	31 12 10
	£'000	£'000
Depreciation - owned assets	618	653
Goodwill amortisation	2,885	2,885
Auditors' remuneration Audit	237	243
Operating leases - land and buildings	1,791	1,888
Operating leases - Motor vehicles & equipments	250	434

continued

4 OPERATING LOSS - continued

	31 12 11	31 12 10
	£	£
Directors' remuneration	2,358,142	2,327,766

Black & Veatch Ltd pays the audit fee on behalf of the UK subsidiaries of Black & Veatch The fee in 2010 includes such amounts

Information regarding the highest paid director is as follows

	31 12 11	31 12 10
	£	£
Emoluments etc	556,440	599,858

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 12 11	31 12 10
	£'000	£'000
Deposit account interest	60	59
Exchange gains	270	781
	330	840

6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 11	31 12 10
	£'000	£'000
Bank interest	4	20
Interest payable to Parent Company	87	-
	91	20

7 TAXATION

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

	31 12 11	31 12 10
	£'000	£'000
Current tax		
Foreign Tax	-	160
Tax on loss on ordinary activities	-	160

continued

7 **TAXATION - continued**

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK The difference is explained below

	31 12 11 £'000	31 12 10 £'000
Loss on ordinary activities before tax	(9,348)	(12,790)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(2,430)	(3,581)
Effects of		
(Decrease)/Increase in deferred tax for losses carried forward	2,430	3,581
Foreign tax	-	160
Current tax charge	-	160

Factors that may affect future tax charges
Deferred Tax

	31 12 11 £'000	31 12 10 £'000
Tax effect of timing differences due to		
Depreciation in excess of capital allowances	2,700	3,100
Tax losses carried forward	75,100	65,800
	77,800	68,900

The value of company trading losses as at 31st December 2011 is £75,100,000 (2010 £65,800,000) Of these, £9,000,000 are expected to be utilised in the foreseeable future for which a deferred tax asset of £2,300,000 has been recognised The remaining balance is not recognised as it is not currently expected to be utilised in the foreseeable future

8 **INTANGIBLE FIXED ASSETS**

	Goodwill £'000
COST	
At 1 January 2011 and 31 December 2011	38,951
AMORTISATION	
At 1 January 2011	12,727
Amortisation for year	2,885
At 31 December 2011	15,612
NET BOOK VALUE	
At 31 December 2011	23,339
At 31 December 2010	26,224

continued

Notes to the Financial Statements - continued
For The Year Ended 31 December 2011

9 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2011	247	2,374	180	3,916	6,717
Additions	-	-	-	763	763
Disposals	-	-	(91)	-	(91)
At 31 December 2011	247	2,374	89	4,679	7,389
DEPRECIATION					
At 1 January 2011	247	1,649	106	3,540	5,542
Charge for year	-	176	43	399	618
Eliminated on disposal	-	-	(80)	-	(80)
At 31 December 2011	247	1,825	69	3,939	6,080
NET BOOK VALUE					
At 31 December 2011	-	549	20	740	1,309
At 31 December 2010	-	725	74	376	1,175

Tangible fixed assets includes amount held on the finance leases with a net book value of £719,399 (2010 £336,855) The depreciation charge for the year on these assets was £380,587 (2010 £335,117)

10 FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2011 and 31 December 2011	201
NET BOOK VALUE	
At 31 December 2011	201
At 31 December 2010	201

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

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

Class of shares	% holding
Ordinary	100 00

continued

11 DEBTORS

	31 12 11	31 12 10
	£'000	£'000
Amounts falling due within one year		
Trade debtors	27,525	19,182
Amounts owed by group undertakings	1,979	3,890
Amounts recoverable on contracts	29,365	32,571
Insurance claims receivable	-	259
Deferred tax asset	2,300	2,300
	61,169	58,202
Amounts falling due after more than one year		
Retentions	6,256	4,173
Aggregate amounts	67,425	62,375

12 CASH AT BANK

	31 12 11	31 12 10
	£'000	£'000
Cash at bank	23,069	19,648
Cash in restricted accounts	3,213	6,105
	26,282	25,753

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 11	31 12 10
	£'000	£'000
Payments on account	21,060	20,298
Trade creditors	11,321	11,543
Social security and other taxes	3,371	3,512
Accruals and deferred income	49,062	35,623
	84,814	70,976

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 11	31 12 10
	£'000	£'000
Trade creditors	367	195

continued

15 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other operating leases	
	31 12 11	31 12 10	31 12 11	31 12 10
	£'000	£'000	£'000	£'000
Expiring				
Within one year	138	51	193	143
Between one and five years	1,531	407	142	523
In more than five years	-	1,250	-	-
	1,669	1,708	335	666

16 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal Value	2011 £'000	2010 £'000
115,000,000	Ordinary shares	£1	115,000	115,000
(2010 - 115,000,000)				

Allotted, issued and fully paid

Number	Class	Nominal Value	2011 £'000	2010 £'000
25,000,000	Ordinary shares	£1	25,000	25,000
(2010 - 25,000,000)				

To continue its support for the future activities of the company, on 31st July 2012, Black & Veatch International Company invested a further £12 5m through the issue by the company of 12 5 million ordinary £1 shares for cash at par

17 RESERVES

	Profit and loss account £'000
At 1 January 2011	15,864
Deficit for the year	(9,348)
Actuarial Valuation of Pension Funds	(3,147)
At 31 December 2011	3,369
Profit and loss account excluding pension liability	11,399
Pension deficit	(8,030)
Profit and loss account	3,369

continued

18 EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

A full actuarial valuation of the final salary section was carried out at 31 March 2009 and projected forward to provide disclosures at 31 December 2011

The pension charge for the period was £2,418,000 (2010 £2,433,000) The company contribution is 6 1% of the pensionable pay and the employee contribution varies between members

The mortality assumption used by the actuary for the year was SAPS S1 Light tables allowing for medium cohort mortality improvements and a 1% underpin with 1 year subtracted from actual age for pensioner members

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Present value of funded obligations	(38,371)	(35,265)
Fair value of plan assets	32,881	31,297
	(5,490)	(3,968)
Present value of unfunded obligations	(2,540)	(2,485)
Deficit	(8,030)	(6,453)
Net liability	(8,030)	(6,453)

The amounts recognised in profit or loss are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Current service cost	-	-
Interest cost	2,009	2,070
Expected return	(1,876)	(1,794)
Past service cost	-	-
	133	276
Actual return on plan assets	1,593	2,789

continued

18 EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Opening defined benefit obligation	37,750	36,853
Contributions by employer	(264)	(270)
Interest cost	2,009	2,070
Actuarial losses/(gains)	2,864	994
Benefits paid	(1,448)	(1,897)
	40,911	37,750

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Opening fair value of scheme assets	31,297	28,748
Contributions by employer	1,439	1,657
Expected return	1,876	1,794
Actuarial gains/(losses)	(283)	995
Benefits paid	(1,448)	(1,897)
	32,881	31,297

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

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Actuarial gains/(losses)	(3,147)	1
	(3,147)	1
Cumulative amount of actuarial losses	(19,196)	(16,049)

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

	Defined benefit pension plans	
	31 12 11	31 12 10
Equities	36 50%	44 00%
Bonds	39 00%	56 00%
Gilts	20 90%	-
Other	3 60%	-
	100 00%	100 00%

continued

18 EMPLOYEE BENEFIT OBLIGATIONS - continued

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

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

	31 12 11	31 12 10
Discount rate	4 70%	5 40%
Rate of increase of pension in payment	2 80%	3 20%
Rate of increase pensions in deferment	2 80%	3 20%
Inflation (RPI)	2 90%	3 20%
Expected long term return	5 10%	6 34%
Revaluation rate (CPI)	2 30%	-

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 5 10% assumption

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

Amounts for the current and previous four periods are as follows

	31 12 11	31 12 10	31 12 09	31 12 08	31 12 07
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension plans					
Defined benefit obligation	(40,911)	(37,750)	(36,853)	(32,322)	(34,311)
Fair value of scheme assets	32,881	31,297	28,748	25,447	30,654
Deficit	(8,030)	(6,453)	(8,105)	(6,875)	(3,657)
Experience adjustments on scheme liabilities	(132)	(651)	(384)	148	(112)
Experience adjustments on scheme assets	(283)	995	2,516	(7,593)	(884)

Future contributions:

The company expects to contribute a total of £1,438,800 to its pension plan in the year 2012

Defined contribution scheme

The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £2,417,885 (2010 £2,433,316) There were no outstanding or prepaid contributions at the end of the financial year

19 ULTIMATE PARENT COMPANY

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

continued

20 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 £29 million (2010 £30 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

21 RELATED PARTY DISCLOSURES

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

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 11	31 12 10
	£'000	£'000
Loss for the financial year	(9,348)	(12,950)
Other recognised gains and losses relating to the year (net)	(3,147)	1
Issue of ordinary shares		
Net reduction of shareholders' funds	(12,495)	(12,949)
Opening shareholders' funds	40,864	53,813
Closing shareholders' funds	28,369	40,864