



**BLACK & VEATCH**

**Black & Veatch Limited**

**(Formerly Black & Veatch Contracting Limited)**

**Directors' report and financial statements**

**31 December 2004**

**Registered number 3163649**



**Black & Veatch Limited**  
(formerly Black & Veatch Contracting Limited)

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## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **Principal activities**

The principal activities of the company are the design, manufacture and installation of water production, filtration, effluent and sewage treatment plants for municipal and industrial applications in the United Kingdom and throughout the world.

### **Results for the year**

In the year ended 31 December 2004 the company made a loss before taxation of £8,059,000 (2003: loss £15,403,000). The details are as set out on page 6.

### **Issue of share capital**

As disclosed in note 14, during the year the company issued £28,418,000 shares at par.

### **Proposed dividend and transfer to reserves**

The directors do not recommend the payment of a dividend (2003: nil).

### **Research and development**

The company carries out direct and indirect research and development consistent with its activities.

### **Change of Company Name**

On the 30 December 2004 the company changed its name from Black & Veatch Contracting Limited to Black & Veatch Limited. The change of name reflects that our Parent Company is committed to the UK and Worldwide market and provides support as necessary.

### **Purchase of Company Trades**

As part of a restructure of the European Water Division of Black & Veatch the company purchased, as at 31 December 2004, all of the assets and undertakings of Black & Veatch Refurbishments Limited, Black & Veatch Group Limited (Formerly Black & Veatch Limited) and Black & Veatch Consulting Limited, as going concerns. Black & Veatch Limited has assumed all of these companies liabilities and obligations, accordingly.

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

### **Directors' report** *(continued)*

#### **Directors and directors' interests**

The directors who held office throughout the year ended 31 December 2004 were as follows:

MC Dingley	
AD Nickols	(Appointed 30 January 2004, Resigned 31 May 2005)
A Hoffman	(Appointed 25 February 2004)
AC Gardner	(Appointed 17 September 2004)
MG Hinge	(Appointed 17 September 2004)
PJ Ingamells	(Appointed 17 September 2004)
P Martin	(Appointed 17 September 2004)
MR Nott	(Appointed 17 September 2004)
S Padmanathan	(Appointed 17 September 2004)
CW Scott	(Appointed 17 September 2004)
L Taylor	(Appointed 17 September 2004)
W Thomson	(Appointed 17 September 2004)
J Youings	(Resigned 29 January 2004)
DG Smith	(Resigned 30 January 2004)
WF Hall	(Resigned 22 July 2004)
JL Aldridge	(Resigned 1 October 2004)
JF Lunson	(Resigned 1 October 2004)
RE Thomas	(Resigned 1 October 2004)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

#### **Political and charitable donations**

The company made no political or charitable donations during the year (2003: nil).

#### **Elective resolution**

The company has passed resolutions to dispense with the requirement to hold Annual General Meetings and to re-appoint the auditors on an annual basis.

On behalf of the board

**A Hoffman**  
Director  
11 August 2005



650 London Road  
Isleworth  
TW7 4EZ

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP  
8 Salisbury Square  
London  
EC4Y 8BB

### **Report of the independent auditors to the members of Black & Veatch Limited**

We have audited the financial statements on pages 6 to 23.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

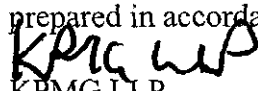
### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG LLP  
Chartered Accountants  
Registered Auditor

12 August 2005

**Black & Veatch Limited**  
(formerly Black & Veatch Contracting Limited)

Profit and loss account  
For the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
<b>Turnover</b>	2	53,308	71,866
Cost of sales		<u>(43,422)</u>	<u>(78,097)</u>
<b>Gross profit / (loss)</b>		9,886	(6,231)
Administrative expenses		<u>(17,581)</u>	<u>(8,780)</u>
<b>Operating loss</b>		(7,695)	(15,011)
Interest receivable and similar income	6	282	36
Interest payable and similar charges	7	<u>(646)</u>	<u>(428)</u>
<b>Loss profit on ordinary activities before taxation</b>	3-5	(8,059)	(15,403)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>(8,059)</u>	<u>(15,403)</u>

The above results are derived solely from continuing operations. There have been no recognised gains and losses in the period other than the loss for the year.

A statement of movement on reserves is given in note 16.

The notes on pages 9 to 23 form part of these financial statements.

# Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

## Balance sheet

At 31 December 2004

	<i>Note</i>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
<b>Fixed assets</b>			
Intangible assets	9	578	-
Investments	10	201	201
Tangible assets	11	<u>2,219</u>	<u>651</u>
		<u>2,998</u>	<u>852</u>
<b>Current assets</b>			
Stocks	12	70	62
Debtors	13	84,802	20,090
Cash at bank and in hand		<u>1,889</u>	<u>2,564</u>
		86,761	22,716
<b>Creditors: amounts falling due within one year</b>	14	<u>(84,432)</u>	<u>(37,762)</u>
<b>Net current assets / (liabilities)</b>		<u>2,329</u>	<u>(15,046)</u>
<b>Total assets less current liabilities being</b>		<u>5,327</u>	<u>(14,194)</u>
<b>Net assets / (liabilities)</b>			
<b>Capital and reserves</b>			
Called up share capital	15	28,419	1
Profit and loss account	16	<u>(23,092)</u>	<u>(14,195)</u>
Equity shareholders' funds		<u>5,327</u>	<u>(14,194)</u>

The notes on pages 9 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 11 August 2005 and were signed on its behalf by:



A HOFFMAN  
DIRECTOR



## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

### **Reconciliation of movements in shareholders' funds**

*For the year ended 31 December 2004*

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Issue of ordinary share capital	<b>28,418</b>	-
Loss for the financial year	<b>(8,059)</b>	(15,403)
Exchange adjustments	<b>(838)</b>	-
Opening shareholders' (deficit) / funds	<b><u>(14,194)</u></b>	<u>1,209</u>
Closing shareholders' funds / (deficit)	<b><u>5,327</u></b>	<u>(14,194)</u>

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

### Notes

*(forming part of the financial statements)*

#### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

##### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228/s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not as a group.

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Black & Veatch Group Limited (formerly Black & Veatch Limited) and its cash flows are included within the consolidated cash flow statement of that company.

##### ***Goodwill***

Purchased goodwill arising on business combinations is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of nine years.

##### ***Tangible fixed assets and depreciation***

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 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

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

Notes *(continued)*

### **1. Accounting policies (continued)**

#### ***Leases***

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payables are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

#### ***Long term contracts***

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

Long-term contract work in progress is stated at net cost less foreseeable losses and progress payments received and receivable. The amount by which turnover is in excess of payments on account is separately disclosed within debtors as amounts recoverable on contracts. Progress payments received in excess of costs less foreseeable losses are disclosed in creditors.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

#### ***Turnover***

Turnover which excludes value added tax or equivalent sales tax, represents the income receivable in the ordinary course of business for goods and services provided and, in respect of contract work in progress, the value of work carried out.

#### ***Research and development expenditure***

Expenditure on research and development is written off against profits in the year in which it is incurred.

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

Notes (*continued*)

### **1. Accounting policies (*continued*)**

#### ***Pensions***

The company participates in a group wide pension scheme, this is a hybrid scheme with two separate parts, one that provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The disclosures made in these accounts are as per the transitional rules under Financial Reporting Standard 17 "Retirement Benefits". The other part of the scheme is a defined contribution element. The assets of this part of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Interest***

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

#### ***Taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

#### ***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 using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Black & Veatch Limited**  
(formerly Black & Veatch Contracting Limited)

Notes (*continued*)

**2. Turnover**

Turnover which relates to the company's principal activity, is analysed between geographical areas as follows:

	2004 £000	2003 £000
United Kingdom	41,180	67,227
Rest of the world	<u>12,128</u>	<u>4,639</u>
	<u>53,308</u>	<u>71,866</u>

Included in turnover is £3,291,000 (2003: £12,554,000) relating to sales to group undertakings.

The company operated in one class of business during the years.

**3. Loss on ordinary activities before taxation**

	2004 £000	2003 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	84	60
Other services	-	-
Depreciation and other amounts written off tangible fixed assets	304	214
Hire of plant and machinery – rentals payable under operating leases	-	153
Hire of other assets – operating leases	-	644

## Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

Notes (*continued*)

### 4. Remuneration of directors

	2004 £000	2003 £000
Directors' emoluments:		
Remuneration as executives	601	471
Pension contributions	<u>24</u>	<u>37</u>
	<u>625</u>	<u>508</u>

The emoluments of the highest paid director were £211,000 (2003: £134,000). Contributions of £7,690 (2003: £7,000) were made to a money purchase pension scheme in respect of the highest paid director. Two directors (2003: 2) are members of a defined benefit pension scheme and two directors (2003: 2) are members of a money purchase pension scheme. Payments of £nil (2003: £nil) were made to group undertakings for the services of directors who are not included above.

### 5. Staff numbers and costs

	2004 £000	2003 £000
The aggregate payroll costs in respect of these employees were:		
Wages	8,766	8,387
State and social security costs	849	828
Other pension costs	<u>536</u>	<u>613</u>
	<u>10,151</u>	<u>9,828</u>

The average number of persons employed by the company during 2004 was 224 (2003: 229).

### 6. Interest receivable and similar income

	2004 £000	2003 £000
Interest receivable from group undertakings	247	36
On bank and money market deposits	<u>35</u>	<u>-</u>
	<u>282</u>	<u>36</u>

## Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

Notes (continued)

### 7. Interest payable and similar charges

	2004 £000	2003 £000
Interest payable to group undertakings	529	334
On bank and money market deposits	117	94
	<u>646</u>	<u>428</u>

### 8. Taxation

Analysis of charge in year

	2004 £000	2003 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
	<u>-</u>	<u>-</u>

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2003: lower) than the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below.

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(8,059)	(15,403)
	<u>(8,059)</u>	<u>(15,403)</u>
Current tax at 30% (2003: 30%)	(2,418)	(4,621)
	<u>(2,418)</u>	<u>(4,621)</u>
<i>Effects of:</i>		
Non-recognition of deferred tax asset for tax losses	2,418	4,621
	<u>2,418</u>	<u>4,621</u>
Total current tax charge (see above)	-	-
	<u>-</u>	<u>-</u>

No provision has been made for deferred taxation as no liability/asset is expected to crystallise/considered recoverable in the foreseeable future. The full potential deferred taxation asset at 31 December 2004 was £8,144,000 (2003 £5,727,000).

## **Black & Veatch Limited**

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Notes (*continued*)

### **9. Intangible Assets**

On 31 December 2004, as part of the transfer of trade as detailed in note 22, Black & Veatch Consulting Limited transferred its intangible assets at net book value of £578,256 to Black & Veatch Limited. This represents the goodwill associated with the purchase of Lewin Fryer & Partners on 2 June 2003.

	<b>Goodwill</b>
	<b>£000</b>
<b>Cost</b>	
As at 31 December 2003	-
Transfer from other Group companies	<u>675</u>
As at 31 December 2004	<u>675</u>
<b>Depreciation</b>	
As at 31 December 2003	-
Transfer from other Group companies	<u>97</u>
As at 31 December 2004	<u>97</u>
<b>Net Book Value</b>	
As at 31 December 2004	<u>578</u>
As at 31 December 2003	-

### **10. Fixed assets investments**

Black & Veatch Limited owns the following subsidiaries:

	Direct interest (ordinary shares)	Country of Incorporation	Cost
PCI South Africa (Proprietary) Limited	100%	South Africa	£1
Paterson Candy Refurbishments Limited	100%	UK	£200,000
Black & Veatch Refurbishments Limited	75%	UK	£750

Paterson Candy Refurbishments Limited is dormant.



**Black & Veatch Limited**  
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Notes (*continued*)

**11. Tangible fixed assets**

	Plant and Machinery	Fixtures, Fittings, Tools and Equipment	Motor Vehicles	Total
	£000	£000	£000	£000
<b>Cost</b>				
At start of year	3	1,836	79	1,918
Additions	-	390	-	390
Disposals	-	-	(52)	(52)
Transfer from other group companies	=	<u>4,431</u>	=	<u>4,431</u>
At end of year	<u>3</u>	<u>6,657</u>	<u>27</u>	<u>6,687</u>
<b>Depreciation</b>				
At start of year	1	1,192	73	1,266
Charge for year	1	298	5	304
Disposals	-	-	(52)	(52)
Transfer from other group companies	=	<u>2,950</u>	=	<u>2,950</u>
At end of year	<u>2</u>	<u>4,440</u>	<u>26</u>	<u>4,468</u>
<b>Net book value</b>				
At 31 December 2004	<u>1</u>	<u>2,217</u>	<u>1</u>	<u>2,219</u>
<b>Net book value</b>				
At 31 December 2003	<u>2</u>	<u>644</u>	<u>5</u>	<u>651</u>

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

Notes (*continued*)

### **12. Stocks**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	<u>70</u>	<u>62</u>

### **13. Debtors**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	19,042	10,807
Amounts recoverable on contracts	36,096	-
Corporation Tax	304	-
Amounts owed by group undertakings	23,620	5,499
Dividend receivable	-	-
Other debtors	1,502	2,428
Prepayments and accrued income	<u>4,238</u>	<u>1,356</u>
	<u>84,802</u>	<u>20,090</u>

Included within debtors are retentions of £7,778,000 (2003: £5,251,000) due after more than one year.

### **14. Creditors: amounts falling due within one year**

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Payments received on account	29,559	10,749
Trade Creditors	7,144	4,034
Other taxation and social security	2,333	808
Amounts owed to group undertaking	36,410	17,221
Accruals and deferred income	<u>8,986</u>	<u>4,950</u>
	<u>84,432</u>	<u>37,762</u>

## Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

Note (continued)

### 15. Called up share capital

	2004 £000	2003 £000
<b>Authorised:</b>		
<b>Ordinary shares of £1 each</b>	<b><u>30,000</u></b>	<b><u>1</u></b>
<b>Allotted and fully paid:</b>		
<b>Ordinary shares of £1 each</b>	<b><u>28,419</u></b>	<b><u>1</u></b>

During the period the company increased its authorised share capital by 29,999,000 shares, of these 28,418,000 shares were allotted and fully paid. The consideration for these shares was £28,418,000. The nominal value was £28,418,000.

### 16. Reserves

	2004 £000	2003 £000
<i>Profit and Loss Account</i>		
At start of the year	(14,195)	1,208
(Loss)/Profit for the financial year	(8,059)	(15,403)
Exchange adjustments	<u>(838)</u>	<u>-</u>
	<b><u>(23,092)</u></b>	<b><u>(14,195)</u></b>

### 17. Contingent liabilities

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 £17 million (2003: £21 million).

The company has entered into agreements to sell various foreign currencies at certain future dates as part of its normal currency management operations. At 31 December 2004 the total value of open contracts amounted to £42 million (2003: £17 million).

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.

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

Note (continued)

### **18. Commitments**

The company has annual commitments under non cancellable operating leases payable within twelve months as follows:

	<b>2004</b>	2003
	<b>£000</b>	£000
Land & Buildings		
Operating leases which expire:		
Over five years	<u>522</u>	<u>522</u>
	<u>522</u>	<u>522</u>
Other leases		
Operating leases which expire:		
Within one year	106	96
In two to five years	558	571
Over five years	<u>18</u>	<u>-</u>
	<u>682</u>	<u>667</u>

### **18. Pensions and similar obligations**

The company operates a hybrid pension scheme that has a defined contribution pension part and part that provides benefits based on final pensionable pay.

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

#### Defined contribution section

The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £179,000 (2003 : £173,000). There were no outstanding or prepaid contributions at the end of the financial year in relation to this contribution scheme.

#### Defined benefit section

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 "Accounting for Pension costs" under FRS 17 "Retirement Benefits" the following transitional disclosures are required:

A full actuarial valuation of the final salary scheme was carried out at 31 March 2003 and projected forward to provide disclosures at 31 December 2004.

## Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

Note (continued)

### 18. Pensions and similar obligations (continued)

The pension charge for the period was £357,000 (2003 : £440,000). The contributions of the company and employees will remain at 12.4% and 6.0% of earnings respectively.

An additional payment has been made in the year for £3.8 million in relation to a one off payment being made to the defined benefit section of the arrangement.

The major assumptions used by the actuary were:

	2004	2003
Rate of increase in salaries	4.10%	4.25%
Rate of increase of pensions in payments	2.60%	2.75%
Rate of increase of pensions in deferment	2.60%	2.75%
Discount rate	5.40%	5.40%
Inflation assumption	2.60%	2.75%

The assets in the final salary scheme and the expected rates of return were:

	Long term rate of return 2004	Value at 2004 £000	Long term rate of return 2003	Value at 2003 £000
Equities	7.50%	12,171	7.50%	11,233
Bonds	5.40%	1,616	5.40%	1,774
Other – Property	3.75%	4,400	3.75%	510
Total market value of assets		18,187		13,517
Present value of scheme liabilities		(23,649)		(23,602)
Surplus/deficit in the scheme –				
Pension liability		(5,462)		(10,085)
Related deferred tax asset		1,639		3,026
Net pension liability		(3,823)		(7,059)
Actuarial loss not recognised under transitional FRS 17 rules		(3,823)		(7,059)

## **Black & Veatch Limited**

(formerly Black & Veatch Contracting Limited)

Note (continued)

### **18. Pensions and similar obligations (continued)**

Movement in deficit during the year:

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Deficit in scheme at beginning of year	<b>(10,085)</b>	<b>(9,449)</b>
Current service cost	<b>(483)</b>	<b>(428)</b>
Contributions paid	<b>4,210</b>	<b>480</b>
Other finance cost	<b>(316)</b>	<b>(352)</b>
Actuarial loss	<b>1,212</b>	<b>(336)</b>
	<hr/>	<hr/>
Deficit in the scheme at end of year	<b>(5,462)</b>	<b>(10,085)</b>
	<hr/>	<hr/>

Analysis of other pension costs charged in arriving at operating loss

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Current service cost	<b>(483)</b>	<b>(428)</b>
Past service cost	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
	<b>(483)</b>	<b>(428)</b>
	<hr/>	<hr/>

Analysis of amounts included in other finance costs

	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	<b>953</b>	<b>781</b>
Interest on pension scheme liabilities	<b>(1,269)</b>	<b>(1,133)</b>
	<hr/>	<hr/>
	<b>(316)</b>	<b>(352)</b>
	<hr/>	<hr/>

## Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

Note (continued)

### 18. Pensions and similar obligations (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2004 %	2004 £000	2003 %	2003 £000
Actual return less expected return on scheme assets		192		1,355
Percentage of year end scheme assets	1%		10%	
Experience gains and losses arising on scheme liabilities		-		-
Percentage of present value of year end scheme liabilities	0%		-	
Changes in assumptions underlying the present value of scheme liabilities		1,020		(1,710)
Percentage of present value of year end scheme liabilities	(6)%		(6)%	
Actuarial gain/loss recognised in statement of total recognised gains and losses		1,212		(356)
Percentage of present value of year end scheme liabilities	5%		(2)%	

### 19. Related party transactions

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

### 20. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Black & Veatch Group Limited, (formerly Black & Veatch Limited) registered in the UK.

The largest group in which the results of the company are consolidated is that headed by Black & Veatch Holding Company, a company registered in the USA. The consolidated accounts of these groups are not available to the public. The smallest group in which they are consolidated is that headed by Black & Veatch Group Limited (formerly Black & Veatch Limited).

## Black & Veatch Limited

(formerly Black & Veatch Contracting Limited)

Note (continued)

### 21. Transfer of company trade

On 31 December 2004 Black & Veatch Consulting Limited, Black & Veatch Group Limited (formerly Black & Veatch Limited) and Black & Veatch Refurbishments Limited transferred their assets and liabilities at net book values as detailed below to the company.

	Black & Veatch Group Limited	Black & Veatch Refurbishments Limited	Black & Veatch Consulting Limited	Total
Fixed assets				
Intangible assets	78,348	-	578,256	656,604
Tangible assets		12,889	1,389,493	1,402,382
	<u>78,348</u>	<u>12,889</u>	<u>1,967,749</u>	<u>2,058,986</u>
Debtors:				
Trade debtors	11,746,670	488,735	5,759,956	17,995,361
Amounts recoverable on contracts	6,253,782	1,303,724	11,332,282	18,889,788
Corporation tax	243,053	-	-	243,053
Amounts due from group undertakings	19,063,234	1,186,773	11,024,712	31,274,719
Other debtors and prepayments	5,554,347	22,120	1,768,506	7,344,973
	<u>42,861,086</u>	<u>3,001,352</u>	<u>29,885,456</u>	<u>75,747,894</u>
Cash at bank and in hand	574,034	(12,345)	430,492	992,181
Creditors:				
Payments on account	(2,901,601)	(365,754)	(6,891,597)	(10,158,952)
Bank overdraft		-	(243,746)	(243,746)
Trade creditors	(7,226,459)	(99,808)	(795,853)	(8,122,120)
Amounts due to group undertakings	(21,771,949)	(1,352,360)	(23,956,539)	(47,080,848)
Taxation and social security	(997,189)	(128,091)	(897,780)	(2,023,060)
Other creditors and accruals	(5,465,184)	(245,340)	(6,102,178)	(11,812,702)
	<u>(38,362,382)</u>	<u>(2,191,353)</u>	<u>(38,887,693)</u>	<u>(79,441,428)</u>
	<u>5,151,086</u>	<u>810,543</u>	<u>(6,603,996)</u>	<u>(642,367)</u>