

**FAITHFUL+GOULD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**COMPANY REGISTRATION NUMBER 02236832**



**FAITHFUL+GOULD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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## FAITHFUL+GOULD LIMITED

### STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

#### Business review and future developments

##### *Nature of the business*

Faithful+Gould Limited (the Company) operates in the transport, property and industrial sectors and is one of the world's largest project and cost consultants. The Company has a diverse external client portfolio and supplies services to third party customers and other members of the group of companies headed by SNC-Lavalin Group Inc (the Group).

In the UK, the Company has entered into an arrangement to transfer the collection of its debt, and responsibility for paying its creditors, to Atkins Limited and its trade receivable and trade payable balances have been transferred to Atkins Limited in exchange for an intercompany balance. The Company bears the risk of non-payment of its debt by the external party. Atkins Limited is an indirect wholly owned subsidiary of SNC-Lavalin Group Inc. All of the Company's overseas branches are responsible for the collection of their own debt and payment of their own creditors. The Company's employees include surveyors, cost and project managers, planners and management consultants.

##### *Objectives of the business and future developments*

The Company's primary objective is to deliver shareholder value through profitable growth with a focus on efficient operations and excellence in service delivery to clients.

During the period, the Company was a component of the group of companies headed by WS Atkins Limited. Following the acquisition of the entire issued and to be issued share capital of WS Atkins Limited by SNC-Lavalin (GB) Holdings Limited, an indirect subsidiary of SNC-Lavalin Group Inc. on 3 July 2017, the Company became a member of the group of companies headed by SNC-Lavalin Group Inc.

Following the acquisition, the Company's accounting reference date has been changed from 31 March to 31 December in order to align with other companies in the SNC-Lavalin Group. Therefore, the results are not entirely comparable.

The results of the Company for the nine month period were slightly weaker than for the previous 12 months when adjusted for the difference in length. Revenue from the branches in the Middle East was lower due to a gap between project completions and new starts. In the UK revenue was lower than the prior twelve months due in large part to the completion of a framework in the legacy nuclear sector. Operating profit was lower in the nine months than a period of comparable length in the prior year, due in large part to the reduction in revenue described above.

Overall we remain confident for the year ahead.

Further details of the objectives and future developments for the Group are disclosed in the SNC-Lavalin Group Inc. consolidated financial statements for the year ended 31 December 2017.

##### *Principal risks and uncertainties*

The Directors consider the principal risks and uncertainties for the Company relate to its significant contracts as they are material to the performance and future prospects of the Company. In performing contracts the Company bears the risk of overspending on delivery of performance obligations, the credit risks associated with debtors and the risks arising from defective work. To mitigate these risks, there are controls in place to identify and effectively manage the risk of non-recovery of debt. In respect of work product, the Company follows a service delivery process to manage the quality of its output and the Company is appropriately insured in respect of its professional obligations.

SNC-Lavalin Group Inc. has measures in place to identify, monitor and, to a certain extent, mitigate such risks and uncertainties across the Group (further details are disclosed in the SNC-Lavalin Group Inc. financial statements for the year ended 31 December 2017).

The Directors continue to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risk to the business.

##### *Results and dividends*

During the period the Company transitioned from EU-adopted IFRS to FRS101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. There were no material recognition or measurement differences arising on the adoption of FRS 101.

##### *Revenue*

In the period ended 31 December 2017, the Company's revenue was £128,840k (31 March 2017: £174,341k).

# FAITHFUL+GOULD LIMITED

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

### Operating profit

Reported operating profit for the period was £10,766k (31 March 2017: £17,713k).

### Profit after tax

The profit after tax for the period of £9,312k (31 March 2017: £17,142k) is shown in the Statement of Comprehensive Income on page 10.

### Cash

Net funds as at 31 December 2017 were £3,369k (31 March 2017: £4,231k).

In the UK, funds are held by either the Company or Alkins Limited. The Company's branches hold their own bank accounts and the funds of the Malta branch are held in the UK.

### Dividends

The directors do not recommend the payment of a dividend in respect of the period ended 31 December 2017 (31 March 2017: £54,026k).

### Key performance indicators

The Group uses a range of performance measures to monitor and manage the business. Those that are particularly important in monitoring our progress in generating shareholder value are considered key performance indicators (KPIs).

Our KPIs measure past performance and also provide information and context to anticipate future events and, in conjunction with our detailed knowledge and experience of the sectors in which we operate, allow us to act early and manage the business going forward. We track safety, volume, staff turnover, staff engagement, profitability, efficiency, secured workload and capacity.

Revenue, operating profit and margin provide indications as to the volume and quality of work we have undertaken. They measure both profitability and the efficiency with which we have turned operating profits into cash.

	9 Months to December 2017	12 Months to March 2017	change in period
Financial metrics			
Revenue	£126,840k	£174,341k	-27.2%
Operating profit	£10,766k	£17,713k	-39.2%
Operating margin	8.5%	10.2%	-1.6 pp

On a comparable period of time basis, revenue had decreased by 3.0%, which has also affected operating profit and operating margin, as explained in the 'Objectives of the business and future developments' section above.

Approved by the board of directors and signed on its behalf by:



S G Cole  
Director

27 September 2018

## FAITHFUL+GOULD LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present their annual report on the affairs of Faithful+Gould Limited (the Company), together with the Financial Statements and the Independent auditor's report, for the period ended 31 December 2017.

As permitted by legislation, the following information and disclosures that are required under company law are included in the Strategic Report and are incorporated into this report by reference:

- review of the performance and future developments of the Company;
- principal risks and uncertainties;
- the amount (if any) that the directors recommend by way of a dividend; and
- branches operated by the Company outside of the United Kingdom.

The Company is domiciled in England and Wales and is a private limited company.

The Company operates in the Middle East through its branches in the United Arab Emirates and Oman. The Company also operates in Europe through branches in Greece, Malta, France and Switzerland. The Company has subsidiaries in the Kingdom of Saudi Arabia and Mexico.

#### Financial Risk Management

##### *Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Group uses hedging to manage certain risk exposures.

Throughout the period, SNC-Lavalin Group Inc. treasury function managed and monitored external funding and investment requirements and financial risks in support of the Group's corporate objectives. Details of the policies and procedures of the Group are set out in the SNC-Lavalin Group Inc. consolidated financial statements for the year ended 31 December 2017.

##### *a) Market Risk*

Financial instruments affected by market risk include intercompany loan balances and cash balances.

##### *i) Foreign exchange risk*

The Company operates in a number of international territories. Each of the Company's businesses undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from a small proportion of commercial transactions undertaken in currencies other than the local functional currency and from financial assets and liabilities denominated in currencies other than the local functional currency.

The Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, the Group manages its foreign exchange risk from future commercial transactions using appropriate derivative contracts arranged via Group Treasury. Cash flows are reviewed on a monthly basis throughout the duration of projects and the future cover amended as appropriate.

Trade receivables and payables denominated in currencies other than the local functional currency arise from commercial transactions and are therefore largely hedged as part of the process described above; this process is administered by Atkins Limited, a fellow undertaking in the Group. Remaining financial assets and liabilities denominated in currencies other than the local functional currency include bank accounts and intercompany funding balances and are generally unhedged.

## FAITHFUL+GOULD LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### Financial Risk Management (continued)

##### *ii) Interest rate risk*

The Company's exposure to interest rate risk arises from interest bearing intercompany loan balances and cash and cash equivalents. The majority of these items are at floating rates of interest; changes in the interest rate results in changes in interest-related cash flows. No interest rate hedging is currently undertaken by the Company as the risk is eliminated at a Group level.

##### *iii) Price risk*

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Company. This risk is not material for the Company.

##### *b) Credit Risk*

Credit risk is the risk that the Company will suffer financial loss as a result of counterparties defaulting on their contractual obligations.

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables and committed transactions, with the maximum exposure to the risk equivalent to 100% of the carrying value disclosed in the Company's balance sheet at 31 December. The Company does not hold any collateral as security. The Company's policy is that cash should not be concentrated with any one counterparty.

For trade and other receivables, concentration of credit risk is very limited due to the Company's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention remains focussed on the recovery of debtors. There is no recent history of default.

##### *c) Liquidity risk*

The Company funds its activities through cash generated from its operations and intercompany balances. Cash flow forecasting is performed in the operating entities of the Company and aggregated by a central finance department. Group Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs and to meet the Company's commitments as they fall due.

#### Treasury policies and objectives

Throughout the period, WS Atkins Limited's treasury function managed and monitored the funding requirements and financial risks in support of the Group's corporate objectives (further details are disclosed in the SNC-Lavalin Group Inc. Financial Statements for the period ended 31 December 2017).

#### Critical accounting policies

The Company's principal accounting policies are described in note 1 to these Financial Statements. The Financial Statements for the period ended 31 December 2017 have been prepared in accordance with FRS 101 and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the Financial Statements are in relation to contract accounting, including recoverability of receivables, and goodwill impairment. The accounting policies where assumptions and estimates are significant to the preparation of the Financial Statements are denoted by 'CA'. There are no accounting policies which have involved applying critical judgement.

## FAITHFUL+GOULD LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### Directors

The directors who served during the period and up to the date of signing these Financial Statements are included in the table below.

Name	Appointed	Resigned
Anderson, MS	01 September 2017	-
Brooks, A	27 May 2003	-
Cole, SG	14 November 2017	-
Clemson, NW	27 May 2003	-
Constable, AS	15 November 1999	-
Cullens, AJ	01 July 2014	-
Drewett, HS	19 June 2009	15 December 2017
Gould, JA	01 February 2012	31 March 2018
Gray, NK	27 May 2003	-
Green, AC	08 January 2001	-
Lawson, DA	17 November 1994	31 October 2017
Sealy, JM	27 May 2003	-
Sowerby, MA	31 March 2003	27 October 2017
Webster, R	14 November 2016	31 August 2017
Wood, J	27 May 2003	-

#### Indemnification of and insurance cover for directors and officers

Directors and officers of the Company benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, directors of the Company are indemnified in accordance with Article 80 of the Company's articles of association to the maximum extent permitted by law, such indemnities being qualified third party indemnities. Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

#### People

##### Engagement

Our people give us our competitive edge. We trust them to go above and beyond for the Group and our clients. Their individual talent and our collective expertise help us to exceed client expectations and meet our strategic objectives.

We review our human resources metrics regularly and, as part of this process, we consider a range of measures such as headcount, succession planning, retention rates and employee engagement. We also review progress against both our Group and sector people strategies, ensuring we are able to forecast the future skills and resourcing needs to support our growth plans.

Every year we ask our people to participate in our Viewpoint employee engagement survey. This survey comprises a series of strategically important themed questions, aligned to a pre-defined engagement model which measures our people's relationship with management and how they feel about their jobs and the Group.

Day to day, we maintain regular communication with our employees through a range of digital media with content relating to client wins, project successes, thought leadership and stories about our people all available on our Intranet. We supplement online channels with face to face town hall meetings and line manager team briefings. To coincide with the announcement of our financial results, we provide updates on our Group performance via webinar for senior management and video for all colleagues.

## FAITHFUL+GOULD LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### People (continued)

##### *Engagement (continued)*

Our senior leadership teams hold meetings and open discussions to ask questions about our strategy and future plans. We also use webinars and 'all hands calls' to engage with our people and give them the chance to participate and ask questions directly.

##### *Diversity and inclusion*

We are committed to building a diverse organisation to maximise the skills available to us in the regions in which we operate. Policies have been adopted to ensure this commitment is implemented from the point of attraction and recruitment and continues throughout an individual's employment. Our people are supported to develop to their full potential regardless of sex, race, age, religion or belief, disability, sexual orientation, gender identity, marriage and civil partner status, pregnancy, parental obligations or background, subject to the laws of the jurisdictions in which we work.

The Group encourages recruitment, training, career development and promotion on the basis of aptitude and ability, without regard to disability. We are also committed to retain and retrain, as necessary, employees who become disabled during the course of their employment.

##### *Political donations and expenditure*

The Company made no political donations and incurred no political expenditure during the period ended 31 December 2017 (31 March 2017: £nil).

##### *Share capital*

Full details of the Company's issued share capital, including changes during the period, can be found in note 17 of these Financial Statements.

##### *Directors' statement of responsibilities*

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Detailed below are statements made by the directors in relation to their responsibilities, disclosure of information to the Company's independent auditor and going concern.

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, and applicable law), including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.



# FAITHFUL+GOULD LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

### Directors' statement of responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the Company consider that the Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and that they provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the directors, whose names are listed in the Directors' Report, confirms that, to the best of his knowledge:

- the Company's Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework", give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

### Disclosure of audit information

Each of the persons who is a director at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements.

### Independent auditors

The Company's auditors, Deloitte LLP, have indicated their willingness to continue in office.

Approved by the board of directors and signed on its behalf by:



S G Cole  
Director

27 September 2018

## FAITHFUL+GOULD LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAITHFUL+GOULD LIMITED

#### Report on the audit of the Financial Statements

##### Opinion

In our opinion, the Financial Statements of Faithful+Gould Limited (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2008.

We have audited the Financial Statements which comprise:

- the Income Statement and Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

#### Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's opinion thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## FAITHFUL+GOULD LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAITHFUL+GOULD LIMITED (CONTINUED)

#### Other information (continued)

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Report on other legal and regulatory requirements

##### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report or the Directors' report.

## FAITHFUL+GOULD LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAITHFUL+GOULD LIMITED (CONTINUED)

#### Matters on which we are required to report by exception

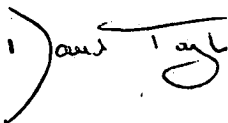
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Taylor FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Newcastle Upon Tyne, United Kingdom  
27 September 2018

## FAITHFUL+GOULD LIMITED

INCOME STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	9 Months to December 2017 £k	12 Months to March 2017 £k
Revenue	2	126,840	174,341
Cost of sales		(83,575)	(111,088)
Gross profit		43,265	63,253
Administrative expenses		(32,499)	(45,540)
Operating profit	3	10,766	17,713
Profit before interest and tax		10,766	17,713
Finance income		16	34
Finance costs		(107)	(110)
Net finance costs	6	(91)	(76)
Profit before tax		10,675	17,837
Income tax expense	7	(1,363)	(495)
Profit for the period		9,312	17,142

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	8 Months to December 2017 £k	12 Months to March 2017 £k
Profit for the period	9,312	17,142
Other comprehensive (expense)/income		
Items that may be reclassified subsequently to profit or loss		
Net differences on exchange	(99)	1,737
Total items that may be reclassified subsequently to profit or loss	(99)	1,737
Total comprehensive income for the period	9,213	18,879

Items in the statement above are disclosed net of tax.

The notes on pages 13 to 28 are an integral part of these Financial Statements.

## FAITHFUL+GOULD LIMITED

BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	December 2017 £k	March 2017 £k
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	9	2,257	2,257
Plant and equipment	10	265	8
Investments	11	63	63
Deferred income tax assets	12	72	88
		<b>2,657</b>	<b>2,416</b>
<b>Current assets</b>			
Trade and other receivables	13	94,905	88,280
Current income tax receivable		-	212
Cash and cash equivalents	14	3,369	4,231
		<b>98,274</b>	<b>92,723</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(32,691)	(35,955)
Current income tax liabilities		(57)	(47)
		<b>(32,748)</b>	<b>(36,002)</b>
<b>Net current assets</b>		<b>65,526</b>	<b>56,721</b>
<b>Total assets less current liabilities</b>		<b>68,183</b>	<b>59,137</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	16	(6,043)	(6,210)
		<b>(6,043)</b>	<b>(6,210)</b>
<b>Net assets</b>		<b>62,140</b>	<b>52,927</b>
<b>Capital and reserves</b>			
Ordinary shares	17	100	100
Retained earnings		62,040	52,827
<b>Total equity</b>		<b>62,140</b>	<b>52,927</b>

Company number 02236832

The Financial Statements on pages 10 to 28 were approved by the board of directors on 21 September 2018 and signed on its behalf by:

S G Cole  
Director



The notes on pages 13 to 28 are an integral part of these Financial Statements.

## FAITHFUL+GOULD LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Ordinary shares £k	Retained earnings £k	Total equity £k
Balance at 1 April 2016	100	87,974	88,074
Profit for the year	-	17,142	17,142
Other comprehensive income for the year	-	1,737	1,737
Total comprehensive income for the year	-	18,879	18,879
Dividends paid (note 8)	-	(54,026)	(54,026)
Total distributions to owners of the parent recognised directly in equity	-	(54,026)	(54,026)
Balance at 31 March 2017	100	52,827	52,927
Profit for the period	-	9,312	9,312
Other comprehensive income for the period	-	(99)	(99)
Total comprehensive income for the period	-	9,213	9,213
Balance at 31 December 2017	100	62,040	62,140

The notes on pages 13 to 28 are an integral part of these Financial Statements.

## FAITHFUL+GOULD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 1 Accounting policies

The Company is a private company limited by shares incorporated and domiciled in England and Wales and its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, including the application of new standards and interpretations, unless otherwise stated.

#### Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the period ended 31 December 2017, the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. This transition is not considered to have had any material effect on the Financial Statements. These Financial Statements of the Company have therefore been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies where assumptions and estimates are significant to the preparation of the Financial Statements are denoted by CA. There are no accounting policies which have involved applying critical judgement.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7, *Financial Instruments: Disclosures*
- Paragraphs 91 to 99 of IFRS 13, *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraphs 30 and 31 of IAS 8, *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- IAS 7, *Statement of cash flows*
- Paragraph 17 of IAS 24, *Related party disclosures* (key management personnel)
- The requirements in IAS24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group
- Paragraph 130f, 134d to 134f and 135c to 135e of IAS 36, *Impairment of assets*
- The following paragraphs of IAS 1: 38, 10(d) and 10 (f), 16, 38A, 38B-D, 111, 134-148 (exemption from comparatives for movements on share capital, property, plant and equipment and intangible assets, exemption from capital management disclosures and statement of compliance with all IFRS)



## FAITHFUL+GOULD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### 1 Accounting policies (continued)

##### Changes in accounting disclosure

##### *New and amended standards adopted by the Company*

There were no standards adopted by the Company for the first time for the financial period beginning on 1 April 2017 that had a material impact on the Company.

The following IFRS and International accounting standards (IASs) and IFRIC Interpretations have been adopted by the Company for the first time for the financial period beginning 1 April 2017 and do not have a material impact on the Company.

- *Amendments to the following standards:*
  - IAS12, *Recognition of income tax on deferred tax assets for unrealised losses*
  - Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS12, *Disclosure of Interest in other entities*)

##### *Going concern*

Having assessed the Company's principal risks, business activities, together with factors likely to affect its future development, performance and financial position, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements.

##### *Basis of consolidation*

The Company is an indirect wholly-owned subsidiary of SNC-Levalin Group Inc, and is included in its consolidated Financial Statements, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 400 of the Companies Act 2006 and IAS 27, *Consolidated and Separate Financial Statements*.

##### *Foreign currency transactions and translation*

##### *Functional and presentation currency*

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in pounds sterling (£), which is the Company's functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income.

##### *Branches*

The results and financial position of all Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

## FAITHFUL+GOULD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### 1 Accounting policies (continued)

##### Revenue

Revenue from long term contracts comprises the value of work performed during the period calculated in accordance with the Company's policy for contract accounting set out below. Revenue from other contract activities represents fee income receivable in respect of services provided during the period.

##### CA Revenue recognition and contract accounting

The value of contract work in progress comprises the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit. Fees invoiced on account are deducted from the value of work in progress and the balance is separately disclosed in trade and other receivables as amounts recoverable on contracts, unless such fees exceed the value of the work in progress on any contract in which case the excess is separately disclosed in trade and other payables as fees invoiced in advance.

The Company enters into a number of different forms of contracts with clients, the most common being fixed price lump sum contracts and time and materials contracts based on hourly rates. Some of the fixed price lump sum contracts may be linked to the capital cost of works or a profit/(loss) sharing mechanism.

Revenue is recognised on the majority of the Company's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. Provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

The Company's contract accounting policy is central to how the Company values the work it has carried out in each financial period.

The 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.

##### Interest income

Interest income is recognised on a time apportionment basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### Dividend income

Dividend income is recognised when the right to receive payment is established.

##### Pre-contract costs

The Company accounts for all pre-contract costs in accordance with IAS 11, *Construction contracts*. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses. Directly attributable costs incurred after that point are recognised in the balance sheet and charged to the income statement over the duration of the contract.

## FAITHFUL+GOULD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### 1 Accounting policies (continued)

##### Exceptional items

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

##### Retirement benefit schemes

The Company operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

The Company accounts for pensions in accordance with IAS 19, Employee benefits. The cost of the defined contribution scheme is charged to operating profit as incurred.

##### Share-based payments

The former Atkins Group operated a number of equity and cash settled share-based compensation plans, under which the Company received services from employees as consideration for equity instruments (options) or cash (phantom allocations) for the former Atkins Group.

As a result of the acquisition of WS Atkins Limited (formerly WS Atkins plc) by SNC-Lavalin Group Inc on 3 July 2017, it was no longer possible to grant any further awards under any of the "WS Atkins All Non-Tax Advantaged Share Plans" after this date, with no grants of securities options made in the 2017/18 tax year. In addition, all outstanding share plan awards were automatically exercised on 29 June 2017 and sold at the £20.80 cash offer acquisition price.

Since the acquisition, the Company has adopted the SNC-Lavalin Long Term Incentive (LTI) Plan. In the 2017/18 tax year LTI awards were made to key senior staff in August 2017 in accordance with the terms of SNC-Lavalin's Restricted Share Unit Plan 9 (RSU) and Performance Share Unit Plan (PSU).

These awards are administered on behalf of the Group by a fellow subsidiary undertaking which recharges the related costs of awards to the Company's income statement over the performance and vesting periods of the instruments.

##### Income tax

Current and deferred income tax are recognised in the Income Statement for the period except where the taxation arises as a result of a transaction or event that is recognised in other comprehensive income or directly in equity. Income tax arising on transactions or events recognised in other comprehensive income or directly in equity is charged or credited to other comprehensive income or directly to equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its branches operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

## FAITHFUL+GOULD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

#### 1 Accounting policies (continued)

##### Income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

No deferred tax is recognised on the unremitted earnings of overseas branches, except where it is known that the earnings will be distributed.

##### Intangible assets

##### CA Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is stated at cost less impairment.

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

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. 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. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line method to write off the cost less residual value of each asset over its estimated useful life of between 3 to 12 years.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

# FAITHFUL+GOULD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

### 1 Accounting policies (continued)

#### **Impairment of non-financial assets**

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment and when there are indications that the carrying value may not be recoverable.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows in cash-generating units (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### **Investments in subsidiaries**

Investments in subsidiaries are stated at cost less impairments. Any impairment is charged to the Income Statement. Impairment testing for investments in subsidiaries is described above.

#### **Financial assets**

##### *Classification*

The Company classifies its financial assets as loans and receivables.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except where the maturity is greater than 12 months after the balance sheet date, in which case they are included as non-current assets. The Company's loans and receivables comprise trade and other receivables, and cash and cash equivalents.

##### *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Any impairment is charged to the Income statement. Impairment testing for trade receivables is described below in the accounting policy paragraph relating to trade receivables. For other receivables carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income statement.

# FAITHFUL+GOULD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

### 1 Accounting policies (continued)

#### Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

UK trade receivables are held by a representative of the Company, Atkins Limited; trade receivables of the Company's branches are held by the Company.

Trade receivables are recognised at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents represent amounts held as petty cash and cash held at bank of the Company's branches. UK funds are held by the Company and by Atkins Limited.

#### Lease obligations

##### Operating leases

Where the Company acts as lessee in an operating lease arrangement, the lease payments are charged as an expense to the income statement on a straight line basis over the lease term. Lease incentives received are also recognised on a straight line basis over the lease term.

#### Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

UK trade payables are held by a representative of the Company, Atkins Limited; trade payables of the Company's branches are held by the Company.

Trade payables are recognised at fair value.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Provisions for other liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

### 2 Revenue

An analysis of the Company's revenue by geographical market is set out below:

	9 Months to December 2017	12 Months to March 2017
	£k	£k
UK	100,062	135,908
Middle East	24,001	34,003
Europe	2,777	4,432
	<u>126,840</u>	<u>174,341</u>

All of the Company's revenue is earned in the same class of business.

## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 3 Operating profit - analysis of costs by nature

	Note	9 Months to December 2017 £k	12 Months to March 2017 £k
Operating profit is arrived at after charging/(crediting)			
Employee benefit costs	4	70,919	92,844
Net foreign exchange losses		(7)	342
Depreciation of plant and equipment	10	46	4
Impairment of trade receivables/(reversal of impairment)			
- Increase in provisions	13	1,408	371
- release of provisions	13	(319)	(439)
Payments under operating leases		1,611	2,607

## Services provided by the Company's auditor

During the period the Company obtained the following services from the Company's auditor:

	9 Months to December 2017 £k	12 Months to March 2017 £k
Statutory audit of the Company Financial Statements	48	33
Audit of the Financial Statements of Group companies pursuant to non UK legislation	27	2
Total audit services	75	35
Taxation compliance services	7	16
Taxation advisory services	1	15
	8	31
<b>Total</b>	<b>83</b>	<b>66</b>

## 4 Employee benefit costs

The monthly average number of full time equivalent people (including directors) employed by the Company during the financial period, split by activity amounted to:

	9 Months to December 2017 Number	12 Months to March 2017 Number
Management and administration	136	140
Technical	1,150	1,152
<b>Total</b>	<b>1,286</b>	<b>1,292</b>

The aggregate employee benefit costs of those people amounted to:

	9 Months to December 2017 £k	12 Months to March 2017 £k
Wages and salaries	61,284	81,615
Social security costs	5,457	5,925
Other pension costs	3,370	4,351
Share-based payments	798	953
	70,919	92,844

Redundancy costs of £932k were incurred during the period (31 March 2017: £244k).

## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 5 Directors' remuneration

The directors' aggregate emoluments in respect of their qualifying services were:

	Note	9 Months to December 2017 £k	12 Months to March 2017 £k
Salaries and other employee benefits		1,337	2,225
Post-employment benefits		108	149
Share-based payments		576	360
Termination benefits		472	-
		<b>2,493</b>	<b>2,734</b>

Emoluments of the highest paid director:

	Note	9 Months to December 2017 £k	12 Months to March 2017 £k
Emoluments receivable		935	672

MS Anderson, SG Cole and AJ Cullens are directors, and HS Drowett, JA Gould and R Webster were directors during the period prior to their resignation, of a number of companies in the Group. The services provided by these directors to this Company, and to a number of other companies in the Group, are of a non-executive nature and therefore it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies or their portion of normal staff cost.

None of the directors mentioned above received any emoluments in respect of their qualifying services to the Company during the period (31 March 2017: none). The emoluments and key management compensation of these directors are borne by a fellow Group company, Atkins Limited, and are recharged to the Company as part of a management charge. This management charge, which in the period to 31 December 2017 amounted to £2,826k (31 March 2017: £3,657k), also includes a recharge of administration costs borne by the Group companies on behalf of the Company and it is not possible to identify separately the amount of each of these directors' compensation within this management charge.

All of the other directors were remunerated in full by the Company.

During the period 10 directors received contributions to a money purchase pension scheme (31 March 2017: 10).

15 directors exercised options over shares in WS Atkins plc during the period to 31 December 2017 (31 March 2017: 9).

The highest paid director of the Company did exercise share options during the period and was granted share awards under a long-term incentive plan (LTIP). The contributions to a money purchase scheme in respect of the highest paid director were £25k (31 March 2017: £41k).



## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 6 Net finance costs

	9 Months to December 2017	12 Months to March 2017
	£k	£k
Interest payable on intercompany balances	(8)	(8)
Other finance costs	(99)	(102)
Finance costs	(107)	(110)
Interest receivable on intercompany loans	16	34
Finance income	16	34
Net finance costs	(91)	(76)

## 7 Income tax expense

## a) Analysis of charge in the period

	9 Months to December 2017	12 Months to March 2017
	£k	£k
Current income tax		
- current period	638	484
- adjustment in respect of prior periods	708	27
Deferred income tax (see note 12)		
- origination and reversal of temporary differences	68	(5)
- adjustment in respect of prior periods	(48)	(7)
- effect of changes in tax rates	(3)	6
Income tax charged to income statement	1,363	495
Profit before tax per income statement	10,675	17,637
Effective income tax rate	12.7%	2.8%

## b) Factors affecting income tax rate

The income tax rate for the period is lower (March 2017: lower) than the standard rate of corporation tax in the UK of 19% (March 2017: 20%). The differences are explained below:

	9 Months to December 2017	12 Months to March 2017	9 Months to December 2017	12 Months to March 2017
	£k	£k	%	%
UK statutory income tax rate	2,028	3,527	19.0	20.0
Decrease resulting from:				
(Non taxable income)/expenses not deductible for tax purposes	(811)	264	(7.6)	1.5
Overseas tax	256	(264)	2.4	(1.5)
Losses claimed for nil consideration	(767)	(3,051)	(7.2)	(17.3)
Adjustment in respect of prior years	667	19	6.2	0.1
Effect of changes in tax rates	(10)	-	(0.1)	-
Effective income tax rate	1,363	495	12.7	2.8

## 8 Dividends

No interim dividend was paid during the period (31 March 2017: £54,026k). There is no proposed final dividend for the period ended 31 December 2017 (31 March 2017: £nil).

## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 9 Goodwill

	December 2017	March 2017
	£k	£k
Cost and net book value at beginning and end of period	2,257	2,257

**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.

Management consider the entities giving rise to the goodwill of £2,257k to be fully absorbed into the business and therefore for the purposes of the impairment test the goodwill is allocated to the Company itself.

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 of all CGUs has been determined based on value in use calculations. 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.

**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 for all CGUs, or groups of CGUs. 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. The 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 Company is not yet committed.

The cash flows have been discounted using the specific pre-tax discount rate of 10.6%. The discount rate has been calculated using the Atkins Group's weighted average cost of capital using the capital asset pricing model to determine the cost of equity and are adjusted for risks specific to the CGU. The discount rate is revised annually using updated market information.

As at 31 December 2017 and 31 March 2017, based on these internal valuations, the recoverable value of goodwill required no impairment.

## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 10 Plant and equipment

	December 2017	March 2017
	£k	£k
Cost at beginning of period	15	11
Additions	303	4
Cost at end of period	318	15
Accumulated depreciation at beginning of period	7	3
Depreciation charge for the period	46	4
Accumulated depreciation at end of period	53	7
Net book value at end of period	265	8

The depreciation charge for the period of £46k (March 2017: £4k) is included in administrative expenses in the Income statement.

## 11 Investments

	December 2017	March 2017
	£k	£k
Opening net book value	63	61
Additions	-	2
Closing net book value	63	63

The directors consider that the carrying amounts of the Company's investments are not less than the value of the underlying assets.

## Subsidiary undertakings

The following companies were the subsidiary undertakings as at 31 December 2017:

Name	Share class(es) held	% of share class/interests held	Registered office/ principal place of business (see key below)
Faithful+Gould Mexico S.A. de C.V. <sup>1</sup>	MXN ordinary-A	99.8%	(1)
Faithful+Gould Nigeria Limited <sup>2</sup>	NGN1.00 ordinary share	0.001%	(2)
Faithful+Gould Saudi Arabia Limited	SAR1,000 ordinary share	46%	(3)

<sup>1</sup> Faithful+Gould Limited owns 99.8% of Faithful+Gould Mexico S.A. de C.V.

<sup>2</sup> Faithful+Gould Limited owns 0.001% of Faithful+Gould Nigeria Limited in trust for Faithful+Gould (Holdings) Limited.

The interest held is the same as the voting right.

## Key to registered offices/principal place of business

(1) LLA Group, Homero No.906, Colonia Polanco Reforma, C.P. 1155, Mexico D.F.

(2) Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

(3) PO Box 56684, Riyadh 11584, Saudi Arabia

The country of incorporation matches the country in which the registered office/principal place of business is located.

## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 12 Deferred income tax assets

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to settle tax assets and liabilities on a net basis. The offset amounts are as follows:

	December 2017	March 2017
	£k	£k
Deferred tax assets:		
- deferred tax assets to be recovered after more than 12 months	19	19
- deferred tax assets to be recovered within 12 months	53	69
	72	88
Deferred tax liabilities:		
- deferred tax liabilities payable within 12 months	-	-
Deferred tax assets (net)	72	88

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## a) Deferred tax assets

	December 2017	March 2017
	£k	£k
Accelerated depreciation	23	23
Other temporary differences	49	65
Total deferred income tax	72	88

## b) Analysis of movements during the year

	December 2017	March 2017
	£k	£k
Deferred tax assets at 1 April	88	67
Deferred tax credited/(charged) to the income statement (note 7)	(13)	17
Foreign exchange difference on deferred tax	(3)	4
Deferred tax assets at end of period	72	88

The rate of corporation tax in the UK as at 31 December 2017 was 19%. Further legislation to reduce the rate of UK corporation tax to 17% from 1 April 2020 has been enacted at the balance sheet date and the impact of these reductions have been reflected in the movements in the deferred tax as at 31 December 2017.

## 13 Trade and other receivables

	December 2017	March 2017
	£k	£k
Current assets:		
Trade receivables	8,099	6,733
Less: Provision for impairment of receivables	(1,662)	(582)
Trade receivables - net	6,437	6,151
Amounts recoverable on contracts	9,294	6,833
Other receivables	385	1,363
Prepayments and accrued income	141	104
Loans due from fellow Group undertakings	12,464	10,779
Amounts due from fellow Group undertakings	66,184	63,050
	94,905	88,280

The directors consider that the carrying value of the Company's trade and other receivables approximates their fair value.

Loans due from fellow Group undertakings are unsecured, interest bearing and repayable on demand. Amounts due from fellow Group undertakings are unsecured, interest free and repayable on demand.

## FAITHFUL+GOULD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

## 13 Trade and other receivables (continued)

The Company has an arrangement with Atkins Limited to collect all of the Company's trade receivables, with the exception of those relating to its branches, in exchange for an intercompany balance. These trade receivables are held at cost which approximates their fair value. The Company bears the risk of non-payment of trade receivables by the external party. The cost of uncollectible trade receivables and the provisions for impairment are charged to the Company.

Included in amounts due from fellow Group undertakings are trade receivables of £16,648k (31 March 2017: £14,950) and a provision for impairment of trade receivables of £73k (31 March 2017: £106k).

At 31 December 2017, £12,368k (31 March 2017: £14,450k) of the Company's total trade receivables, including those held within amounts due from fellow group undertakings, were within normal terms and considered to be fully performing.

At 31 December 2017, £10,403k (31 March 2017: £6,186k) of trade receivables, including those held within amounts due from fellow group undertakings, were past due date and aged up to six months from invoice date.

Trade receivables, including those held within amounts due from fellow group undertakings, aged beyond six months of invoice date totalled £1,771k (31 March 2017: £1,046k), and carried a provision for impairment of £1,735k (31 March 2017: £687k).

Movements in the Company provision for impairment of trade receivables were as follows:

	December 2017	March 2017
	£k	£k
Provision for impairment at beginning of year	(687)	(678)
Increase in provisions	(1,408)	(371)
Release of provisions	319	439
Difference on exchange	41	(76)
Provision for impairment at end of year	(1,735)	(687)

## 14 Cash and cash equivalents

	December 2017	March 2017
	£k	£k
Cash at bank and in hand	3,369	4,231

## 15 Trade and other payables

	December 2017	March 2017
	£k	£k
<b>Current liabilities:</b>		
Trade payables	146	202
Fees invoiced in advance	19,383	19,984
Accruals and deferred income	6,159	5,767
Social security and other taxation	598	572
Other payables	3,354	5,820
Loans due to fellow Group undertakings	1,881	1,988
Amounts due to fellow Group undertakings	1,170	1,622
	32,691	35,955

The Company has an arrangement with Atkins Limited to settle all of the Company's trade payables, with the exception of those relating to its branches, in exchange for an intercompany balance. The Directors consider that the carrying value of the Company's trade and other payables approximates their fair value.

Amounts due to fellow Group undertakings includes £1,414k (31 March 2017: £1,262k) of trade payables.

Loans due to fellow Group undertakings, are unsecured, interest bearing and repayable on demand. Amounts due to fellow Group undertakings are unsecured, interest free and repayable on demand.

# FAITHFUL+GOULD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

### 16 Other non-current liabilities

	December 2017	March 2017
	£k	£k
Other payables	2,588	2,755
Amounts due to fellow Group undertakings	3,455	3,455
	6,043	6,210

The directors consider that the carrying value of the Company's trade and other payables approximates their fair value.

Amounts due to fellow Group undertakings are unsecured, are interest free and repayable after more than one year.

### 17 Ordinary shares

	December 2017		March 2017	
	Number of shares	£k	Number of shares	£k
Issued, allotted and fully paid ordinary shares of £1 each				
At beginning and end of period	100,000	100	100,000	100

No shares were allotted during the current or prior period.

### 18 Contingent liabilities

The Company has given indemnities in respect of performance and contractual-related bonds. The indemnities, which arose in the ordinary course of business, are not expected to result in any material financial loss. The Company has given a cross guarantee in respect of fellow subsidiaries' overdraft facilities in the ordinary course of business.

As at 31 March 2017 the Company was a guarantor/obligor on the Atkins Group's £200m amended and extended revolving credit facility (RCF), signed on 30 January 2016. This facility was due to mature on 30 January 2021. In addition the Company was a guarantor/obligor on the Group's £100m RCF, signed on 11 March 2016 which was due to mature on 11 March 2020. As at 31 March 2017 the Company was also a guarantor/obligor on the Group's \$75m US private placement debt which was due for repayment on 31 May 2019. The Company was jointly and severally liable for any unpaid debts in connection with these facilities. Following the acquisition of WS Atkins Limited, formerly WS Atkins plc by SNC-Lavalin (GB) Holdings Limited, these facilities have now been repaid and any commitments cancelled. The £100m facility was fully repaid on 24 July 2017 with £200m RCF being fully repaid on 22 August 2017. On 19 October 2017, the \$75m US private placement debt was repaid in full.

The Company is included in a Group Registration for Value Added Tax purposes and is, therefore, jointly and severally liable for all other Group undertakings' unpaid debts in this connection.

### 19 Operating lease arrangements

The Company leases vehicles, plant and equipment under operating lease arrangements. The leases have various terms, escalation clauses and renewal rights.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	December 2017	March 2017
	£k	£k
No later than one year	1,025	2,071
Later than one year but no later than five years	1,320	2,276
Later than five years	-	-
	2,345	4,347

Commitments under operating leases in respect of office space occupied as a tenant of Atkins Limited are declared in the financial statements of Atkins Limited.

**FAITHFUL+GOULD LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)****20 Ultimate parent undertaking and controlling party**

SNC-Lavalin Group Inc. was the Company's ultimate parent undertaking and controlling party at 31 December 2017. Prior to 3 July 2017, the ultimate parent undertaking and controlling party was WS Atkins Limited, formerly WS Atkins plc. The immediate parent undertaking is Faithful+Gould (Holdings) Limited. SNC-Lavalin Group Inc. headed the largest and smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member.

On 3 July 2017, SNC-Lavalin (GB) Holdings Limited, an indirectly wholly owned subsidiary of SNC-Lavalin Group Inc., completed the purchase of the entire issued and to be issued share capital of WS Atkins Limited, formerly WS Atkins plc.

SNC-Lavalin Group Inc. has its registered office at:

455 Boul. René-Lévesque West  
Montréal  
Québec  
Canada  
H2Z 1Z3

[www.snc-lavalin.com/en/investors](http://www.snc-lavalin.com/en/investors).

Faithful+Gould (Holdings) Limited has its registered office at:

Woodcote Grove  
Ashley Road  
Epsom  
Surrey  
KT18 5BW  
England

Copies of the annual report and financial statements for Faithful+Gould (Holdings) Limited are available from the company secretary at the address above.