ATKINS

Results for the year ended 31 March 2014

"Good results and significant progress on our strategy"

Design, engineering and project management consultancy WS Atkins plc (Atkins) today announces its preliminary results for the year ended 31 March 2014.

RESULTS SUMMARY

	Note	**2014**	2013 Restated[7]	Increase / Decrease
Income statement				
Revenue	1	**£1,750.1m**	£1,705.2m	+2.6%
Operating profit		**£113.7m**	£104.0m	+9.3%
Underlying operating profit	2	**£116.4m**	£109.7m	+6.1%
Operating margin		**6.5%**	6.1%	+0.4pp
Underlying operating margin	2	**6.7%**	6.4%	+0.3pp
Profit before taxation		**£114.2m**	£98.0m	+16.5%
Underlying profit before tax	3	**£106.4m**	£99.2m	+7.3%
Profit for the year after taxation		**£96.3m**	£84.3m	+14.2%
Diluted EPS		**95.8p**	84.7p	+13.1%
Underlying diluted EPS	4	**85.7p**	82.6p	+3.8%
Dividend		**33.75p**	32.0p	+5.5%
People	5			
Staff numbers 31 March		**17,489**	17,899	-2.3%
Average staff numbers		**17,565**	17,648	-0.5%
Cash				
Operating cash flow		**£95.5m**	£82.9m	+15.2%
Net funds		**£188.3m**	£143.0m	+31.7%
Work in Hand	6	**51%**	55%	-4.0pp

HIGHLIGHTS

- Underlying profit before tax up 7.3%, on revenue 2.6% ahead
- Excluding Peter Brown and UK highways services, disposed of in year, operating margin at 7.2%
- Operational excellence roll out in North America and Middle East
- Portfolio optimisation now substantially complete
- Confluence acquisition adds key programme management expertise and additional presence in our growth region of Asia Pacific
- Strong operating cash flow with net funds of £188.3m
- Full year dividend increased by 5.5% to 33.75 pence (2013: 32.0p), on underlying diluted EPS up 3.8%
- Positive momentum continues into 2014/15, with outlook unchanged and in line with expectations.

"We have achieved good results with growth in profits and a strong cash performance. We have also made significant progress in delivering our strategy across the three pillars of operational excellence, portfolio optimisation and growth in defined segments and regions and are confident of making further progress in the year ahead."

Allan Cook CBE	**Prof Dr Uwe Krueger**
Chairman	**Chief executive officer**

Notes:

1. Revenue excludes the Group's share of revenue from joint ventures.
2. Underlying operating profit excludes amortisation of intangibles recognised on acquisitions of £2.7m. In the comparative year, amortisation and impairment of intangibles recognised on acquisition of £10.0m along with a pension curtailment gain of £4.3m.
3. Underlying profit before tax additionally excludes net profit on disposal of businesses of £10.5m (2013: £4.5m).
4. Underlying diluted EPS is based on underlying profit after tax and allows for the dilutive effect of share options.
5. Staff numbers are shown on a full time equivalent basis, including agency staff.
6. Work in hand is the value of contracted and committed work as at 31 March that is scheduled for the following financial year, expressed as a percentage of budgeted revenue for the year. 2013 comparative excludes the UK highways services business, the disposal of which was completed in October 2013.
7. The results for the year to March 2013 have been restated to reflect changes to accounting standards with regards to the treatment of pension costs (IAS 19 revised 2011).

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Atkins

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Notes to editors

1. Atkins

Atkins (www.atkinsglobal.com) is one of the world's leading design, engineering and project management consultancies*, employing some 17,500 people across the UK, North America, Middle East, Asia Pacific and Europe. Our people's breadth and depth of expertise and drive to ask why has allowed us to plan, design and enable some of the world's most complex and time critical projects.

*14th largest global design firm (Engineering News-Record 2013) and the third largest multidisciplinary consultancy in Europe (Svensk Teknik och Design 2013).

2. Attachments

Attached to this news release are the overview of the year, extracts from the business review, the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to the preliminary financial information for the year.

3. Analyst Presentation

A presentation for analysts will be held today at the London Stock Exchange at 0830. Dial-in details are available from Smithfield for those wishing to join the presentation by conference call. A webcast of the presentation will be available via the Company's website, www.atkinsglobal.com.

4. Cautionary Statement

This news release and preliminary financial information (news release) have been prepared for the shareholders of the Company as a whole and their sole purpose and use is to assist shareholders to exercise their governance rights. In particular, this news release has not been audited or otherwise independently verified and no warranty is given as to its accuracy or completeness (other than any such warranty which is mandatorily implied by statute). The Company and its directors and employees are not responsible for any other purpose or use or to any other person in relation to this news release and their responsibility to shareholders shall be limited to that which is imposed by statute.

This news release contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently expected. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW OF THE YEAR

We are pleased to report that the Group delivered another set of good results. During the year, we have made significant progress on the delivery of our strategy.

Our operational excellence programme has been rolled out into our North America and Middle East regions. The portfolio optimisation pillar of our strategy is now almost complete, following the sale of our UK highways services business to Skanska, the final stage of which was completed in early October. The disposal of our construction management at risk business, Peter Brown, was also completed in a similar timeframe. The diversity, breadth and depth of our geographic and sector spread continue to provide the Group with growth opportunities, particularly in our key sector focus area of Energy and our regional growth area of Asia Pacific.

We were delighted to welcome Confluence Project Management Pte. Ltd., the project and programme management business headquartered in Singapore, to the Group in October. The team is already fully integrated with our Faithful+Gould business across the regions and has added an attractive client base. Furthermore, we are now reaching the final stages in achieving regulatory approval for the acquisition of Nuclear Safety Associates Inc., an engineering and technical services firm based in North America.

Our underlying profit before tax was £106.4m, an increase of 7.3% over last year's restated profit[1] of £99.2m, on revenue that increased by 2.6% to £1.75bn. We believe underlying profit is a more representative measure of performance, removing the items that may give a distorted view of performance. In the current year we have removed profits on disposals and costs associated with disposals of £10.5m (2013: £4.5m), amortisation of acquired intangible assets of £2.7m (2013: £10.0m), together with one-off pension gains in the 2013 comparative figures of £4.3m arising as we continue to actively manage our pension liabilities. The unadjusted reported profit before tax was £114.2m (2013 restated[1]: £98.0m).

The Group's profit after tax for the year of £96.3m (2013 restated[1]: £84.3m) is shown in the Consolidated Income Statement.

Headcount closed the year at 17,489 (2013: 17,899), reflecting both the sale of non-core businesses totalling 1,165 and underlying headcount growth and the acquisition of Confluence.

Our United Kingdom and Europe region performed well during the year, driven primarily by the UK where we experienced good momentum in our core markets. The use of our global design centres (GDCs) in India to deliver work for our UK business also enhanced our performance and increased our competitiveness. We achieved particularly good volumes in the retained highways consultancy and rail businesses. In addition we benefited from a contract gain share as a consequence of our M25 design project exceeding its delivery targets, in part offset by outstanding variation negotiations on certain rail signalling contracts. The UK water and environment business had a busy first half with peak volumes associated with AMP5 and feasibility studies on phase one of the HS2 high speed rail project. We were pleased to see opportunities re-emerging for our design and engineering business from the UK education market and infrastructure work associated with nuclear new-build projects. We remain well positioned in our defence business following the change in the UK Government's approach to reforming its defence procurement activities. Our Scandinavian businesses remain stable and the market well funded, while our Faithful+Gould business performed well in a reasonably tough environment.

While the markets in which we operate in North America were steady, we have achieved good progress in our North America region, with an increase in operating profit and margin. This year we established a new leadership team and have focused on improving efficiency and reducing overheads in the business, as part of the roll out of our operational excellence programme. We benefited from good contract wins in the waste water management, energy, marine and emergency response areas of our business, and were reappointed on significant contracts for the Federal Emergency Management Agency (FEMA). Our transportation business continued with its positive performance and was awarded a number of new contracts including commissions to oversee transport solutions for highways authorities in Florida, Texas and Georgia. In addition, our Faithful+Gould business in the region had a good year with an improvement in margins and profitability, benefiting from continued economic recovery in the private sector.

We are pleased to report that our Middle East region had an improved year, thanks to a particularly good second half which included contract wins for the Riyadh and Doha Metros. In addition, the infrastructure sector remains buoyant in Qatar and Abu Dhabi with good opportunities in the Kingdom of Saudi Arabia. Of particular note was the fact that the property sector is showing early signs of an upturn where we are working on a number of new projects, including the Dubai Opera House and the residential element of Al Habtoor City, along Dubai's main arterial road. In a market with good opportunities, we continue to be selective about the projects on which we work to ensure we maintain a strong financial performance in the region. Our Faithful+Gould business in the region performed well during the year and was boosted with some 71 new colleagues in the region as the result of the Confluence acquisition. As with the UK region, the Middle East region's use of our GDCs in India is improving our performance and competitive position.

Our Asia Pacific region had a good year, with strong performance in our core markets of Hong Kong and China. The diversification from our strong historic rail base in Hong Kong continued throughout the year and we are now working on opportunities with local design institutes and Chinese contractors. In mainland China we continue to benefit from projects as a result of rapid urbanisation and look to expand our footprint into South East Asia, focusing on rail projects in Malaysia and architectural opportunities in Vietnam. The acquisition of Confluence, through our Faithful+Gould business in the region, has enabled us to achieve particular success in Singapore on several high profile projects.

Good organic growth continues to be delivered by our Energy business, where we are well positioned in the buoyant oil and gas and nuclear markets and where we are seeing a steady increase in our share of the conventional generation and renewable markets. We are continuing to strengthen our service offering through partnerships with companies offering complementary skills. This is helping us to secure strategic opportunities around the world, with a recent example being our selection as preferred bidder on a new contract with Sellafield Ltd in joint venture with Areva and Mace. During the year we also agreed to purchase Nuclear Safety Associates, a 130 people engineering and technical services firm, which will enhance our offering in safety and regulatory experience in US nuclear technology.

People

Maintaining our focus on bringing more young people into the engineering sector, we welcomed 500 new graduates across the Group and accelerated our apprentice programme to attract school leavers, recruiting over 90 apprentices in the UK.

This year we worked hard to achieve our commitment to build a diverse organisation. We created a women's leadership council to enable the 50 most senior women in the business to support, mentor and encourage the next generation of Atkins' female leaders. Also, women's professional networks around the world became more active in their work to ensure women feel well connected across the Group. In addition, the UK business was recognised by workingmums.co.uk, winning awards for Overall Top Employer and Innovation in Flexible Working.

Our 75th anniversary celebrations in 2013 gave us an excellent opportunity to involve and unite our people around the world. We joined together for celebratory events and recognised 89 fellow employees with the Sir William Atkins medal for their outstanding achievements.

During the year we also invested in our employer brand, known as the Atkins Way, which is a celebration of how our people behave and what motivates them. We believe that nobody can tell the story of an organisation as effectively and as genuinely as the people who work for it, so we are using the Atkins Way as the foundation of all our communications with existing and potential employees.

Dividend

The Board is recommending a final dividend of 23.25p per ordinary share in respect of the year ended 31 March 2014, making the total dividend for the year 33.75p (2013: 32.0p), an increase of 5.5%. If approved at the Company's annual general meeting, the dividend will be paid on 22 August 2014 to ordinary shareholders on the register on 11 July 2014.

Outlook

As we look forward to the new financial year, we are confident of making further progress towards our strategic goals. While our markets and clients' needs are constantly evolving, we will continually seek ways to deliver their requirements effectively and efficiently. We believe our exposure to transportation markets across the UK and North America provides us with a good backlog of business. Our Middle East region is benefiting from our more focused approach and in Asia Pacific we are investing to diversify beyond our historic Hong Kong base. In Energy we see an attractive pipeline of opportunities. Overall, we see positive momentum in the year ahead.

1. The results for the year to 31 March 2013 have been restated to reflect changes to accounting standards with regards to the treatment of pension costs (IAS 19 revised 2011).

Business review
Segmental performance

United Kingdom and Europe

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£998.3m**	£977.1m	+2.2%
Operating profit	**£62.6m**	£62.2m	+0.6%
Operating margin	**6.3%**	6.4%	-0.1pp
Work in hand[1]	**49.2%**	50.9%	-1.7pp
Safety - Accident Incident Rate (AIR) [2]	**192**	191	+1
People			
Staff numbers at 31 March	**9,544**	10,134	-5.8%
Average staff numbers for the year	**9,751**	9,913	-1.6%
Staff turnover	**9.5%**	8.8%	+0.7pp

1. Work in hand adjusted in 2013 for the removal of highways services for comparability
2. The accident incident rate (AIR) tracks the number of accidents per 100,000 staff.

PERFORMANCE
Our UK and Europe business has performed well during the year. Headline revenue has increased by 2.2% despite the disposal of our UK highways services business at the half year. On an underlying basis for continuing activities revenue increased by 15%, driven primarily by the UK where we have seen good momentum in our core markets, which continue to be well funded.

Margins at 6.3% (2013: 6.4%) are slightly lower but have progressed across most of the business. This year's performance was held back by our conservative approach to profit recognition with regards to outstanding contract variations on a number of longer term rail projects in the UK and a strong European prior year comparative as a consequence of a profit release.

We have made good progress with the Group's strategy of portfolio optimisation and were pleased to complete the sale of our UK highways services business to Skanska on 4 October 2013 for an initial cash consideration of £16m, together with a further £2m subject to the future performance of the business. The profit on the disposal of this business was £13.0m, which is accounted for in the Group's profit before tax but not reported in the tables above.

Staff numbers at the end of March were 9,544, a reduction of 590 on the same time last year. On an underlying basis, excluding the 1,128 staff who transferred as part of the UK highways services sale in the period, headcount was up 6% in the year.

BUSINESS MODEL
We are primarily focused on the UK and European markets where we plan, design and enable our clients' capital programmes and projects in and around infrastructure, as well as providing engineering consultancy services to wider markets. We are a technical consultancy, providing advice, design and engineering together with project management skills for public and private sector clients. Our multidisciplinary skills allow us to draw on expertise across the business to deliver complex projects in the UK and Europe, and to support our other regional businesses with specialist expertise.

STRATEGY
Our UK and European strategy focuses on maintaining our market leadership positions and maximising revenue opportunities, taking advantage of the UK Government's commitment to stimulate the economy through infrastructure investment and from regulatory spend in rail, utilities and airports. Our defence, security and aerospace markets provide diversity to our infrastructure exposure.

Operational excellence continues to improve the underlying processes of the business, ensuring increased time to focus on our clients' needs, improving project delivery and driving business efficiency.

Our ability to leverage skills and capability from a variety of industry sectors and professional disciplines provides a strong selling proposition to our clients. We see multiple opportunities for our broad multidisciplinary offering providing good growth potential.

BUSINESS DRIVERS

The economic environment significantly affects the opportunities available to our business and the UK Government's recognition of infrastructure as a core enabler for growth provides a positive stimulus. Our diversified portfolio provides resilience to market fluctuations, as does the fact that a number of our markets remain well funded. The Scandinavian markets that we face continue to benefit from investment in infrastructure from the public and private sectors, providing stable, well funded, market conditions.

Added resilience is brought to our UK business by its ongoing support of projects in other regions, together with the increasing use of our global design centres in Bangalore and Delhi, which provide flexibility of delivery and access to high quality, lower cost resources.

Our market leadership position in the UK is underpinned by the technical excellence of our people and quality of work. This has been recognised by a number of awards in year including being named the New Civil Engineer/Association for Consultancy and Engineering UK Major Consultant of the Year 2014 and winner of the best change management project in the Management Consultancy Awards, in partnership with Network Rail, for the Level Crossing Improvement Programme.

PEOPLE

Excluding the staff who transferred from Atkins with the sale of the UK highways services business, the UK and Europe business experienced positive headcount growth. Staff turnover increased slightly to 9.5% from 8.8%.

A combination of improving market conditions, the need to recruit highly specialist skills and a large and diverse number of competitors for designers, engineers and project managers across the region resulted in a number of programmes being implemented to assist with the attraction, engagement and retention of talented people.

Reputation also plays a vital role in recruitment and retention and over the last year Atkins has been recognised by a number of independent organisations as a great place to work. In the Sunday Times 25 Best Big Companies to Work For we moved from 23rd to 18th and appeared in the top 25 for the eighth time in 10 years. We continue to be one of the biggest and most popular recruiters of newly graduated engineers and were again voted TARGETjobs most popular graduate recruiter in the construction, civil engineering and surveying sector.

During 2013 more than 400 young people joined the UK business on formal education and development programmes. This was one of our largest ever intakes and included more than 90 apprentices.

In 2013, Atkins became a founder member of 'The 5% Club'. As a member we have committed to having a minimum of five per cent of our overall UK headcount on a formalised apprentice, sponsored student or graduate programme. As of 31 March 2014, we had achieved 12.5%.

We continue to work to increase the proportion of female staff in Atkins and have developed a range of flexible working options to help us both recruit and retain a broader range of staff. Our efforts were recognised by workingmums.co.uk when it announced Atkins as winner of its Overall Top Employer and Innovation in Flexible Working awards.

In line with the rest of the Group, we measure employee engagement through our Viewpoint employee engagement survey. We have established a regional target of improving our regional engagement score by two points on a year on year basis and were encouraged that in the UK our results in 2013 showed an increase of five points over the previous year.

SAFETY AND SUSTAINABILITY

Workplace health, safety and wellbeing continue to be a high priority. Although the overall accident incident rate remains largely static, there were encouraging improvements on the engineering and contractor indicators. In the UK, we were pleased to be awarded a Royal Society for the Prevention of Accidents Gold Award for Occupational Health and Safety for the third consecutive year.

As a founding member of the Consultants' Health and Safety forum, during the year we have been involved in developing an online training package that integrates risk assessment early in the design process to encourage good practice.

The ongoing promotion of Science, Technology, Engineering and Mathematics (STEM) careers to young people continues to be a focus. The UK business created eight STEM hubs nationwide to enable a more coordinated approach to STEM activity with schools, colleges and community groups. We currently have more than 200 STEM ambassadors actively engaged in this programme.

To encourage our people to contribute further to the social, environmental and economic health of our communities we have formalised a volunteering policy commitment in the UK. These volunteer days have mainly been used to support charity organisations like RedR and Engineers without Borders.

RISK

The majority of the Group's post-employment benefit liability sits within the UK business and is comprised of defined benefit pension obligations, the largest of which is within the Atkins Pension Plan, which is closed to the future accrual of benefits. The pension obligations are recognised as a risk due to their size and the fact that the ongoing liability is a function of a number of assumptions, not least the life expectancy of members. This risk is mitigated by ongoing cash contributions to the pension fund, which have been agreed with the pension trustees, along with measures to actively manage ongoing volatility.

To assist in managing our project portfolio we continue to cascade a project management competency framework across the region. The implementation of this initiative, including the associated training, will assist in developing project management capabilities within the region.

We identify, review and assess risks across all of our businesses and the process is explained in more detail in the principal risks and uncertainties section of the Group's Annual Report and Accounts.

UNITED KINGDOM

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£922.0m**	£900.3m	+2.4%
Operating profit	**£58.1m**	£56.5m	+2.8%
Operating margin	**6.3%**	6.3%	nm
Work in hand[1]	**49.9%**	52.3%	-2.4pp
People			
Staff numbers at 31 March	**8,810**	9,374	-6.0%
Average staff numbers for the year	**9,017**	9,129	-1.2%
Staff turnover	**9.5%**	9.0%	+0.5pp

1. Work in hand adjusted in 2013 for the removal of highways services for comparability.

Performance

The UK business has grown headline revenue by 2.4% despite the sale of our highways services business part way through the year. On an underlying continuing basis, the business delivered a strong performance with revenue growth of 16.7%, supported by underlying headcount growth of 6.8%, excluding highways services.

The full year operating margin of 6.3% (2013: 6.3%) held steady, with a contract gain share as a consequence of our M25 design project exceeding its delivery targets on the initial upgraded sections, in part offset by outstanding variation negotiations on certain longer term rail signalling contracts. Encouragingly, second half margins moved ahead to 7.4% (2013: 6.6%), partly due to the disposal of the lower margin highway services business and through the ongoing focus on margin across the business. Excluding the highways services' contribution for the period of ownership, the margin for the year was 7.0%.

Operations

Rail

Our rail business has had a busy year with high levels of utilisation, reflecting the strong pipeline of projects. Over the course of the year, headcount has grown significantly as a number of major signalling, station design and electrification projects have started. However, the performance of this business has been adversely impacted by negotiations around contract variations on some of our longer term signalling contracts.

A focus of this financial year has been on delivering work across a number of signalling projects awarded under the two major frameworks for the Sussex/Wessex and Kent/Anglia areas, including Farnham and East Sussex. During the year, we secured further work through these frameworks, including a major re-signalling project in East Kent. This is in addition to ongoing work on our other non-framework signalling contracts at Cardiff and Wolverhampton.

The UK's electrification programme presents a substantial opportunity for our rail business. In partnership with Parsons Brinckerhoff, we are the lead design organisation for the electrification of the Great Western mainline between London and South Wales.

In partnership with Network Rail, Laing O'Rourke and VolkerRail, we are jointly delivering the Stafford Area Improvement Programme. During the year we have also continued to support the delivery of a number of other technically challenging projects for Network Rail, including the transformation of Birmingham New Street station and design work for the East West Rail project, which aims to connect East Anglia with central, southern and western England.

The rail business has been involved in early stage design for phase one of High Speed 2 (HS2), between London and the West Midlands, including civils design and environmental work and we believe we are well placed to win further opportunities on phase two.

Our rail business won six industry awards during 2013, including the Best Practice Award for Thameslink Borough Viaduct at the British Construction Industry Awards; Project of the Year for Nuneaton North Chord at the Rail Freight Group Awards; and the Innovation Award for East Kent Access Phase two at the Institute of Civil Engineers (ICE) Engineering Excellence Awards.

Our rail business had a strong work in hand position as we entered the new financial year, reflecting the continued strong pipeline.

Highways and transportation
Following the disposal of our highways services business, we have refocused the highways and transportation business on three core areas: strategic advice, design consultancy and asset management. In addition, we continue to provide operational maintenance and design for the M25, London's orbital motorway, as part of our role within the M25 Connect Plus consortium. During the year, we received a contract gain share payment as a consequence of our M25 design project exceeding its delivery targets on the initial upgraded sections.

We have healthy workloads, supported by the UK Government's 2013 Spending Review and Autumn Statement, which indicate a significant increase in infrastructure spend through to 2020/21, including major new roads schemes in England, Scotland and Wales. We have secured a number of projects for which funding was committed through this process, including work on the M54/M6 junction, the A27 Chichester bypass and schemes as part of the Highways Agency's Smart Motorways programme.

The year has seen significant activity in the Smart Motorways sector, with the completion of major schemes on the M62 in Manchester and at the M4/M5 interchange near Bristol as well as the recent opening of the Atkins-designed first section of all lane running on the M25. We have recently secured the M1 junction 19 to 16 contract and there is a robust pipeline of further schemes that will come to the market in the year ahead.

Our multidisciplinary consultancy services teams have continued to deliver well with strong revenue growth in Wiltshire, supported by further wins in the West Midlands and more recently in Hampshire. These long-term contracts, covering a wide range of services from transport planning and asset management to engineering design, are also set to benefit from additional capital funding over the next five years.

Looking ahead, the Highways Agency will undergo a major change as it looks set to become a government owned company by April 2015. We expect to see a three-fold increase in its annual expenditure to more than £3.0 billion per annum by 2020 procured through a new collaborative delivery framework. We have prequalified for this key opportunity, with final awards onto the framework expected to be made in autumn 2014.

Water and environment
Our water and environment business has undertaken significant work on key projects during the year, including, Crossrail and High Speed 2 and the peak of delivery for the water industry in the Asset Management Plan 5 (AMP5) investment cycle.

Our five-year regulatory AMP5 framework contracts with a number of the UK's water companies have continued to provide good workload volumes as capital investment programmes progress. It has been encouraging to see the water industry developing its delivery models well in advance of the start of AMP6 in April 2015 and we have been successful in securing key places on the AMP6 frameworks with Thames Water and Severn Trent Water. We are bidding for similar collaborative opportunities with other water companies which should provide further continuity of workload between future AMP cycles.

Atkins, alongside partners Boskalis Westminster Ltd and VolkerStevin Group (the VBA consortium), is one of six asset delivery partners to secure a place on the Environment Agency's £1bn Water and Environment Management (WEM) framework, which will run until late 2017. This will focus on reducing the risk of river and coastal flooding, as well as securing social and environmental improvements.

As a result of our focus on working with international funding and development organisations, Atkins has won a contract to lead a pan-European consortium to develop sustainable energy solutions for 24 countries in eastern and southern Africa, and is a consortium partner in another contract covering a further 26 countries in western and central Africa. These two contracts are part of the Sustainable Energy for All (SE4ALL) framework which is a multi-stakeholder partnership between governments, the private sector and civil society.

Faithful+Gould
Our UK Faithful+Gould business saw good growth in the year, with steady workloads through the Scape public sector procurement framework and continued growth in the energy sector. We are also seeing signs of improvement in the property sector with London and the south east leading the way, evidenced by recent wins for Development Securities and Argent. The market for project management and commercial services remains competitive, although we are optimistic of improvement as the sector emerges from the recession.

Design and engineering
Our design and engineering business serves customers across five key segments: education, airports, defence, transportation and mixed use development. All sectors have strong pipelines of secured workloads and opportunities.

In the education sector, the Priority Schools and Academies programmes continue to gain momentum, and we are well placed to participate in these significant opportunities, with a particular focus on buildings and related infrastructure.

Our airports team continues to win and deliver significant programmes of work at both London Gatwick and Heathrow. We have been appointed by Gatwick Airport Limited to provide multidisciplinary design services as part of a continued investment programme to transform the airport. At Heathrow, we have been appointed as programme designer for the asset management and replacement programme for the Q6 investment period.

In energy, we have secured a number of key projects to support initial infrastructure work around nuclear new build in the UK, in addition to significant work to support nuclear decommissioning projects.

Defence, aerospace and communications
Our defence, aerospace and communications business continues to provide good diversity to our infrastructure exposure, with access to a number of exciting growth opportunities.

In defence we continue to be actively engaged in opportunities to assist in the transformation of the defence equipment and support organisation, which is part of the UK Ministry of Defence.

We have experienced a recent slowdown in our aerospace business as our major client, Airbus Group, has moved from design to production on a number of programmes.

Our communications business continues to provide expertise into a number of key clients where our broad based design and implementation capability sits neatly alongside our infrastructure business streams.

Management consulting
Our management consulting business provides the UK Government and industry with practical capability to run the full lifecycle of information technology enabled change programmes. We continue to deliver security work for central government, as well as supporting Heathrow Airport's IT outsourcing contract in partnership with Capgemini, leveraging our position in aviation.

Our capability in holistic security services continues to grow. This team has secured a range of new projects including a significant assignment in cyber security for a high profile multinational client in the energy sector.

EUROPE

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£76.3m**	£76.8m	-0.7%
Operating profit	**£4.5m**	£5.7m	-21.1%
Operating margin	**5.9%**	7.4%	-1.5pp
Work in hand	**42.3%**	38.9%	+3.4pp
People			
Staff numbers at 31 March	**734**	760	-3.4%
Average staff numbers for the year	**734**	784	-6.4%
Staff turnover	**9.7%**	6.8%	+2.9pp

Performance
Our European business is primarily focused on the rail and highways infrastructure markets in Scandinavia, with smaller operations in Poland, Ireland and Portugal. Our performance was in line with our expectations with revenue at £76.3m, which was broadly flat compared with the prior year and with margins down against strong prior year comparatives, which were buoyed by provision releases. This margin reduction is also reflective of an increasingly competitive market in Scandinavia. Headcount was down slightly to 734 (2013: 760).

Operations
In Denmark, we continue to work across a number of key rail and road infrastructure projects, including the new railway line between Copenhagen and Ringsted and the European Rail Traffic Management System signalling programme. We have maintained a strong order book through the year, securing new projects such as the Hundige-Køge rail renewal project and bridge design on the Copenhagen to Ringsted line. The Danish Government has recently announced a major programme of investment in rail infrastructure and rolling stock, and we believe we are well-positioned to benefit.

In Sweden, we are working on a number of significant infrastructure projects, such as the Lidingö Tram Line for Stockholm County Council and the Mälarbanan rail systems project for the state transport authority, Trafikverket. We have secured further projects in the period, including a Kil to Laxa rail project. The market outlook and medium-term pipeline remains good.

We continue to work to expand our position in the Norwegian infrastructure market, that is expected to return to growth over the next few years and we are developing a number of opportunities within rail, metro and light rail.

In Poland, we remain focused on the transportation (road and rail), environmental and energy sectors where our largest project continues to be our role as the owner's engineer for the Polish liquefied natural gas plant. Increased market activity is expected in the future, as EU funding is unlocked for new capital schemes.

Our operations have stabilised in Ireland and showed some modest growth through the year with headcount increasing for the first time since 2008 on the back of some good wins in the water and highways sectors. In Portugal, the continuing difficult economic conditions will curtail any meaningful growth in the medium term.

OUTLOOK

The outlook for our UK and European business as a whole is stable despite a slowdown in our aerospace business. In the UK the infrastructure markets present opportunities for our broad multidisciplinary offering as the UK Government further stimulates the economy with its commitment to infrastructure spend. Our secured work in hand of 49.9% (2013: 52.3%) of next year's budgeted revenue gives us confidence for the year ahead.

The core Scandinavian rail and highways markets remain well funded, with a visible pipeline of new projects, supported by government commitments. Work in hand in Europe improved in year with 42.3% (2013: 38.9%).

North America

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£380.9m**	£389.7m	-2.3%
Operating profit	**£19.1m**	£15.3m	+24.8%
Operating margin	**5.0%**	3.9%	+1.1pp
Work in hand	**58.8%**	61.0%	-2.2pp
Safety - Accident Incident Rate (AIR)[1]	**117**	89	+28
People			
Staff numbers at 31 March	**2,836**	3,039	-6.7%
Average staff numbers for the year	**2,970**	3,091	-3.9%
Staff turnover	**11.5%**	10.1%	+1.4pp

1. The accident incident rate (AIR) tracks the number of accidents per 100,000 staff.

PERFORMANCE

Our North American business has seen a 24.8% increase in operating profit over last year, increasing profit to £19.1m (2013: £15.3m) at an improved margin of 5.0%, up from 3.9% in the prior year. We have made good progress with the portfolio optimisation part of our strategy, with the divestment of the Peter Brown construction management at risk business on 30 August 2013. Excluding the results of the Peter Brown business, which reported a trading loss for the year of £3.2m, gives a combined consultancy and Faithful+Gould operating profit of £22.3m (2013: £21.8m), at a margin of 6.0% (2013: 6.0%).

The disposal of the Peter Brown business resulted in a loss on sale of £3.1m, which is adjusted for in calculating the Group underlying profit before tax and is not reported in the preceding table.

Average staff numbers have fallen by 121 since last year, partly as a consequence of the disposal of the Peter Brown business which accounted for 37 staff and the remainder due to restructuring.

Our operational excellence programme has been rolled out during this financial year, with an initial focus on increasing margins through both reductions in our overhead cost base and improving staff utilisation.

BUSINESS MODEL

Our transportation, infrastructure and environmental businesses have been reorganised to focus on multidisciplinary design and engineering consultancy services in five client facing areas: transportation, public and private, federal, aviation and strategic ventures, which includes areas such as rail, energy, technology and future-proofing cities. In order to compete effectively in these markets we have adopted a new operating model comprising a technical professional organisation creating discipline focused technical resources. These technical resources will service the new client facing business units, which are supported by dedicated client focused business development and sales teams. This simplified operating structure will enable us to focus business development and sales on our chosen clients as we progress to larger, more complex projects.

STRATEGY

Our strategy is to focus on major infrastructure programmes in the transportation, energy, federal, state and cities markets in North America.

As part of the overall Group strategy pillar of portfolio optimisation we disposed of the Peter Brown business during the year, allowing us to focus on our key consultancy and programme management markets.

We are strengthening our capability to compete for, win and deliver major projects and programmes, leveraging our technology capabilities to create a competitive advantage.

We are shifting our focus to capturing and winning work, and have created a flexible and scalable technical professional organisation to deliver work more efficiently.

We aim to improve margins by streamlining our organisation and removing overhead costs as part of our operational excellence programme.

BUSINESS DRIVERS

The majority of North America's projects are funded in part or in whole by federal funds, either through a state or local government agency or directly by federal agencies. Publicly funded projects provide greater stability than privately funded projects, which tend to have funding fluctuations. However, publicly funded projects tend to be awarded more slowly or are delayed due to protracted negotiations within the agencies and/or due to political scrutiny.

OPERATIONS

Our transportation business has continued its positive performance. During the year we were appointed to three new contracts to oversee transport solutions for highways authorities in Florida, Georgia and Texas. Additionally, we were awarded work by the Colorado Department of Transportation to provide general tolling advisory services.

Our public and private portfolio has benefited from awards in the waste water management, energy, marine, and emergency response areas of our business. This includes our appointment to a five year Texas Multiple Award Schedule contract which gives us access to more than 2,000 potential government related clients throughout Texas and builds on more than 40 years of delivering quality services throughout the state.

In aviation, we were awarded a general services contract at Hartsfield-Jackson Atlanta International Airport, through our Absolute joint venture, comprising Atkins, Southeastern Engineering, Inc. and Brindley Pieters and Associates.

Despite generally slow Federal Government business and a government shutdown in October, we were still awarded some notable contracts, the largest of these being the reappointment to the Federal Emergency Management Agency (FEMA) flood risk MAP framework contract and the FEMA Nationwide Housing Inspection Services contract (in joint venture with The Louis Berger Group, Inc. and Tidal Basin Government Consulting, LLC). We also extended our rapid response contract with the U.S. Army Corps of Engineers.

We continue to provide key planning, design and engineering services for the United States Military Academy at West Point.

Our Faithful+Gould business had a good year with an improvement in margins and profitability. We benefited from the continued economic recovery in the private sector, most notably manufacturing. Additionally, in the hospitality and leisure sector we have made good progress and were successfully appointed to provide project management services on a series of upgrades to the iconic Billie Jean King National Tennis Center in Queens, New York. We continue to see growth in the energy sector, as evidenced by the renewal of our commission with Ontario Power Generation Inc. for a further three years.

PEOPLE

To support our operational excellence strategy we restructured our business, delivering efficiencies and an associated headcount reduction of around 6.7%. Staff turnover increased slightly in the year, although it still remains in line with the North America industry average.

We remain focused on the engagement and retention of key staff and measure employee engagement through our Group wide Viewpoint employee engagement survey. The overall score remains in line with the benchmarks for our industry sector.

We continue to balance the need to offer market competitive reward structures against our financial performance and affordability. The implementation of My Career Online, our new Group wide online performance management system, is expected to improve the quality of our performance management activities and create greater alignment between performance and rewards.

SAFETY AND SUSTAINABILITY

We have a strong safety ethos and culture led from the top of our organisation. Our Faithful+Gould business has promoted physical health in offices, introducing some agile workspaces which provide an option for employees to work standing up. Spending more time standing has well documented ergonomic and cardiovascular benefits and promotes increased physical movement at work. In addition we have introduced a comprehensive heat stress index, supported by controls, which uses temperature and humidity to estimate risks to workers from environmental heat sources.

As part of ongoing driver fitness assessment the driving history of our people has been reviewed and supplementary driver safety training provided where required.

This year's recipients of support from our Atkins Foundation included a high school robotics design team, an initiative challenging middle school students to design and build table top scale models of future cities using recycled materials, and the American Red Cross in its Oklahoma Tornado Disaster Relief efforts.

The current year AIR figure, although higher than the prior year, represents three accidents, two minor slips and trips and one road traffic accident, an increase of one accident year on year.

RISK

The assessment of risks across all our businesses is explained in more detail in the principal risks and uncertainties section of the Annual Report and Accounts. There have been no significant developments with regard to the longstanding and previously reported Department of Justice and Securities and Exchange Commission enquiries relating to potential Foreign Corrupt Practices Act violations by The PBSJ Corporation prior to its acquisition by the Group.

OUTLOOK

We continue to see stable market conditions in the key states within which we operate. Economic conditions in certain states, such as Texas and Colorado, remain positive, and coupled with increased interest in private investments in public infrastructure at state level there are positive investment signals in the market. Work in hand at 31 March 2014 stands at 58.8% of next year's budgeted revenue (2013: 61.0%).

Moving into the new financial year our revised structure and continued and sustained focus on our cost base provide a strong platform for progress.

Middle East

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£168.4m**	£162.2m	+3.8%
Operating profit	**£14.4m**	£11.8m	+22.0%
Operating margin	**8.6%**	7.3%	+1.3pp
Work in hand	**62.7%**	80.2%	-17.5pp
Safety - Accident Incident Rate (AIR)[1]	**53**	43	+10
People			
Staff numbers at 31 March	**2,071**	1,979	+4.6%
Average staff numbers for the year	**1,985**	2,006	-1.0%
Staff turnover	**16.0%**	13.2%	+2.8pp

1. The accident incident rate (AIR) tracks the number of accidents per 100,000 staff.

PERFORMANCE
The Middle East region had an improved year with revenue up 3.8% to £168.4m (2013: £162.2m) and operating profit 22% ahead of last year, reflecting a strong second half performance, with significant wins in the rail sector and encouraging signs of a re-emergence of growth in the United Arab Emirates' (UAE) property sector offsetting restructuring costs and delays to project mobilisation during the first half of the financial year. Notwithstanding this improved performance, we continue to experience protracted negotiations on variations on some of our major contracts in the region.

BUSINESS MODEL
Our business model is to maintain strong local resources in our chosen markets, complemented by multi-skilled design centres both within the region and in India. This provides agility and efficiency by maximising our ability to mobilise for major projects, while minimising exposure to individual market resource demands and constraints.

STRATEGY
Our strategy in the Middle East is to focus on the region's most dynamic markets and sectors; namely infrastructure, rail and property in the UAE, Qatar and the Kingdom of Saudi Arabia (KSA). The region offers multiple opportunities and our strategy is aimed at carefully selecting and securing major projects and programmes with established key clients. In addition, local resources support our energy business in the region, which is reported within our Energy segment.

BUSINESS DRIVERS
The economic climate in the Middle East is primarily driven by the global oil price, which affects demand for our services since regional spending ultimately flows through to capital investment in infrastructure, transportation and property. The longer term need to develop in these areas to support growing economies and populations will continue to drive strong demand for our services. We have a clear view of well funded programmes.

OPERATIONS
Notwithstanding some delays experienced on projects coming to the market in the first half of this financial year, the business has built upon its well balanced workload and further cemented its position among the region's foremost design and engineering consultancies.

One of our most significant projects in the region is as lead designer for three of the six lines of Riyadh Metro, where we are partnering with the Spanish consultancy TYPSA. Our client is the FAST consortium (comprising FCC, Samsung, Alstom, Strukton, and Freyssinet), which is responsible for lines four, five and six, representing just over a third of the total track. This project has further developed our profile in the KSA, building on our ongoing role as lead designer and programme manager for the new 30 million passenger per year terminal and associated buildings and infrastructure at King Abdulaziz International Airport in Jeddah.

Our current rail projects include Etihad Rail in the UAE, Dubai Tram, UAE, and Doha Metro Red Line South and Lusail Light Rail in Qatar. There remains strong demand for metro projects across the region, with further opportunities to work selectively for design and build contractors within our core markets.

Infrastructure sector activity, which covers roads, bridges and utilities networks, remains buoyant in Qatar, where our headcount has grown to approximately 500 locally based staff. We continue to work with the Qatari Government, advising on infrastructure planning and design projects to meet its National Vision 2030. Our key projects include the Central Planning Office, which is making an important contribution to the coordination of Qatar's major transport programmes, and a significant framework contract to upgrade Doha's roads and drainage systems.

In Abu Dhabi we have a broad portfolio of infrastructure projects with key clients including Abu Dhabi and Al Ain Municipality, the Department of Municipal Affairs, the Urban Planning Council and Musanada. Notable projects include the design of infrastructure for a £1.3bn, 42km^2 Emirati community in North Wathba. We are also seeing opportunities in the KSA, where we recently won a strategic programme in partnership with Bechtel to advise the Economic Cities Authority on the development of four new cities. In addition, we are supporting the Royal Commission of Jubail and Yanbu with its major industrial development activity in the Eastern Province.

Our property sector activity is showing the early signs of an upturn, particularly in Dubai following the city's successful bid to host Expo 2020, where developers have been restarting suspended projects and initiating new opportunities. Our current key projects include Dubai Opera House and the residential element of Al Habtoor City, a major new development along Sheikh Zayed Road, the city's main arterial highway.

Our established presence in Oman is also presenting good opportunities within the property and infrastructure sectors through longstanding clients such as The Wave, Muscat and Omran, as well as Saraya Bandar Jissah, for whom we are providing construction supervision services for the infrastructure works for a £350m residential and leisure development.

During the first half of the year we undertook restructuring activity in Kuwait and Bahrain, enabling us to concentrate resources within our priority growth markets.

Our Faithful+Gould Middle East business has performed well, supplemented by the addition of the Confluence project management business of 71 staff. We continue to provide project and programme management support across the region. During the year we have seen good growth in both Qatar and the KSA. The acquisition of Confluence brought additional projects with new clients, most notably the University of Dubai and two Kempinski hotels in Oman and Dubai.

Our achievements are evidenced by industry awards and recognition, such as our success in being named Consultant of the Year 2013 by both Construction Week and Middle East MEP magazines, as well as winning Construction Week Qatar's Health and Safety Initiative of the Year award.

PEOPLE

Headcount has grown modestly, up 92 year on year, with 71 staff joining the region as a consequence of the acquisition of Confluence. We also saw the impact of mobilising new contracts offset by reductions in Bahrain and Kuwait where we are reducing our presence. Improved market conditions have also led to greater competition for staff, particularly in key markets such as Qatar and the UAE, with staff turnover increasing to 16% across the region.

We measure staff engagement through our Group wide Viewpoint survey. Our overall engagement score for the Middle East region remains significantly better than the benchmark for our industry sector. This is reinforced by the large proportion of staff who indicated in the survey that they are proud to work for Atkins and that they care about the success of the organisation. This is particularly pleasing given the retention challenges that we face in the region. However, we experienced a slight drop in the overall engagement score in the current year and have focused on specific staff engagement activities to address this.

Our ability to mobilise existing staff from across the Group and to hire new staff from within and outside the region to resource the delivery of major projects is critical to our business success in the Middle East.

SAFETY AND SUSTAINABILITY

We are demonstrating strong leadership through the launch of Atkins Minimum Requirements for Construction Safety which establishes a new level of control over our engagement with and influence over clients and contractors on construction supervision projects. It includes health, safety and welfare statutory regulations.

The AIR for both the current and prior year relates to single office related incidents.

We have extended our influence around sustainability through the continued funding of the chair and senior lecturer of sustainable design of the built environment at the British University in Dubai.

RISK

Certain countries within the Middle East have greater potential for political change. In addition, it is a region where there is an increased risk of payment delays. Our extensive experience of operating in the Middle East over the last 40 years gives us a level of insight into the political environment, which combined with our focused strategy of carefully selecting both the countries and clients, enables us to mitigate political and commercial risks as much as possible.

Construction safety remains an elevated risk in the Middle East. As explained in the Corporate Sustainability review in the Group's Annual Report and Accounts, we are mitigating this wherever possible and have been instrumental in creating improved standards for the industry.

We track risks across all of our businesses. This process is explained in more detail in the principal risk and uncertainties section of the Group's Annual Report and Accounts.

OUTLOOK

We have a good order book which stands at 62.7% of next year's budgeted revenue (2013: 80.2%). In the next financial year we see good opportunities for growth in our key property, infrastructure and rail sectors in the well funded markets of Qatar, the UAE and the KSA.

Asia Pacific

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£100.5m**	£88.0m	+14.2%
Operating profit	**£8.0m**	£8.1m	-1.2%
Operating margin	**8.0%**	9.2%	-1.2pp
Work in hand	**49.3%**	49.6%	-0.3pp
Safety - Accident Incident Rate (AIR)[1]	**47**	0	+47
People			
Staff numbers at 31 March	**1,498**	1,295	+15.7%
Average staff numbers for the year	**1,357**	1,260	+7.7%
Staff turnover	**16.4%**	10.1%	+6.3pp

1. The accident incident rate (AIR) tracks the number of accidents per 100,000 staff.

PERFORMANCE

Our Asia Pacific region saw good growth this financial year in revenue, which was up by 14.2% and headcount up 15.7% closing at 1,498 (2013: 1,295). This is a consequence of both organic growth, as the business diversifies its technical and geographic base, and the acquisition, in October 2013, of the Confluence project management business with operations in Asia Pacific, the Middle East and India, for a debt-free cash consideration of £8.4m.

Our operating margin of 8.0% (2013: 9.2%) reflects both our continued investment in strategic growth and the integration and transaction costs associated with the Confluence acquisition incurred during the year.

BUSINESS MODEL

In Asia Pacific, we operate through a network of offices in Greater China, Malaysia, Vietnam, Singapore, India and Australia, providing our clients with a range of services throughout the entire cycle of urban development. The acquisition of Confluence has further strengthened our regional capability in project management. We also draw upon our Group wide capability to deliver the most suitable solution to our clients.

STRATEGY

We are working to expand our footprint in Asia Pacific to take advantage of the rapid urbanisation opportunities that are emerging. In Hong Kong we have developed a dedicated team to pursue the pipeline of large scale government infrastructure programmes. We continue to focus on broadening our client base, adding prestigious names such as the Airport Authority and West Kowloon Cultural District Authority alongside the Mass Transit Railway Corporation. We also continue to strengthen our relationships with internationally renowned contractors through our design and build projects.

In mainland China, we have adopted a multidisciplinary approach to engage the rise of rapid urbanisation and the increasing emphasis on quality. This has provided good opportunities for our planning, architecture and landscape business, while our expertise in economic studies, transport planning and eco-low carbon consultancy positions us well in the market. We are now introducing our engineering services to the market through strategic partnerships with leading local companies to leverage further growth in China. In addition, we see a number of major Chinese companies investing in large scale infrastructure projects internationally and our partnerships with them provide us with significant growth opportunities in other regions.

We continue to expand in South East Asia in Malaysia, Vietnam and Singapore as well as India, with a primary focus in urban planning, transport infrastructure and property. We are endeavouring to leverage the strengths and contacts of our existing Atkins and Faithful+Gould businesses with the recently acquired Confluence business in the markets we share.

BUSINESS DRIVERS
Our growth potential in the Asia Pacific region is underpinned by the speed and scale of urbanisation driving both government spending and, to a large extent, the rate of private sector investment.

Outside Asia Pacific, we see good business opportunities for the Group as major Chinese companies invest in large scale infrastructure development projects overseas.

OPERATIONS
In Hong Kong, we continue to diversify our key client portfolio and deliver high end engineering services to achieve steady growth.

We were recently appointed to undertake project management consultancy services for the West Kowloon Cultural District development in Hong Kong. Securing this major project demonstrates our commitment to growth and diversification in Hong Kong and the Asia Pacific region.

We have been commissioned by Dragages Hong Kong Limited (Dragages) as the design consultant for the Liantang/Heung Yuen Wai Boundary Control Point project and associated works. This is our largest design and build contract with Dragages in Hong Kong to date. The commission further enhances our relationship with Dragages and underpins our strategy of working with contractors.

We recently celebrated the breaking of ground for our design for the 'Pearl of the North', the 565 metre super tall building in Shenyang, which showcases our architecture capability for designing super tall iconic buildings in the region. We have also completed a plan for the Dongliang River restoration and landscape design, which creates a new ecological leisure destination in Chongqing, China and mitigates existing environmental risks such as flooding and poor water quality.

We successfully delivered a masterplan for a new town in Fuzhou, the capital of Fujian Province, which included a large scale industrial park for aviation related activity, a ten kilometre tunnel and expressway. As a consequence we signed a strategic framework cooperation agreement with AVIC Joy Air Holdings Limited to be involved in the planning of a number of major new developments across China.

Elsewhere we continue to expand our footprint in South East Asia. Recently we were commissioned by the Ministry of Rural and Regional Development in Malaysia, which is responsible for developing, encouraging, facilitating and fostering the economic and social development in the federation, to deliver the concept design for buildings and the masterplan for core and potential extension areas of the Asia Aerospace City Subang in Malaysia.

In India, we continue to pursue opportunities in the property, masterplanning and transportation sectors. We work closely with our team in Hong Kong to target selected clients and niche opportunities in the Indian property market and we have been successful in securing two commissions from Wave Group, one of the largest property developers in the Delhi region. In the transportation sector, we have won highway design work for two new townships on the Delhi Mumbai Industrial Corridor project.

Faithful+Gould's integration of the 166 Confluence staff in the region, out of a total of 237, is progressing well, We have had recent success in Singapore on several high profile projects. A key initiative is to build our profile in our core markets and to expand into new sectors, most notably the industrial and pharmaceutical sectors in India as well as the hotel sector in China.

The Confluence acquisition provides a more diverse service and sector portfolio from which to build the next stage of our growth. This is clearly evident in India, where we are involved with Asia's most complex residential project, the showpiece Atmosphere development in Kolkata. The Confluence business also brings with it some distinguished projects, notably the project management of the logistics surrounding the Singapore Formula One Grand Prix circuit.

PEOPLE
Our Asia Pacific region experienced good headcount growth in the last year, with an increase of 203, boosted by the Confluence acquisition, as we expand our regional footprint. Staff turnover has increased to 16.4%, reflecting market conditions. Our ability to attract and retain staff is a key area of focus for us this year.

Our growth targets in the region have necessitated a focus on recruitment activities. We have invested in this area by implementing the Group wide recruitment tool and a global careers website with specific regional content, to attract more applications and increase the efficiency of the process.

We are investing in and developing our human resources infrastructure to support our regional growth plans and have also invested in technology and personnel to ensure that we are able to support and sustain our next phase of growth.

SAFETY AND SUSTAINABILITY

The year on year increase in the AIR relates to a single office related incident.

For the sixth consecutive year, our Hong Kong operation has received Hong Kong's Council of Social Service's Caring Company Award for good corporate citizenship. We mobilised offices across our international operations in response to Typhoon Haiyan, to raise money and support charities coordinating relief efforts, such as RedR.

Our Singapore office has achieved Green Services accreditation from the Green Building Council for Environment and Design in recognition of its development of in-house capabilities and corporate green practices, along with the delivery of sustainable designs and services.

RISK

As we expand our footprint into new territories within the region there is an increased risk associated with operating in these countries. These risks have been identified as lack of commercial transparency and political instability and risks associated with operating within unfamiliar regulatory, tax and employment regimes. We mitigate these risks by undertaking research into both the market and specific clients, as well as using professional advisors to assist with legal and regulatory compliance.

OUTLOOK

Asia Pacific is well placed to deliver on its strategic growth plan and the acquisition of Confluence strengthens our service offering and geographic reach in the region. Work in hand is consistent with last year at 49.3% (2013: 49.6%) of next year's budgeted revenue and the potential in the region is underpinned by the speed and scale of urbanisation in the foreseeable future.

Energy

Key performance indicators	2014	2013	change
Financial metrics			
Revenue	**£169.6m**	£151.9m	+11.7%
Operating profit	**£15.1m**	£13.8m	+9.4%
Operating margin	**8.9%**	9.1%	-0.2pp
Work in hand	**31.8%**	33.4%	-1.6pp
Safety - Accident Incident Rate (AIR)[1]	**0**	0	n/a
People			
Staff numbers at 31 March	**1,461**	1,376	+6.2%
Average staff numbers for the year	**1,424**	1,307	+9.0%
Staff turnover	**11.7%**	14.3%	-2.6pp

1. The accident incident rate (AIR) tracks the number of accidents per 100,000 staff.

PERFORMANCE
We continue to deliver good organic growth in our Energy business where we are well positioned in the buoyant markets of oil and gas and nuclear. We have also seen a steady increase in our share of the conventional generation and renewables markets. We continue to strengthen our service offering through partnerships with companies offering complementary skills helping us to secure strategic opportunities both within and outside the UK. We will continue to invest in this business to grow organically and through targeted acquisitions.

Our Energy business continues to perform well in strong markets across all sectors. Revenue was up 11.7% year on year and staff numbers increased to 1,461, an increase of 6.2% over the year. Growth has been helped by successful partnering arrangements. The margin of 8.9% reflects ongoing investment in large, strategic bids.

BUSINESS MODEL
The Energy business operates worldwide in several home markets, competing against a wide range of service offerings from large multinational engineering consultancies to specialist niche players.

STRATEGY
We remain focused on nuclear, oil and gas, conventional power generation and renewables. In these industries we are applying our high end multidisciplinary engineering skills during both design and operational phases to assure the integrity and economic performance of our clients' facilities.

We continue to look at investment opportunities, selectively expanding our geographic footprint and service offering through organic growth, as well as extending and creating new partnering arrangements and targeting acquisitions.

BUSINESS DRIVERS
Our business is underpinned by the global growth in energy requirements as many countries struggle with increasing demand and an imperative to decarbonise to mitigate the effects of climate change.

High oil prices drive the demand to keep existing energy production and distribution facilities operating for longer, drawing on our safety and integrity services. At the same time, with the industry seeking to maximise more challenging oil reserves, such as marginal and deepwater fields, there is a continued increase in demand for our advanced engineering skills.

In nuclear we continue to see a similar focus on keeping existing facilities operating safely for longer. There is also continuing demand for technical support around nuclear decommissioning. In addition, we are seeing momentum gather on nuclear new build programmes around the world as many countries look to develop nuclear power as part of their long term strategy for energy security and decarbonisation. Our skills are in high demand across the entire nuclear lifecycle.

The imperative to decarbonise also increases demand for our skills in the renewables sector. We are helping operators and governments to increase capacity from new forms of low carbon generation such as offshore wind, biomass and Energy from Waste.

OPERATIONS

Nuclear

Our position in the UK nuclear new build market has strengthened following our appointment to a major new framework with Horizon Nuclear Power to provide engineering and related technical services for a new generation of nuclear power stations in the UK.

We remain busy on existing nuclear generation work through our role as an EDF Energy UK Strategic Supply Chain Partner. Our recent appointment to provide design, engineering, infrastructure and project management services to URENCO's €540 million capital expenditure programme further builds our relationship with this key player within the nuclear fuel supply chain.

Our position in the UK's nuclear decommissioning market has been cemented further since our recent appointment as the preferred bidder on a new contract with Sellafield Ltd for its £1.4bn Silos Direct encapsulation Plant (SDP) project, as part of an equal three-way joint venture with Areva and Mace (a.m.a.). The SDP will process nuclear waste recovered from one of the largest high hazard nuclear waste silos on the Sellafield site and is the only project of its kind in the world. This award is testament to the success of our strategic partnerships, which continue to deliver excellent opportunities for the Group.

We continue to develop an international nuclear portfolio providing a broad range of services to Emirates Nuclear Energy Corporation in the Middle East on the £20bn Barakah Nuclear Programme, through n.triple.a, our joint venture with French engineering consultancy Assystem and acting as architect engineer, as part of the Engage consortium, on the €15bn International Thermonuclear Experimental Reactor (ITER) programme in the South of France.

Establishing a nuclear footprint in the US has also been a priority as we await final approvals from the US Government for our acquisition of Nuclear Safety Associates Inc. (NSA), a 130 person engineering and technical services firm with a focus on nuclear safety, design engineering, and professional security services. NSA will both enhance the capability of the Group's energy business and provide it the opportunity to expand its well established project and client base in the US.

Oil and gas

Our oil and gas business continues to focus on securing long term framework agreements for both consultancy and design services for major oil and gas operators as we continue to expand our ability to provide services on a worldwide scale through our operational hubs and centres of technical excellence in the UK, Middle East, North America and Asia Pacific regions.

The most significant win in line with this strategy is our recent five-year global agreement with BP for the provision of engineering design, engineering consultancy and project management services to BP's upstream oil and gas production facilities and assets worldwide.

In the year we also secured a two-year framework with major integrated energy company ENI, supporting its portfolio of operating assets in Australia as well as non-operating assets and any future developments. This builds on contracts already established providing a wide range of consultancy services to Maersk, Chevron, Talisman, Apache, Nexen and Statoil in the North Sea and the Gulf of Mexico, as well as our global enterprise framework agreement with Shell.

Strengthening of our international oil and gas operations comes with the ENI award above as well as an additional AU $19m four year flow assurance contract for the INPEX-operated Ichthys Project, offshore of Western Australia. This builds on our portfolio of projects in the buoyant liquefied natural gas (LNG) market.

We have also expanded our technical adviser role on Singapore's LNG terminal supporting its Phase 3 Expansion Project under an engineering services agreement for our full range of capabilities.

Our Houston and Calgary operations continue to develop, underpinned by strong client relationships particularly with BP and Shell. The Middle East market continues to provide a strong pipeline of work, including the recent award of two contracts by Abu Dhabi Marine Operating Company worth over US $3m to support the safe life extension of existing critical infrastructure.

Power
In the UK our power business continues to maintain a significant portfolio in providing high end technical support to large scale power generation and transmission projects with clients such as National Grid, Drax, Eggborough and Energos.

This business has begun to access international markets with the award of a contract providing engineering design services to Tennessee Valley Authority's coal and gas plants as part of our teaming arrangement with Merrick & Co. The contract has been signed for an initial three years with an option to extend for an additional two years.

We have delivered technical advisory services on energy storage, geothermal energy and Carbon Capture and Storage (CCS) to the UK Government's Department of Energy and Climate Change, strengthening our position at the heart of emerging clean energy technologies. We continue to act as technical advisor to the CCS commercialisation programme.

Marine renewables
We have expanded our portfolio of work in the offshore renewables sector with the addition of engineering design contracts to support DONG Energy's extension of the Walney and Burbo Bank offshore wind farms (OWFs) and for the new Race Bank project. Additional contracts with RWE for the Galloper OWF and with Statoil for the Dudgeon OWF further increase our market share of design consultancy work in the offshore renewables sector.

PEOPLE
Underlying headcount increased by approximately 6%, underpinning good business performance. During the year we also saw significant investment of time and resource in support of large scale new business opportunities and have focused our recruitment activities to support this work and to achieve our financial targets. Staff turnover has fallen in line with our expectations and reached a three-year low of 11.7%.

Retention has been one of the key areas of focus for the Energy business this year. We have continued to focus on ensuring that our reward structure remains competitive and also invested in a number of development programmes to assist with staff development and retention.

We have extended the delivery of our People Manager Programme, which is aimed at improving the quality of the conversations managers have with their people and have also introduced a new Energising your Career programme. The programme is designed to help staff at our middle career levels understand their strengths and how to achieve development progression. We have also supported the Group wide implementation of My Career, our new performance and development programme.

SAFETY AND SUSTAINABILITY
Our nuclear business has achieved good safety performance working as part of the ACKtiv Nuclear joint venture with Carillion and Jacobs. ACKtiv Nuclear's Sellafield project recently exceeded two million man hours without a lost time accident, extending the joint venture's existing record to over three million man hours without a lost time accident. Our AIR was zero for the second year running.

We are using our safety expertise to support one of our key clients providing technical and safety engineering services to Shell's onshore and offshore assets worldwide.

Our people have used a variety of platforms to encourage students to consider a career in engineering, including visits by our graduates to school and university events.

Through our work in the renewable sector we are helping society to make the transition to a low carbon economy. We are working with DONG Energy Wind Power to extend one of its existing wind farms.

RISK
We assess risks across all of our businesses. This is explained in more detail in the principal risks and uncertainties section of the Annual Report and Accounts. The risks identified as being most pertinent to the Energy business are those associated with the safety and environmental and reputational consequences of an error in our work.

We have also identified that our plans for growth are potentially affected by the availability of skills. To mitigate this risk we continue to invest in our in-house training academy that now provides a range of externally recognised courses. This year we welcomed just under 500 people on these courses.

OUTLOOK

The outlook for our Energy business remains very good. We are well positioned in attractive markets and have work in hand broadly consistent with that of last year at 31.8% of budgeted revenue (2013: 33.4%), which will underpin further growth in the year ahead.

Financial Performance Review

PERFORMANCE SUMMARY

Our underlying profit before tax was £106.4m, an increase of 7.3% over last year's restated profit[1] of £99.2m, on revenue that increased by 2.6% to £1.75bn (2013: £1.71bn). We believe underlying profit is a more representative measure of performance, removing the items that may give a distorted view of performance. In the current year we have removed profits on disposals and costs associated with disposals of £10.5m (2013: £4.5m), amortisation of acquired intangible assets of £2.7m (2013: £10.0m), together with one-off pension gains in the 2013 comparative figures of £4.3m arising as we continue to actively manage our pension liabilities. The unadjusted reported profit before tax was £114.2m (2013 restated[1]: £98.0m).

Reported operating profit was £113.7m (2013 restated[1]: £104.0m), at a margin of 6.5% (2013: 6.1%). As we state above, we believe a more representative measure of operating profit adds back amortisation of acquired intangible assets of £2.7m (2013: £10.0m), together with one-off pension gains in the 2013 comparative figures of £4.3m. This shows a more representative underlying operating profit of £116.4m (2013 restated[1]: £109.7m) giving an improved underlying margin of 6.7% (2013: 6.4%).

The aforementioned profit on disposal of £10.5m is explained in more detail in note 6 and comprises the net profit on sale of our UK highway services operations and the disposal of the Peter Brown construction management at risk business in North America, which follow on from the sale of our UK asset management business and the disposal of our non-controlling interest in the RMPA (Colchester Garrison) private finance initiative in prior years.

Headcount closed the year at 17,489 (2013: 17,899), reflecting both the sale of non-core businesses totalling 1,122 and underlying headcount growth and the acquisition of Confluence.

NET FINANCE COST

Net finance cost was £13.6m (2013 restated[1]: £14.3m). The year on year reduction was primarily the result of an increase in finance income receivable on loan notes.

TAXATION

The Group's income tax expense for the year was £17.9m (2013 restated[1]: £13.7m), giving an effective tax rate of 15.7% (2013 restated[1]: 14.0%). The Group's underlying effective tax rate was 19.0% (2013 restated[1]: 17.1%). This rate is lower than the UK statutory rate of 23% due to continued benefits from research and development (R&D) tax credits, utilisation of tax losses not previously recognised and the impact of prior year adjustments.

The Group's tax position will continue to be driven by our regional profile of profits and the benefit of R&D tax credits.

EARNINGS PER SHARE (EPS)

Basic EPS from continuing operations was 98.4p (2013 restated[1]: 86.8p). Underlying diluted EPS on continuing operations was 85.7p (2013 restated[1]: 82.6p), an increase of 3.8%.

PENSIONS

IAS 19 (revised 2011) – valuation and accounting treatment

The Group determines pension scheme funding with reference to actuarial valuations. During the year the Group adopted and retrospectively applied IAS 19 (revised 2011). IAS 19 (revised 2011) and the related consequential amendments have had an impact on the reporting of the Group's defined benefit scheme by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. In addition, the standard requires that unvested past service costs and administration costs be recognised immediately in the income statement, which has also had a small impact on the Group's defined benefit liability. The effect of this resulted in the net defined benefit obligation at 31 March 2013 being restated as £295.6m (previously £298.8m). As at 31 March 2014 the Group's retirement benefit liability was £324.2m (2013 restated[1]: £282.0m).

The assumptions used in the IAS19 (revised 2011) valuation are detailed in note 12.

Funding
Cash contributions of £32.0m (2013: £21.0m) were made to the Atkins Pension Plan (the Plan) during the year. Under the latest agreed recovery plan the Group will contribute £32m to the plan for each of the two years ending 31 March 2015, with annual contributions then escalating by 2.5% each year until 31 March 2025.

There were no pension settlement or curtailment gains in 2014 but in the comparative period the Plan recognised a net settlement gain of £0.1m in respect of an enhanced transfer value (ETV) exercise for the year ended 31 March 2013. The Railways Pension Scheme recognised a curtailment gain during the 2013 financial year in respect of the two new benefit bases that came into effect for certain members from 1 January 2013. The curtailment gain arose for members moving from the existing uncapped salary category or RPI capped salary category to the new CPI capped category. The reduction in the past service liability for this curtailment was £4.3m and this was recognised as a curtailment gain in the year ended 31 March 2013.

Charges
The total charge to the income statement in respect of defined benefit schemes was £14.3m (2013 restated[1]: £10.5m), comprising service cost of £2.1m (2013 restated[1]: £2.1m), administrative expenses of £0.2m (2013 restated[1]: £0.2m), curtailment and settlement gains of £nil (2013: £4.4m) and a net interest expense of £12.0m (2013 restated[1]: £12.6m). The charge relating to defined contribution schemes increased to £37.9m (2013: £32.8m).

Changes to accounting standards
On 16 June 2011 the International Accounting Standards Board published a revised version of IAS 19 effective for reporting periods starting on or after 1 January 2013. The standard has been applied to the Group Financial Statements for the first time this year and has required the comparatives for the year ended 31 March 2013 to be restated, see note 16.

The most significant impact for the Group is the introduction of net interest on the net defined benefit liability, removing the expected return on assets and instead applying the discount rate to the plan assets as well as to the plan liabilities.

CASH
Net funds as at 31 March 2014 were £188.3m (2013: £143.0m), made up as follows:

	2014 £m	2013 £m
Cash and cash equivalents	**237.3**	201.5
Loan notes receivable	**20.3**	20.0
Financial assets at fair value through profit or loss	**31.5**	35.9
Borrowings due within one year	**(55.2)**	(59.8)
Borrowings after more than one year	**(45.5)**	(49.3)
Finance leases	**(0.1)**	(5.3)
Net funds	**188.3**	143.0

Cash generated from continuing operations was £95.5m (2013 restated[1]: £82.9m), representing 82.0% (2013 restated[1]: 75.6%) of underlying operating profit, and can be summarised as follows:

	2014 £m	Restated[1] 2013 £m
Profit before interest and tax	**127.8**	112.3
Add depreciation	**14.7**	14.6
Add amortisation and impairment	**7.5**	14.0
EBITDA	**150.0**	140.9
Outflow relating to pensions	**(32.0)**	(21.0)
Movement in working capital	**(9.6)**	(27.0)
Movement in long term payables	**(0.7)**	0.3
Movement in provisions	**(1.8)**	(4.7)
Other non cash items	**(10.4)**	(5.6)
Operating cash flow	**95.5**	82.9

The movement in non-cash items of £10.4m (2013: £5.6m) consists primarily of the profit on disposal of the highways services and Peter Brown businesses of £10.5m as well as curtailment and settlement gains in 2013 of £4.4m.

Net tax paid amounted to £10.9m (2013: £7.1m).

Net capital expenditure in the year, including the purchase of computer software licences, amounted to £16.9m (2013: £23.9m).

CAPITAL STRUCTURE

As at 31 March 2014, the Group had shareholders' funds of £130.2m (2013 restated: £146.3m) and the Company had shareholders' funds of £186.4m (2013: £167.7m).

The Company had 104.5m fully paid ordinary shares in issue at 31 March 2014 (2013: 104.5m). For further details, refer to note 13.

TREASURY POLICY AND OBJECTIVES

The Group's treasury function manages and monitors external funding and investment requirements and financial risks in support of the Group's corporate objectives. The Board reviews and agrees procedures, requirements and authority levels for treasury activities. The Board delegates responsibility of the detailed review of the policies to the Audit Committee.

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items, such as trade receivables and trade payables, which arise directly from its operations. The main purpose of these financial instruments is to finance the Group's activities. The Group also enters into derivative transactions, principally forward foreign currency contracts to manage foreign exchange risk on material commercial transactions undertaken in currencies other than the local functional currency.

The main risks arising from the Group's financial instruments are market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's exposures to and management of each of the main risks, together with sensitivities and risk concentrations, are described in more detail in note 2 to the Financial Statements.

The Group funds its ongoing activities through cash generated from its operations and, where necessary, external borrowings and finance leases. The Group's debt facilities are described in the Groups Financial Statements. Utilisation of the Group's facilities is a consequence of prior year acquisitions and ongoing organic growth. As at 31 March 2014 the Group had £141.5m of undrawn committed borrowing facilities available (2013: £113.3m).

There have been no significant changes to the Group's treasury procedures, requirements and authority levels during the year.

CRITICAL ACCOUNTING POLICIES

The Group's principal accounting policies are described in note 1 to the Financial Statements, available on our website. The Financial Statements for the year ended 31 March 2014 have been prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU.

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. Material estimates applied across the Group's businesses and joint ventures are reviewed to a common standard and adjusted where appropriate to ensure that consistent treatment of similar and related issues that require judgement is achieved upon consolidation. Any revisions to estimates are recognised prospectively.

The accounting policies and areas that require the most significant estimates and judgements to be used in the preparation of the Financial Statements are in relation to contract accounting, including recoverability of receivables, goodwill impairment and defined benefit pension schemes.

CONTRACT ACCOUNTING
The Group's contract accounting policy is central to how the Group values the work it has carried out in each financial year.

This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

GOODWILL IMPAIRMENT
As set out in note 10, goodwill is subject to impairment review both annually and when there are indications that the carrying value may not be recoverable. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Determining whether goodwill is impaired requires an estimation of the value in use of CGUs to which the goodwill has been allocated. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate to calculate the present value. The discount rates used are based on the Group's weighted average cost of capital adjusted to reflect the specific economic environment of the relevant CGU.

DEFINED BENEFIT PENSION SCHEMES
Accounting for pensions involves judgement about uncertain events in the future such as inflation, salary levels at retirement, longevity rates, rates of return on plan assets and discount rates. Assumptions in respect of pensions and post-employment benefits are set after consultation with independent qualified actuaries. Management believes the assumptions are appropriate. However, a change in the assumptions used would have an impact on the Group’s results and net assets. Any differences between the assumptions and the actual outcome will affect results in future years. An estimate of the sensitivity to changes in key assumptions is disclosed in note 12.

TAX
The Group is subject to tax in a number of jurisdictions and judgement is required in determining the Group wide provision for income taxes. The Group provides for potential liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management’s assessment of exposures.

Deferred tax is accounted for on temporary differences using the liability method, with deferred tax liabilities being provided for in full and deferred tax assets being recognised only to the extent that it is judged probable that future taxable profits will arise against which the temporary differences can be utilised.

[1]The results for the year to March 2013 have been restated to reflect changes to accounting standards with regards to the treatment of pension costs (IAS 19 revised 2011).

Prof Dr Uwe Krueger	**Heath Drewett**
Chief executive officer	**Group finance director**

12 June 2014

Consolidated Income Statement for the year ended 31 March 2014

	Note	**2014 £m**	Restated 2013 £m
Gross revenue (Group and share of joint ventures)		**1,815.2**	1,775.5
Revenue	2	**1,750.1**	1,705.2
Cost of sales		**(1,065.0)**	(1,088.6)
Gross profit		**685.1**	616.6
Administrative expenses		**(571.4)**	(512.6)
Operating profit	2	**113.7**	104.0
Comprising			
- Underlying operating profit		**116.4**	109.7
- Exceptional items		**-**	4.3
- Amortisation and impairment of acquired intangibles	11	**(2.7)**	(10.0)
		113.7	104.0
Net profit on disposal of businesses/non-controlling interests	6	**10.5**	4.5
Income from other investments		**1.2**	-
Share of post-tax profit from joint ventures	2, 3	**2.4**	3.8
Profit before interest and tax		**127.8**	112.3
Finance income	4	**4.2**	3.4
Finance costs	4	**(17.8)**	(17.7)
Net finance costs	4	**(13.6)**	(14.3)
Profit before tax		**114.2**	98.0
Comprising			
- Underlying profit before tax		**106.4**	99.2
- Exceptional items		**-**	4.3
- Amortisation and impairment of acquired intangibles	11	**(2.7)**	(10.0)
- Net profit on disposal of businesses/non-controlling interests	6	**10.5**	4.5
		114.2	98.0
Income tax expense	5	**(17.9)**	(13.7)
Profit for the year		**96.3**	84.3
Profit/(loss) attributable to:			
Owners of the parent		**96.0**	84.6
Non-controlling interests		**0.3**	(0.3)
		96.3	84.3
Earnings per share			
Basic earnings per share	9	**98.4p**	86.8p
Diluted earnings per share	9	**95.8p**	84.7p

Notes 1 to 16 below form part of the preliminary financial information.

Consolidated Statement of Comprehensive Income for the year ended 31 March 2014

	Note	**2014 £m**	Restated 2013 £m
Profit for the year		**96.3**	84.3
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Remeasurements of net post-employment benefit liabilities	12	**(63.5)**	(47.1)
Income tax on items that will not be reclassified	5, 12	**6.4**	8.7
		(57.1)	(38.4)
Items that may be reclassified subsequently to profit or loss			
Changes in value of available-for-sale financial assets		**-**	(1.6)
Cash flow hedges		**(2.3)**	1.0
Net differences on exchange		**(21.6)**	9.4
Total items that may be reclassified subsequently to profit or loss		**(23.9)**	8.8
Other comprehensive expense for the year, net of tax	5	**(81.0)**	(29.6)
Total comprehensive income for the year		**15.3**	54.7
Attributable to:			
Owners of the parent		**15.0**	55.0
Non-controlling interests		**0.3**	(0.3)
Total comprehensive income for the year		**15.3**	54.7

The income tax relating to each component of other comprehensive income is disclosed in note 5c.

Notes 1 to 16 below form part of the preliminary financial information.

Consolidated Balance Sheet as at 31 March 2014

	Note	2014 £m	Restated 2013 £m
Assets			
Non-current assets			
Goodwill	10	**204.0**	211.4
Other intangible assets	11	**35.4**	39.6
Property, plant and equipment		**46.7**	50.7
Investments in joint ventures	3b	**4.2**	7.1
Deferred income tax assets		**82.7**	91.5
Derivative financial instruments		**-**	0.3
Other receivables		**19.9**	20.0
		392.9	420.6
Current assets			
Inventories		**-**	0.2
Trade and other receivables		**418.1**	449.2
Financial assets at fair value through profit or loss		**31.5**	35.9
Cash and cash equivalents		**237.3**	201.5
Derivative financial instruments		**0.4**	0.5
		687.3	687.3
Assets of disposal group classified as held for sale		**-**	5.8
		687.3	693.1
Liabilities			
Current liabilities			
Borrowings		**(55.3)**	(59.8)
Trade and other payables		**(453.1)**	(486.7)
Derivative financial instruments		**(2.7)**	(1.4)
Current income tax liabilities		**(31.6)**	(40.5)
Provisions for other liabilities and charges		**(0.8)**	(1.5)
		(543.5)	(589.9)
Liabilities of disposal group classified as held for sale		**-**	(5.2)
		(543.5)	(595.1)
Net current assets		**143.8**	98.0
Non-current liabilities			
Borrowings		**(45.5)**	(49.4)
Provisions for other liabilities and charges		**(3.3)**	(4.4)
Post-employment benefit liabilities	12	**(339.0)**	(295.6)
Derivative financial instruments		**(1.7)**	(1.3)
Deferred income tax liabilities		**(15.5)**	(20.1)
Other non-current liabilities		**(1.5)**	(1.5)
		(406.5)	(372.3)
Net assets		**130.2**	146.3
Capital and reserves			
Ordinary shares	13	**0.5**	0.5
Share premium account		**62.4**	62.4
Merger reserve		**8.9**	8.9
Retained earnings		**58.2**	74.7
Equity attributable to owners of the parent		**130.0**	146.5
Non-controlling interests		**0.2**	(0.2)
Total equity		**130.2**	146.3

Notes 1 to 16 below form part of the preliminary financial information.

Consolidated Cash Flow Statement for the year ended 31 March 2014

	Note	**2014 £m**	2013 £m
Cash flows from operating activities			
Cash generated from operations	14	**95.5**	82.9
Interest received		**3.6**	2.6
Interest paid		**(5.6)**	(3.2)
Income tax paid		**(10.9)**	(7.1)
Net cash generated from operating activities		**82.6**	75.2
Cash flows from investing activities			
Acquisitions of subsidiaries			
- consideration	7	**(9.5)**	-
- cash acquired	7	**2.8**	-
Loans to joint ventures and other related parties		**(0.4)**	(1.8)
Distributions received from joint venture		**5.6**	-
Purchases of property, plant and equipment		**(13.5)**	(18.3)
Proceeds from disposals of property, plant and equipment		**0.9**	0.5
Proceeds from disposals of businesses/non-controlling interests	6	**16.0**	15.1
Payments associated with disposal of businesses	6	**(2.6)**	(2.1)
Dividends received from other investments		**1.2**	-
Purchases of financial assets		**-**	(0.2)
Proceeds from disposal of financial assets		**4.2**	7.5
Purchases of intangible assets		**(4.3)**	(6.1)
Net cash generated from/(used in) investing activities		**0.4**	(5.4)
Cash flows from financing activities			
Proceeds of new debt		**-**	47.5
Repayment of bank loans		**-**	(47.5)
Redemption of loan notes receivable		**0.5**	-
Finance lease principal payments		**(0.6)**	(1.8)
Purchase of own shares by employee benefit trusts		**(8.4)**	(7.0)
Equity dividends paid to shareholders	8	**(31.7)**	(30.0)
Net cash used in financing activities		**(40.2)**	(38.8)
Net increase in cash and cash equivalents		**42.8**	31.0
Cash and cash equivalents at beginning of year		**201.5**	167.0
Exchange movements		**(7.0)**	3.5
Cash and cash equivalents at end of year	15	**237.3**	201.5

Notes 1 to 16 below form part of the preliminary financial information.

Consolidated Statement of Changes in Equity as at 31 March 2014

	Attributable to owners of the parent					
	Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained earnings £m	Non-controlling interests £m	Total Equity £m
Balance at 1 April 2012 (as previously reported)	0.5	62.4	8.9	47.5	0.1	119.4
Effect of change in accounting policy	-	-	-	2.1	-	2.1
Balance at 1 April 2012 (restated)	0.5	62.4	8.9	49.6	0.1	121.5
Profit/(loss) for the year	-	-	-	84.6	(0.3)	84.3
Remeasurements of net post-employment benefit liabilities	-	-	-	(47.1)	-	(47.1)
Income tax on items that will not be reclassified	-	-	-	8.7	-	8.7
Change in value of available-for-sale assets	-	-	-	(1.6)	-	(1.6)
Cash flow hedges	-	-	-	1.0	-	1.0
Net differences on exchange	-	-	-	9.4	-	9.4
Other comprehensive expense for the year	-	-	-	(29.6)	-	(29.6)
Total comprehensive income/(expense) for the year	-	-	-	55.0	(0.3)	54.7
Dividends to owners of the parent	-	-	-	(30.0)	-	(30.0)
Share-based payments	-	-	-	6.5	-	6.5
Tax credit relating to share-based payments	-	-	-	0.6	-	0.6
Employee benefit trusts	-	-	-	(7.0)	-	(7.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	(29.9)	-	(29.9)
Balance at 31 March 2013 (restated)	0.5	62.4	8.9	74.7	(0.2)	146.3
Profit for the year	**-**	**-**	**-**	**96.0**	**0.3**	**96.3**
Remeasurements of net post-employment benefit liabilities	**-**	**-**	**-**	**(63.5)**	**-**	**(63.5)**
Income tax on items that will not be reclassified	**-**	**-**	**-**	**6.4**	**-**	**6.4**
Cash flow hedges	**-**	**-**	**-**	**(2.3)**	**-**	**(2.3)**
Net differences on exchange	**-**	**-**	**-**	**(21.6)**	**-**	**(21.6)**
Other comprehensive expense for the year	**-**	**-**	**-**	**(81.0)**	**-**	**(81.0)**
Total comprehensive income for the year	**-**	**-**	**-**	**15.0**	**0.3**	**15.3**
Dividends to owners of the parent	**-**	**-**	**-**	**(31.7)**	**-**	**(31.7)**
Share-based payments	**-**	**-**	**-**	**6.7**	**-**	**6.7**
Tax credit relating to share-based payments	**-**	**-**	**-**	**1.9**	**-**	**1.9**
Employee benefit trusts	**-**	**-**	**-**	**(8.4)**	**-**	**(8.4)**
Total contributions by and distributions to owners of the parent, recognised directly in equity	**-**	**-**	**-**	**(31.5)**	**-**	**(31.5)**
Acquisition of non-controlling interest	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Balance at 31 March 2014	**0.5**	**62.4**	**8.9**	**58.2**	**0.2**	**130.2**

The merger reserve relates to the issue of shares in respect of previous acquisitions.

Notes 1 to 16 below form part of the preliminary financial information.

Notes to the preliminary financial information for the year ended 31 March 2014

1. Basis of preparation and accounting policies

The financial information attached has been extracted from the audited Consolidated Financial Statements of WS Atkins plc for the year ended 31 March 2014 and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations issued and effective at the time of preparing those Financial Statements, and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information for the years ended 31 March 2014 and 31 March 2013 does not constitute a summary financial statement or statutory accounts as described and/or defined in Sections 428 and 434 respectively of the Companies Act 2006 for those years. The Annual Report and Financial Statements for the year ended 31 March 2014 were approved by the Board of directors on 11 June 2014, together with this announcement, but have not yet been delivered to the Registrar of Companies (the Registrar). The auditor's report on the Financial Statements for both years was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006. The Financial Statements for the year ended 31 March 2013 have been delivered to the Registrar.

The principal accounting policies adopted under IFRS and applied in the preparation of the Financial Statements will be available on the Group's website, www.atkinsglobal.com.

IAS 19, Employee benefits, was revised in June 2011. The changes on the Group's accounting policies has been as follows: to replace the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability; to recognise immediately in the income statement unvested past service cost and administration costs; this also had a small impact on the Group's defined benefit liability. For the comparative year ended 31 March 2013, the restated profit after tax is £4.1m lower and other comprehensive expense is £4.5m lower than previously reported. The effect of this resulted in the net defined benefit obligation at 1 April 2012 being restated as £262.5m (previously £265.3m); and 31 March 2013 as £295.6m (previously £298.8m), see note 12. Comparative information has been restated for the effect of the retrospective application of the amendment to IAS 19 as disclosed in note 16.

Following a change in its operational management, the Group has amended its operating segments for reporting purposes to reflect the UK and Europe as one segment. Refer note 2 for further details.

2. Segmental information

The chief operating decision-maker has been identified as the chief executive officer and the Group finance director. The chief executive officer and the Group finance director review the Group's internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Following a change in its operational management, the Group has amended its operating segments for reporting purposes to reflect the UK and Europe as one segment; previously Europe had been managed and reported with Asia Pacific. The revised segments are: UK and Europe, North America, Middle East, Asia Pacific and Energy. The segmental results and assets for the comparative year ended 31 March 2013 have been represented in line with these revised segments.

The chief executive officer and the Group finance director assess the performance of the operating segments based on operating profit before interest and tax. Information provided to the chief executive officer and the Group finance director is measured in a manner consistent with that in the Financial Statements.

a) Group business segments

Revenue and results

2014	**External revenue £m**	**Inter segment trade £m**	**Revenue £m**	**Operating profit £m**	**Operating margin %**	**Share of post-tax profit/(loss) from joint ventures £m**
UK and Europe	**976.5**	**21.8**	**998.3**	**62.6**	**6.3**	**0.2**
North America	**379.0**	**1.9**	**380.9**	**19.1**	**5.0**	**0.1**
Middle East	**177.9**	**(9.5)**	**168.4**	**14.4**	**8.6**	**-**
Asia Pacific	**100.8**	**(0.3)**	**100.5**	**8.0**	**8.0**	**(0.5)**
Energy	**183.5**	**(13.9)**	**169.6**	**15.1**	**8.9**	**-**
Total for segments	**1,817.7**	**-**	**1,817.7**	**119.2**	**6.6**	**(0.2)**
Group items:						
Joint ventures reported above	**(64.6)**	**-**	**(64.6)**	**0.2**		**-**
Unallocated central items	**(3.0)**	**-**	**(3.0)**	**(5.7)**		**2.6**
Total for Group	**1,750.1**	**-**	**1,750.1**	**113.7**	**6.5**	**2.4**

Restated 2013	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit from joint ventures £m
UK and Europe	960.9	16.2	977.1	62.2	6.4	0.9
North America	388.7	1.0	389.7	15.3	3.9	0.5
Middle East	168.3	(6.1)	162.2	11.8	7.3	-
Asia Pacific	88.1	(0.1)	88.0	8.1	9.2	-
Energy	162.9	(11.0)	151.9	13.8	9.1	0.1
Total for segments	1,768.9	-	1,768.9	111.2	6.3	1.5
Group items:						
Joint ventures reported above	(63.7)	-	(63.7)	(1.5)		-
Unallocated central items	-	-	-	(5.7)		2.3
Total for Group	1,705.2	-	1,705.2	104.0	6.1	3.8

Unallocated central items comprise a £3.0m provision relating to the previously disposed of Asset Management business and £2.7m of intangible asset amortisation relating to the acquisitions of The PBSJ Corporation (PBSJ) and Confluence Project Management Pte. Ltd. (Confluence), see note 11 (2013: £4.3m relating to a pension curtailment gain and £10.0m of intangible asset amortisation and impairment relating to the acquisition of PBSJ).

Total segment revenue of £1,817.7m (2013: £1,768.9m) excludes the share of joint venture revenue from Diego Garcia of £0.5m (2013: £6.6m), which is treated as a centrally managed joint venture. Total segment revenue also excludes the £3.0m provision relating to the previously disposed of Asset Management business, refer above (2013: £nil).

Reconciliation of segmental analysis to profit for the year attributable to owners of the parent and non-controlling interests:

	2014 £m	Restated 2013 £m
Operating profit	**113.7**	104.0
Net profit on disposal of businesses/non-controlling interests	**10.5**	4.5
Income from other investments	**1.2**	-
Share of post-tax profit from joint ventures	**2.4**	3.8
Profit before interest and tax	**127.8**	112.3
Finance income	**4.2**	3.4
Finance costs	**(17.8)**	(17.7)
Net finance costs	**(13.6)**	(14.3)
Profit before tax	**114.2**	98.0
Income tax expense	**(17.9)**	(13.7)
Profit for the year	**96.3**	84.3
Profit/(loss) attributable to:		
Owners of the parent	**96.0**	84.6
Non-controlling interests	**0.3**	(0.3)
	96.3	84.3

As detailed in note 1, during the year the Group adopted and retrospectively applied IAS 19 (revised 2011). As a result, operating profit, finance costs and income tax expense in the Consolidated Income Statement for the year ended 31 March 2013 have been restated accordingly. Consequently, the results of the UK and Europe operating segment have also been restated for that year. See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

Balance sheet

2014	**Total segment assets £m**	**Total segment liabilities £m**	**Net assets/ (liabilities) £m**	**Investments in joint ventures £m**	**Capital expenditure £m**	**Depreciation, amortisation, Impairment £m**
UK and Europe	**544.1**	**(280.8)**	**263.3**	**4.2**	**12.1**	**11.4**
North America	**287.7**	**(71.4)**	**216.3**	**0.6**	**3.4**	**4.7**
Middle East	**102.1**	**(51.2)**	**50.9**	**-**	**0.7**	**1.3**
Asia Pacific	**59.0**	**(43.1)**	**15.9**	**-**	**6.6**	**1.5**
Energy	**74.4**	**(28.1)**	**46.3**	**(0.6)**	**0.7**	**0.6**
Total for segments	**1,067.3**	**(474.6)**	**592.7**	**4.2**	**23.5**	**19.5**
Group items:						
Unallocated central items	**12.9**	**(475.4)**	**(462.5)**	**-**	**-**	**2.7**
Total for Group	**1,080.2**	**(950.0)**	**130.2**	**4.2**	**23.5**	**22.2**

Restated 2013	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation, amortisation, Impairment £m
UK and Europe	556.0	(315.7)	240.3	3.8	15.1	10.0
North America	313.1	(91.5)	221.6	0.7	2.5	5.1
Middle East	105.1	(57.7)	47.4	-	2.9	1.1
Asia Pacific	49.4	(44.7)	4.7	-	3.6	1.9
Energy	73.4	(30.3)	43.1	(0.1)	0.5	0.5
Total for segments	1,097.0	(539.9)	557.1	4.4	24.6	18.6
Group items:						
Unallocated central items	16.7	(427.5)	(410.8)	2.7	-	10.0
Total for Group	1,113.7	(967.4)	146.3	7.1	24.6	28.6

Assets and liabilities are allocated based on the operations of the segments and the physical location or territory of the asset or liability.

Group cash balances; derivative financial instruments; financial assets at fair value through profit or loss; centrally managed joint ventures; and corporate assets are not considered to be segment assets as they are managed centrally. Consequently they are shown within unallocated central items.

Similarly, post-employment benefit liabilities; bank loans and private placement debt; derivative financial instruments; central tax provisions; and corporate liabilities are not considered to be segment liabilities as they are managed centrally. Consequently they are shown within unallocated central items.

Capital expenditure includes additions to goodwill, other intangible assets and property, plant and equipment.

b) Group geographical segments

External revenue is measured by location of operation. There was no material difference between geographic revenue by location of operation and by location of customer.

The Group considers the United Kingdom (UK) to be its country of domicile. Outside the UK, only the Group's business in the United States (US) contributes more than 10% of the Group's revenue or non-current assets.

	Revenue		**Non-current assets**	
	2014	2013	**2014**	2013
	£m	£m	**£m**	£m
UK	**949.4**	918.8	**96.3**	86.0
US	**388.9**	399.2	**175.2**	196.1
Other	**411.8**	387.2	**38.7**	46.7
Total for Group	**1,750.1**	1,705.2	**310.2**	328.8

Non-current assets exclude deferred tax assets and derivative financial instruments.

c) Major customers

Revenue from the UK Government represents approximately £181.1m (2012: £206.5m) of the Group's total revenue and is included within the UK and Europe and Energy operating segments.

3. Joint ventures

a) Share of post-tax profit from joint ventures

	2014	2013
	£m	£m
Revenue	**65.1**	70.3
Operating expenditure	**(62.5)**	(66.1)
Operating profit	**2.6**	4.2
Finance income	**-**	-
Finance costs	**-**	-
Profit before tax	**2.6**	4.2
Income tax expense	**(0.2)**	(0.4)
Share of post-tax profit from joint ventures	**2.4**	3.8

b) Investments in joint ventures

	2014 £m	2013 £m
Non-current assets		
Other non-current assets	**0.1**	-
	0.1	-
Current assets		
Cash and cash equivalents	**9.5**	12.8
Other current assets	**28.7**	31.9
	38.2	44.7
Current liabilities		
Borrowings	**(0.9)**	-
Trade and other payables	**(33.0)**	(36.4)
	(33.9)	(36.4)
Non-current liabilities		
Other non-current liabilities	**(0.2)**	(1.2)
	(0.2)	(1.2)
Share of net assets	**4.2**	7.1
Investments in joint ventures	**4.2**	7.1

The Group's principal joint ventures are detailed in the Consolidated Financial Statements, which will be available on the Group's website, www.atkinsglobal.com.

4. Net finance costs

	2014 £m	Restated 2013 £m
Interest payable on borrowings	**3.4**	3.2
Interest payable on finance lease liabilities	**-**	0.3
Unwinding of discount	**0.1**	0.1
Net finance costs on net post-employment benefit liabilities (note 12)	**12.6**	13.3
Other finance costs	**1.7**	0.8
Finance costs	**17.8**	17.7
Interest receivable on short term deposits	**(1.0)**	(1.1)
Interest income on financial assets at fair value through profit or loss	**(0.1)**	(0.7)
Income on available-for-sale financial assets	**-**	(0.3)
Interest receivable on loan notes	**(3.1)**	(1.3)
Finance income	**(4.2)**	(3.4)
Net finance costs	**13.6**	14.3

During the year the Group adopted and retrospectively applied IAS 19 (revised 2011), which increased net finance costs. Net finance costs on net post-employment benefit liabilities for the year ended 31 March 2013 have been restated accordingly from £8.1m to £13.3m; total net finance costs have been restated from £9.1m to £14.3m. See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

In the prior year, finance income of £1.4m arising on loan notes receivable from Lambert Smith Hampton Acquisition Limited (LSH) had been provided against in full within interest receivable on loan notes. Full details of loan notes receivable are detailed in the Consolidated Financial Statements, which will be available on the Group's website, www.atkinsglobal.com.

5. Income tax expense

a) Analysis of charge in the year

	2014 £m	Restated 2013 £m
Current income tax		
- current tax on profits for the year	**7.1**	15.0
- adjustment in respect of prior years	**(2.0)**	(3.6)
Deferred income tax		
- origination and reversal of temporary differences	**9.7**	0.9
- effect of changes in tax rates	**3.1**	1.4
Income tax on profit per income statement	**17.9**	13.7
Adjust for:		
- taxation on net profit on disposal of businesses/non-controlling interests	**1.5**	0.4
- taxation on exceptional items	**-**	(1.0)
- tax on amortisation and impairment of acquired intangibles	**0.8**	3.9
Underlying income tax expense	**20.2**	17.0
Profit before tax per income statement	**114.2**	98.0
Adjust for:		
- net profit on disposal of businesses/non-controlling interests	**(10.5)**	(4.5)
- amortisation and impairment of acquired intangibles	**2.7**	10.0
- exceptional items	**-**	(4.3)
Underlying profit before income tax	**106.4**	99.2
Effective income tax rate	**15.7%**	14.0%
Underlying effective income tax rate	**19.0%**	17.1%

The restatement of the effective income tax rate and the underlying effective income tax rate for the year ended 31 March 2013 is due to the adoption and retrospective application by the Group of IAS 19 (revised 2011). See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

b) Factors affecting income tax rate

The income tax rate for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014 %	Restated 2013 %
UK statutory income tax rate	**23.0**	24.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	**0.3**	0.2
Adjustment in respect of overseas tax rates	**2.5**	(0.2)
Effect of share-based payments	**0.1**	0.4
Tax on joint ventures	**(0.9)**	(1.4)
Research and development tax credits	**(6.0)**	(5.9)
Losses not previously recognised for tax	**(5.5)**	(3.7)
Effect of change in tax rates	**2.7**	1.4
Other	**(0.5)**	(0.8)
Effective income tax rate	**15.7**	14.0

The underlying income tax rate for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014 %	Restated 2013 %
UK statutory income tax rate	**23.0**	24.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	**1.0**	1.7
Adjustment in respect of overseas tax rates	**3.4**	1.3
Effect of share-based payments	**0.1**	0.4
Tax on joint ventures	**(1.0)**	(1.4)
Research and development tax credits	**(6.4)**	(5.9)
Losses not previously recognised for tax	**(3.3)**	(3.7)
Effect of change in tax rates	**2.9**	1.4
Other	**(0.7)**	(0.7)
Underlying effective income tax rate	**19.0**	17.1

As noted in (a) above, the restatement of the effective income tax rate and the underlying effective income tax rate for the year ended 31 March 2013 is due to the adoption and retrospective application by the Group of IAS 19 (revised 2011). See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

c) Income tax on components of other comprehensive income

2014	**Post-employment benefit liability £m**	**Cash flow hedges £m**	**Total £m**
At 1 April	**49.5**	**0.2**	**49.7**
Deferred income tax	**6.4**	**-**	**6.4**
Current income tax	**-**	**0.7**	**0.7**
At 31 March	**55.9**	**0.9**	**56.8**

2013	Post-employment benefit liability £m	Cash flow hedges £m	Total £m
At 1 April	40.8	0.5	41.3
Deferred income tax (restated)	8.7	-	8.7
Current income tax	-	(0.3)	(0.3)
At 31 March	49.5	0.2	49.7

Income tax on the post-employment benefit liability for the year ended 31 March 2013 has been restated due to the adoption and retrospective application by the Group of IAS 19 (revised 2011). See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

6. Net profit on disposal of businesses/non-controlling interests

	2014 £m	2013 £m
Profit/(loss) on disposal of business		
UK highways services	**13.0**	-
UK highways services transaction costs released/(incurred)	**0.6**	(3.8)
Transfer of ongoing operations of Peter R. Brown Construction, Inc.	**(3.1)**	-
Sodexo Property Solutions Limited (formerly Atkins Facilities Management Limited)	**-**	0.5
Profit on disposal of non-controlling interests		
RMPA Holdings Limited	**-**	7.6
UK Specialist Hospitals Limited	**-**	0.2
Net profit on disposal	**10.5**	4.5

Net profit on disposal of businesses

UK highways services

On 27 February 2013 contracts were exchanged to dispose of the Group's UK highways services business, which formed part of the UK Highways and Transportation business, to Skanska Construction UK Limited (Skanska), a wholly owned subsidiary of Skanska AB. The business was sold for a cash consideration of £16.0m (subject to certain completion adjustments), together with a deferred conditional amount of £2.0m.

The profit on disposal before tax recognised at 31 March 2014 is shown below.

2014	**£m**
Net consideration received or receivable at date of disposal	
Initial cash consideration	**16.0**
Fair value of deferred consideration	**-**
Disposal consideration paid	**16.0**
Assets and liabilities at date of disposal	
Property, plant and equipment	**5.1**
Share of joint venture net assets	**0.2**
Inventories	**1.0**
Borrowings	**(4.7)**
Net assets	**1.6**
Profit on disposal before costs	**14.4**
Disposal costs incurred	**(1.4)**
Profit on disposal	**13.0**

At 31 March 2013, disposal costs of £3.8m were provided for, comprising transaction costs of £2.4m and restructuring costs of £1.4m. Following the conclusion of this transaction in 2014, £0.6m of the restructuring costs were not required and were subsequently released.

The disposal of the Group's UK highways services business is not reported as a discontinued operation at 31 March 2014 as it did not represent a major line of business.

Transfer of ongoing operations of Peter R. Brown Construction, Inc.

On 30 August 2013 the transfer of the ongoing operations of Peter R. Brown Construction, Inc. (Peter Brown) to Moss & Associates, LLC (Moss) was completed. The business was transferred for a cash consideration payable to Moss of $4.0m (£2.6m). The loss on disposal before tax was $4.8m (£3.1m) and is shown below.

The disposal of Peter Brown is not reported as a discontinued operation at 31 March 2014 as it did not represent a major line of business.

The Peter Brown business has been reported in the North America operating segment (note 2).

2014	$m	£m
Net consideration paid or payable at date of disposal		
Initial cash consideration	(4.0)	**(2.6)**
Disposal consideration paid	(4.0)	**(2.6)**
Assets and liabilities at date of disposal		
Trade and other receivables	0.3	**0.2**
Net assets	0.3	**0.2**
Loss on disposal before costs	(4.3)	**(2.8)**
Disposal costs incurred	(0.5)	**(0.3)**
Loss on disposal	(4.8)	**(3.1)**

Sodexo Property Solutions Limited (formerly Atkins Facilities Management Limited)

On 30 November 2011, the sale of Atkins Facilities Management Limited (AFML) to Sodexo Limited, a wholly owned subsidiary of Sodexo S.A. was completed. The business was sold for a cash consideration of £5.2m, together with a deferred conditional amount of £0.5m. During the year ended 31 March 2013, deferred conditional consideration of £0.5m was received.

Profit on disposal of non-controlling interests

RMPA Holdings Limited
In the prior year, on 4 May 2012, the sale of the Group's non-controlling interest (14% holding) in RMPA Holdings Limited to a subsidiary undertaking of HICL Infrastructure Company Limited was completed. HICL Infrastructure Company Limited is the ultimate parent company of an existing shareholder. The interest was sold for a net consideration of £14.4m. The profit on disposal before tax was £7.6m and the profit on disposal after tax was £7.7m.

The disposal of the non-controlling interest was not treated as a discontinued operation at 31 March 2013 as it did not represent a major line of business.

UK Specialist Hospitals Limited
In the prior year, on 20 February 2013, the sale of the Group's investment in UK Specialist Hospitals Limited to Care UK Clinical Services Limited was completed. The investment was sold for a cash consideration of £0.2m. The profit on disposal was £0.2m.

7. Business combinations

Confluence Project Management Pte. Ltd
On 4 October 2013 the Group acquired the entire share capital of Confluence Project Management Pte. Ltd. (Confluence), a Singapore-based project management business, for a debt-free cash consideration of Singapore $17.0m (approximately £8.4m). Confluence is an international consultancy employing around 200 people, offering services in the areas of project and construction management, and has operations in Asia Pacific, the Middle East and India.

Confluence's teams in Singapore, Hong Kong, Abu Dhabi and India have integrated with the Group's existing operations in Asia Pacific and the Middle East. The acquisition complements the Group's Faithful+Gould project and cost management consultancy business and, in particular, augments its presence in the commercial, retail and hospitality sectors.

At 31 March 2014 the fair value of acquired assets, liabilities and goodwill for this business combination have been determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Under IFRS 3, *Business combinations*, adjustments to these provisional values can be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date. The finalised position will be reflected in the Group's financial statements for the year ending 31 March 2015.

The goodwill of £5.7m arising from the acquisition was allocated to the Asia Pacific segment. None of the goodwill is expected to be deductible for income tax purposes.

The goodwill of £5.7m is attributable to the extensive complementary skills which enable the Group's combined operations to provide an enhanced offering to clients in Asia Pacific and the Middle East, which will augment its presence in the commercial, retail and hospitality sectors in particular.

The following table summarises the consideration paid for Confluence and the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 4 October 2013	**SGDm**	**£m**
Cash	17.0	**8.4**
Additional payment for assets	2.1	**1.1**
Total consideration	19.1	**9.5**

Fair value amounts recognised as of the acquisition date for each major class of assets and liabilities assumed are as follows:

2014	**SGDm**	**£m**
Intangible assets	3.0	**1.5**
Property, plant and equipment	0.2	**0.1**
Non-current other receivables	0.5	**0.2**
Trade and other receivables	8.0	**4.0**
Cash	5.7	**2.8**
Trade and other payables	(8.6)	**(4.2)**
Other post-employment benefit liabilities	(0.9)	**(0.4)**
Deferred tax liabilities	(0.4)	**(0.2)**
Total identifiable net assets	7.5	**3.8**
Goodwill	11.6	**5.7**
Total consideration	19.1	**9.5**

Acquisition-related costs of £0.6m have been charged to administrative expenses in the Consolidated Income Statement for the year ended 31 March 2014.

There were no contingent liabilities as at the date of acquisition.

The revenue included in the Consolidated Statement of Comprehensive Income since 4 October 2013 contributed by Confluence was £8.7m. Confluence also contributed profit before tax of £0.8m over the same period.

Had Confluence been consolidated from 1 April 2013, the Consolidated Income Statement would show revenue of £1,759.1m and profit before tax of £115.1m.

8. Dividends

	2014 pence	2013 pence	**2014 £m**	2013 £m
Final dividend paid for the year ended 31 March 2013 (2012)	**22.00**	20.75	**21.4**	20.3
Interim dividend paid for the year ended 31 March 2014 (2013)	**10.50**	10.00	**10.3**	9.7
Dividends recognised in the year	**32.50**	30.75	**31.7**	30.0
Interim dividend paid for the year ended 31 March 2014 (2013)	**10.50**	10.00	**10.3**	9.7
Final dividend proposed for the year ended 31 March 2014 (2013)	**23.25**	22.00	**22.7**	21.4
Dividends relating to the year	**33.75**	32.00	**33.0**	31.1

The proposed final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these Financial Statements.

As at 31 March 2014, one EBT had an agreement in place to waive dividends in excess of 0.01 pence per share on 213,461 ordinary shares (2013: 213,461). A separate EBT also had an agreement in place as at 31 March 2014 to waive future dividends in their entirety on 2,311,202 ordinary shares (2013: 2,618,276). These arrangements reduced the dividends paid in year by £0.8m (2013: £0.8m).

As at 31 March 2014, 4,341,000 ordinary shares (2013: 4,341,000) were held by the Group as treasury shares on which no dividends are paid. These shares reduced the dividends paid in year by £1.4m (2013: £1.3m).

9. Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year, excluding shares held by the EBTs which have not unconditionally vested in the employees and shares held in treasury.

Diluted EPS is the basic EPS after allowing for the dilutive effect of the conversion into ordinary shares of the number of options outstanding during the year. The options relate to discretionary employee share plans.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	2014 No. (000)	2013 No. (000)
Number of shares		
Weighted average number of shares used in basic and underlying basic EPS	**97,547**	97,425
Effect of dilutive securities – share options	**2,704**	2,412
Weighted average number of shares used in diluted and underlying diluted EPS	**100,251**	99,837

	2014 £m	Restated 2013 £m
Earnings		
Profit for the year attributable to owners of the parent	**96.0**	84.6
Profit on disposal of businesses/non-controlling interests (net of tax) (note 5)	**(12.0)**	(4.9)
Exceptional pension curtailment gain (net of tax)	**-**	(3.3)
Amortisation and impairment of acquired intangibles (net of tax)	**1.9**	6.1
Underlying earnings	**85.9**	82.5

	pence	pence
Basic earnings per share	**98.4**	86.8
Diluted earnings per share	**95.8**	84.7
Underlying basic earnings per share	**88.1**	84.7
Underlying diluted earnings per share	**85.7**	82.6

As detailed in note 1, during the year the Group adopted and retrospectively applied IAS 19 (revised 2011). The profit for the year attributable to owners of the parent and, consequently, underlying earnings for the year ended 31 March 2013 have been restated accordingly. See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

10. Goodwill

	2014 £m	2013 £m
Cost at 1 April	**220.2**	213.4
Additions (note 7)	**5.7**	-
Difference on exchange	**(13.8)**	6.8
Cost at 31 March	**212.1**	220.2
Aggregate impairment at 1 April	**8.8**	8.4
Difference on exchange	**(0.7)**	0.4
Aggregate impairment at 31 March	**8.1**	8.8
Net book value at 31 March	**204.0**	211.4

Impairment test for goodwill

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets*, at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to the Group's CGU, or group of CGUs, that management has identified in order to carry out impairment tests.

Following a change in its operational management, the Group has amended its operating segments for reporting purposes to reflect the UK and Europe as one segment; previously Europe had been managed and reported with Asia Pacific. The segmental summary of goodwill for the comparative year ended 31 March 2013 has therefore been represented in line with the revised segments. The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	2014 £m	Restated 2013 £m
UK and Europe	**45.1**	45.5
North America	**131.0**	141.8
Asia Pacific	**5.5**	-
Energy	**22.4**	24.1
Total	**204.0**	211.4

The impairment test involves comparing the carrying value of the CGU or group of CGUs to which goodwill has been allocated to their recoverable amount. The recoverable amount is based on the higher of fair value less costs to sell and value in use. An impairment loss is recognised immediately when the carrying value of those assets exceeds their recoverable amount.

Recoverable amount

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of a CGU or group of CGUs in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from the CGU or group of CGUs.

Fair value is assessed from an external perspective and value in use from a Group-internal perspective. Both are determined using a business valuation model, taking into account planned future cash flows. If available, third-party valuations are taken as a basis for determining fair value.

Value in use calculations

Methodology
The internal value in use calculations use cash flow projections based on the following financial year's budget approved by the Board, which is based on past performance and management's expectations of market developments. The key assumptions in the budget relate to revenue and profit margins. Budgeted revenue is based on management's knowledge of actual results from prior years, along with the existing committed and contracted workload, as well as management's future expectations of the level of work available within the market. Profit margins are based on current margins being achieved in conjunction with economic conditions in the market or country of operation.

The cash flow projections from that budget are extrapolated for the next four years using an estimated growth rate and projected margin. Growth rates of between 1.7% and 5.4% are based on the economic environment for the country in which the CGU operates. As required by IAS 36, cash flows beyond the five year period are extrapolated based on the long term average growth rate for the primary country in which the CGU operates of between 1.8% and 5.3%. These growth rates are derived from the International Monetary Fund's World Economic Outlook published Gross Domestic Product (GDP) growth rates. Projected margins reflect the historical and budgeted performance of the CGU. The projections do not include the impact of future restructuring projects to which the Group is not yet committed.

The cash flows have been discounted using the CGUs specific pre-tax discount rates of between 6.7% to 17.9%. The discount rates have been calculated based on the Group's weighted average cost of capital using the capital asset pricing model to determine the cost of equity and risks specific to the CGU. The discount rates are revised annually using updated market information.

Assumptions
The growth rate and discount rate assumptions used for the internal value in use calculations are as follows:

	2014	2013
Five year growth rate	**1.7%- 5.4%**	1.5%- 3.3%
Post five year growth rate	**1.8%- 5.3%**	1.7%- 3.3%
Pre-tax discount rate	**6.7%-17.9%**	7.7%-15.2%

Sensitivities
Goodwill of £131.0m (2013: £141.8m) allocated to the North America operating segment includes £124.1m of goodwill arising on the acquisition of PBSJ. This goodwill has been allocated to the North America group of CGUs and is considered significant in comparison with the Group's total carrying amount of goodwill. The recoverable amount of this group of CGUs has been determined using an internal value in use calculation. The growth rate and discount rate assumptions used for this calculation are as follows:

	2014	2013
Five year growth rate	**2.7%**	3.3%
Post five year growth rate	**2.2%**	3.3%
Pre-tax discount rate	**13.5%**	12.4%

Given the materiality of goodwill allocated to the North America group of CGUs, together with the relative headroom derived by the calculations, sensitivity analysis has been performed on the key assumptions used in the value in use calculations. The two assumptions to which these calculations are most sensitive are the projected profit margin and the discount rate. Specific sensitivity analysis with regard to these assumptions shows that, with respect to the profit margin, it would need to fall by 180 basis points before any impairment would be triggered, and similarly the pre-tax discount rate would need to increase from 13.5% to 16.6%.

For the other CGUs, management has considered the level of headroom resulting from the impairment tests. Where appropriate, further sensitivity analysis has been performed by changing the base case assumptions applicable to each CGU. The analysis has indicated that no reasonably possible changes in any individual key assumption would cause the carrying amount of the business to exceed its recoverable amount.

As at 31 March 2014 and 2013, based on these valuations, the recoverable value of goodwill required no impairment.

11. Other intangible assets

Net book value	**Acquired customer relationships £m**	**Corporate information systems £m**	**Trade names and trademarks £m**	**Software licences £m**	**Total £m**
At 31 March 2014	**25.7**	**-**	**-**	**9.7**	**35.4**
At 31 March 2013	29.2	-	-	10.4	39.6

Included within acquired customer relationships are costs of £4.9m (2013: £5.4m) in respect of backlog orders, arising from the acquisition of PBSJ on 1 October 2010. At 31 March 2014, the net book value of these backlog orders is £nil (2013: £0.1m). The remaining amortisation life of the other assets included within acquired customer relationships is 15.5 years.

In the prior year, the carrying amounts of acquired customer relationships and trade names and trademarks relating to Peter Brown, a wholly owned subsidiary of the Group, were reduced to recoverable amounts of £nil following an impairment review. Impairment charges of £2.6m and £4.8m were recognised respectively, as well as £2.6m amortisation on acquired intangibles, as shown above. These impairment charges were included in administrative expenses in the Consolidated Income Statement. The recoverable amounts of Peter Brown's intangible assets were based on their value in use. The post-tax discount rate used in the value in use calculation was 9.3%. Peter Brown has been reported within the Group's North America operating segment, note 2. The ongoing operations of this business were disposed of on 30 August 2013. Further details regarding this disposal are given in note 6.

The amortisation charge for the year of £7.5m (2013: £6.6m) is included in administrative expenses in the Consolidated Income Statement.

12. Post-employment benefit liabilities

The Group's post-employment benefit liabilities are analysed below:

	2014 £m	Restated 2013 £m
Net retirement benefit liabilities	**324.2**	282.0
Other post-employment benefit liabilities	**14.8**	13.6
	339.0	295.6

As detailed in note 1, during the year the Group adopted and retrospectively applied IAS 19 (revised 2011). IAS 19 (revised 2011) and the related consequential amendments have impacted the accounting for the Group's defined benefit scheme by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. In addition, the standard requires that unvested past service cost and administration costs be recognised immediately in the income statement, which has also had a small impact on the Group's defined benefit liability. The effect of this resulted in the net defined benefit obligation at 1 April 2012 being restated as £262.5m (previously £265.3m); and 31 March 2013 as £295.6m (previously £298.8m). Comparative information has been restated for the effect of the retrospective application of the amendment to IAS 19 as disclosed in note 16.

a) Net retirement benefit liabilities

The Group, through trustees, operates a number of defined benefit and defined contribution pension schemes.

Defined contribution schemes are those where the Group's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

The two main defined benefit schemes are the Atkins Pension Plan (the Plan) and the Railways Pension Scheme, both of which are funded final salary schemes. The assets of both schemes are held in separate trustee-administered funds. Other pension schemes include the Atkins McCarthy Pension Plan in the Republic of Ireland, which is a final salary funded defined benefit scheme, and a range of defined contribution schemes or equivalent.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefits.

The Plan is closed to the future accrual of benefit; all defined benefit members of the Plan were transferred to a defined contribution section for future service where it was clear they did not benefit from a statutory or contractual right to a final salary pension.

In 2012 Atkins Limited, an indirect wholly-owned subsidiary of the Company, undertook an enhanced transfer value (ETV) exercise for deferred members of the Plan. The exercise gave rise to a settlement gain under IAS 19 in respect of those members who transferred out their benefits. The Plan recognised a net settlement gain of £0.1m in respect of the ETV exercise for the year ended 31 March 2013. This is to allow for the difference between the expected impact of the exercise already included in the 31 March 2012 disclosures and the actual impact of the exercise. The settlement gain of £0.1m is based on the transfer out of the Plan of a further £1.3m of assets and corresponding liabilities of £1.4m in respect of those members.

The Railways Pension Scheme invests in a range of pooled investment funds intended to generate a combination of capital growth and income and as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the Railways Pension Scheme's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in a single pooled "growth" fund. This fund is invested in a wide range of asset classes and the fund manager RPMI has the discretion to vary the asset

allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the Railways Pension Scheme are principally fixed and index-linked bonds.

The Railways Pension Scheme recognised a curtailment gain in the year ended 31 March 2013 in respect of the two new benefit bases that came into effect for certain members from 1 January 2013. The curtailment gain arose for members moving from the existing uncapped salary category or retail price index (RPI) capped salary category to the new consumer price index (CPI) capped category. The reduction in the past service liability for this curtailment was £4.3m and this was recognised as a curtailment gain in the year ended 31 March 2013.

The Atkins McCarthy Pension Plan was closed to future accrual of benefits for members who do not benefit from a statutory or contractual right to a final salary pension on 31 March 2009. These members transferred to the Personal Retirement Savings Accounts - Ireland (PRSA - Irish Life) scheme with effect from 1 April 2009.

The defined benefit sections of all pension schemes are closed to new entrants, who are offered membership of the defined contribution section.

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the Atkins Pension Plan and the Railways Pension Scheme are listed in the table below:

	2014	2013
Price inflation		
RPI	**3.50%**	3.40%
CPI	**2.50%**	2.40%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	**3.20%**	3.10%
Limited Price Indexation (CPI-based)	**2.50%**	2.40%
Limited Price Indexation to 2.5%	**2.50%**	2.50%
Fixed	**5.00%**	5.00%
Rate of increase in salaries		
Atkins Pension Plan	**5.00%**	4.90%
Railways Pension Scheme (uncapped)	**5.75%**	5.65%
Railways Pension Scheme (RPI capped)	**3.50%**	3.40%
Railways Pension Scheme (CPI capped)	**2.50%**	2.40%
Rate of increase for deferred pensioners		
Atkins Pension Plan	**3.50%**	3.40%
Railways Pension Scheme	**2.50%**	2.40%
Discount rate	**4.50%**	4.60%
Longevity at age 65 for current pensioners		
Men	**24.1 years**	24.0 years
Women	**26.3 years**	25.9 years
Longevity at age 65 for future pensioners (current age 45)		
Men	**26.3 years**	26.2 years
Women	**28.6 years**	28.2 years

The actuarial tables used to calculate the retirement benefit liabilities for the Plan were the Self-Administered Pension Schemes (SAPS) tables, with medium cohort improvements from 2002 to 2009 and a scaling factor of 0.85/0.90 for males/females respectively. Future improvements are based on CMI improvements with a 1.5% per annum improvement trend, based on year of use application. The Railways Pension Scheme results have been adjusted on an approximate basis to be based on the same mortality tables.

The components of the pension cost are as follows:

	2014 £m	Restated 2013 £m
Cost of sales		
Current service cost	**2.1**	2.1
Administrative expenses	**0.2**	0.2
Curtailment gain	**-**	(4.3)
Settlement gain (net)	**-**	(0.1)
Total charge	**2.3**	(2.1)
Net interest expense	**12.0**	12.6
Total charge to income statement for defined benefit schemes	**14.3**	10.5
Charge for defined contribution schemes	**37.9**	32.8
Total charge to income statement	**52.2**	43.3
Statement of comprehensive income		
(Loss)/gain on pension scheme assets	**(20.1)**	106.4
Changes in assumptions	**(43.4)**	(153.5)
Remeasurements loss recognised in other comprehensive expense	**(63.5)**	(47.1)
Deferred tax credited to equity	**6.4**	8.7
Remeasurements loss (net of deferred tax)	**(57.1)**	(38.4)

	2014 £m	Restated 2013 £m
Defined benefit obligation	**(1,560.5)**	(1,491.2)
Fair value of plan assets	**1,236.3**	1,209.2
Net retirement benefit liabilities	**(324.2)**	(282.0)

Movements in the net retirement benefit liabilities are as follows:

	2014 £m	Restated 2013 £m
At beginning of year	**(282.0)**	(248.3)
Service cost	**(2.1)**	(2.1)
Administrative expenses	**(0.2)**	(0.2)
Net finance costs	**(12.0)**	(12.6)
Curtailment gain	**-**	4.3
Settlement gain	**-**	0.1
Contributions	**35.5**	23.9
Remeasurements loss recognised in other comprehensive expense	**(63.5)**	(47.1)
Difference on exchange	**0.1**	-
At end of year	**(324.2)**	(282.0)

The Group completed its last triennial valuation as at 31 March 2013 and is therefore due to complete its next triennial valuation as at 31 March 2016. The Group considers that the contribution rates set at the recent valuation date are sufficient to eliminate the deficit over the agreed period.

The Group has agreed that it will proceed with a new repayment plan that ends in March 2025, with one-off payments of £32m for each of the two years ending 31 March 2015, which escalate thereafter at 2.5% per annum.

The Group expects employer contributions to be paid during the financial year to 31 March 2015 to be around £34.9m, of which £32m is in relation to the funding of the actuarial deficit, and employee contributions paid to be around £1.5m. Expected benefit payments made directly by the Group to pensioners in the financial year to 31 March 2015 are £nil.

The approximate effect on the liabilities from changes in the main assumptions used to value the liabilities are as follows:

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	**Railways Pension Scheme**
Discount rate	increase/decrease 0.5%	decrease/increase 10.0%	decrease/increase 8.0%
Inflation	increase/decrease 0.5%	increase/decrease 5.0%	increase/decrease 8.0%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 1.0%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Consolidated Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The effect of the change in inflation on liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

The weighted average duration of the defined benefit obligation is 20 years for the Atkins Pension Plan, 16 years for the Railways Pension Scheme and between 25 and 30 years for the McCarthy Pension Plan.

b) Other post-employment benefit liabilities

The Group operates unfunded schemes within certain of its non-UK businesses, including gratuity schemes, Key Employee Supplemental Option Plans (KESOP) and post-retirement medical benefit schemes.

Members of the gratuity schemes are entitled to receive a cash gratuity on leaving the business which is dependent on their length of employment and final salary. Valuation of the gratuity obligation is carried out in line with the principles of IAS 19, *Employee benefits*.

The Group operates a KESOP providing some key officers and employees in its North American business (the business) with post-retirement benefits, known as the Supplemental Income Program (SIP). The SIP is an unfunded plan that provides participants with retirement income for a specified period of between 5 and 15 years upon retirement, death or disability. The plan fixes a minimum level for retirement benefits to be paid to participants based on the participant's position in the business, their age and length of service at retirement. Additionally, certain executive agreements have been amended to provide post-retirement medical benefits to those employees and their spouses, at a level substantially similar to those medical and hospitalisation benefits paid and provided to senior executives currently employed by the business. The insurance benefits will be provided without any further or additional services from the employee to the business and they will be paid for and provided for as long as the employee and their spouse shall live.

	2014 £m	2013 £m
Other post-employment obligations at beginning of year	**13.6**	14.2
Acquisition of subsidiary undertakings (note 7)	**0.4**	-
Current service cost and other comprehensive income	**3.8**	2.0
Past service cost and other comprehensive income	**1.5**	-
Interest cost	**0.6**	0.7
Net measurement loss recognised in the year	**0.1**	0.2
Benefit payments	**(3.8)**	(4.2)
Difference on exchange	**(1.4)**	0.7
Other post-employment obligation at end of year	**14.8**	13.6

13. Ordinary shares

	2014 £m	2013 £m
Issued, allotted and fully paid ordinary shares of 0.5p each		
At 1 April	**0.5**	0.5
At 31 March	**0.5**	0.5

At the 2013 Annual General Meeting (AGM), shareholder authority was obtained for the Company to purchase up to a maximum of 10,011,000 of its own ordinary shares (representing approximately 10% of the issued share capital of the Company on 12 June 2013) for a period ending on the earlier of the next AGM or 31 October 2014, provided that certain conditions (relating to the purchase price) are met. The notice of meeting for the AGM to be held at 11:00 on Wednesday 30 July 2014 proposes that shareholders approve a resolution updating and renewing this authority. Shares in the Company may also be purchased by Atkins' EBTs.

As at the date of this report there were 4,341,000 ordinary shares of 0.5 pence each (nominal value £21,705) held as treasury shares. No shares were purchased during the year ended 31 March 2014 (2013: nil). The 4,341,000 treasury shares, which represent approximately 4.2% of the total (2013: 4.2%) of the called up share capital as at the date of this report, have not been cancelled and represent a deduction from shareholders' equity.

14. Cash generated from continuing operations

	2014 £m	Restated 2013 £m
Profit for the year	**96.3**	84.3
Adjustments for:		
Income tax	**17.9**	13.7
Finance income	**(4.2)**	(3.4)
Finance costs	**17.8**	17.7
Income from other investments	**(1.2)**	-
Share of post-tax profit from joint ventures	**(2.4)**	(3.8)
Other non-cash (income)/costs	**(3.5)**	4.5
Depreciation charges	**14.7**	14.6
Net profit on disposal of businesses/non-controlling entities	**(10.5)**	(4.5)
Amortisation and impairment of intangible assets	**7.5**	14.0
Release of deferred income	**-**	(3.1)
Share-based payment charge	**6.7**	6.5
Pensions settlement and curtailment gain	**-**	(4.4)
Loss on disposal of property, plant and equipment	**0.4**	-
Loss on disposal of intangible assets	**0.1**	-
Gain on disposal of available-for-sale financial assets	**-**	(0.8)
Movement in provisions	**(1.8)**	(4.7)
Movement in inventories	**0.2**	0.1
Movement in trade and other receivables	**20.1**	4.4
Movement in payables	**(29.9)**	(31.5)
Movement in non-current payables	**(0.7)**	0.3
Pension deficit funding	**(32.0)**	(21.0)
Cash generated from continuing operations	**95.5**	82.9

As detailed in note 1, during the year the Group adopted and retrospectively applied IAS 19 (revised 2011). The Consolidated Income Statement for the year ended 31 March 2013 and, consequently, the analysis of cash generated from continuing operations show above has been restated accordingly. See note 16 for further details regarding the impact of the adoption of IAS 19 (revised 2011) on the Group.

15. Analysis of net funds

	1 April 2013 £m	Cash flow £m	Other non-cash changes £m	Exchange movement £m	**31 March 2014 £m**
Cash and cash equivalents	201.5	42.8	-	(7.0)	**237.3**
Loan notes receivable	20.0	(0.1)	0.4	-	**20.3**
Financial assets at fair value through profit or loss	35.9	(4.2)	(0.2)	-	**31.5**
Borrowings due not later than one year	(59.8)	-	-	4.6	**(55.2)**
Borrowings due later than one year	(49.3)	-	-	3.8	**(45.5)**
Finance leases	(5.3)	0.6	4.6	-	**(0.1)**
Net funds	143.0	39.1	4.8	1.4	**188.3**

Included within loan notes receivable is £0.4m relating to amounts receivable within less than 12 months from a joint venture entity.

16. Prior period amounts

During the year the Group adopted IAS 19 (revised 2011) which increased net finance costs in the Consolidated Income Statement with a corresponding restatement of the actuarial movements in the Consolidated Statement of Comprehensive Income. In addition, unvested past service cost and administration costs have been recognised immediately in the Consolidated Income Statement, which has also had a small impact on the Group's defined benefit liabilities. The Consolidated Income Statement, Consolidated Statements of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statements of Changes in Equity and notes for the year ended 31 March 2013 have been restated accordingly.

The effects on the Consolidated Income Statement and Consolidated Statement of Comprehensive Income are as follows:

	As previously reported Year to 31 March 2013 £m	Effect of IAS 19 revised Year to 31 March 2013 £m	**As restated Year to 31 March 2013 £m**
Consolidated Income Statement			
Operating profit	104.1	(0.1)	**104.0**
Profit before interest and tax	112.4	(0.1)	**112.3**
Net finance costs	(9.1)	(5.2)	**(14.3)**
Profit before tax	103.3	(5.3)	**98.0**
Income tax expense	(14.9)	1.2	**(13.7)**
Profit for the year	88.4	(4.1)	**84.3**
Earnings per share			
Basic earnings per share	91.0p	(4.2)p	**86.8p**
Diluted earnings per share	88.8p	(4.1)p	**84.7p**
Statement of Comprehensive Income			
Profit for the year	88.4	(4.1)	**84.3**
Items that will not be reclassified to profit or loss			
Remeasurements of net post-employment benefit liabilities	(52.8)	5.7	**(47.1)**
Income tax on items that will not be reclassified to profit or loss	9.9	(1.2)	**8.7**
Total items that will not be reclassified to profit or loss	(42.9)	4.5	**(38.4)**
Total items that may be reclassified subsequently to profit or loss	8.8	-	**8.8**
Other comprehensive expense for the year, net of tax	(34.1)	4.5	**(29.6)**
Total comprehensive income for the year	54.3	0.4	**54.7**

General Information

WS Atkins plc is a public limited company incorporated and domiciled in England with company number 1885586. The Company is listed on the London Stock Exchange.

Copies of this preliminary financial information are available from the registered office: Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England and may be viewed on the Atkins website www.atkinsglobal.com.