HALCROW GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

REGISTERED NUMBER: 03415971

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HALCROW GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Strategic report is prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Our Business

We are an employee-controlled professional engineering services firm providing engineering, construction, consulting, design, design-build, procurement, operations and maintenance, EPC, programme management and technical services around the world.

We provide services to a diverse customer base. Our clients include public and private sector organizations around the world, including local, regional and national governments, asset owners, international funding agencies, regulators, financial institutions, contractors, developers and operators. We believe we provide our clients with innovative project delivery using cost-effective approaches and advanced technologies.

Our revenues are dependent upon our ability to attract and retain qualified and productive employees, identify business opportunities, allocate our labour resources to profitable markets, secure new contracts, execute existing contracts and maintain existing client relationships. Moreover, as a professional services company, the quality of the work generated by our employees is integral to our revenue generation.

Principal Risks and Uncertainties Related to Our Business

Unpredictable economic cycles - demand for our engineering and other services is affected by the general level of economic activity in the markets in which we operate. Our customers and the markets in which we compete to provide services are likely to experience periods of economic decline from time to time. We are engaged in a highly competitive business in which most of our contracts with public sector clients are awarded through a competitive bidding process. In both the private and public sectors , acting either as a prime contractor or as a subcontractor, we may join with other firms that we otherwise compete with to form a team to compete for a single contract. Because a team can often offer stronger combined qualifications than any firm standing alone, these teaming arrangements can be very important to the success of a particular contract competition or proposal. Consequently we maintain a network of relationships with other companies to form teams that compete for particular contracts and projects.

Regulatory challenges - the global nature of our business creates regulatory challenges, where failure to comply with anti-bribery and other governmental laws (whether directly or through acts of others, intentionally or through inadvertence) could, among other things, harm our reputation. While our staff are trained on the Foreign Corrupt Practices Act, the United Kingdom Bribery Act and other anti-corruption laws and we have procedures and controls in place to monitor compliance, situations outside of our control may arise that could potentially put us in violation of these regulations and thus negatively impact our business. Within the group we have ethics policies that are applicable to all employees entitled "CH2M HILL Employee Ethics and Business Conduct Principles" that mandates rules of conduct to all employees including all senior executives and directors. We maintain a confidential telephone and web-based hotline, where employees can seek guidance or report potential violations of laws, CH2M HILL policies or rules of conduct. The policy is available on our website at www.ch2m.com/corporate/about_us/business_ethics.asp.

Foreign exchange risk - the company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. We attempt to minimise our exposure to this by denominating our contracts in the currencies of our expenditures, obtaining escalation provisions for projects in inflationary economies or by using foreign exchange forward contracts to hedge the exposures.

Credit risk - this is primarily attributable to the company's trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Defined benefit pension scheme liability - the ongoing funding obligations for these schemes vary from time to time depending on actuarial assumptions outside of the Company's control, such as discount rates, inflation rates, scheme investment returns and life expectancy of scheme members. In order to maintain an adequate funding position over time, the Company continuously reviews these assumptions and mitigates these risks by working with the pension scheme trustees and with actuarial and investment advisers. The Company maintains an ongoing dialogue with its pension scheme trustees to negotiate a reasonable schedule for cash cotributions as required by UK regulations. If, however, we are unable to agree such a schedule in the future, or if certain assumptions that are outside our control, such as discount rates, inflation rates, scheme investment returns or life expectancy change over time, the Company may need to make cash payments to the schemes in order to meet funding obligations that could have an adverse effect on our financial position and cashflows. Details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Key Performance Indicators

The company has a number of key performance indicators (KPI's), both financial and non-financial. Financial KPI's such as turnover and gross margin are covered in the Business Review section; non-financial KPI's such as client focus, safety and people investment are covered in the Market Outlook section.

Business Review

Overall the results continued to improve in 2013. Turnover increased from £210.9 million in 2012 to £232.0 million in 2013, an increase of 10 per cent. A loss before taxation of £6.8 million in 2012 was turned around to a profit before taxation of £0.7 million in 2013. £3.8 million of this related to improvements in the business; £7.4 million to a reduction in provisions needed; and increased costs of £3.8 million related to net finance costs on the pension scheme liability.

United Kingdom, Ireland and Europe - This region accounts for 93 per cent of the business, and it saw an increase in turnover from £192.6 million to £216.5 million, an increase of 12 per cent. Gross margins remained stable in the year. The Water market remained very competitive while the Transportation market was boosted by large volumes of work coming mainly from Framework agreements within the Highways business. The results are also supported by the large UK infrastructure programmes in which the company is engaged, including Crossrail, HS2 and Thames Tideway.

Middle East and Africa - Turnover decreased from £8.0 million in 2012 to £6.8 million in 2013, a decrease of 15 per cent, as a number of projects completed. Gross margin dropped due to several awards of site supervision jobs on existing design projects.

The Americas - As intended, in 2013 we reprofiled our Americas operations, however turnover remained constant in the year at £5.0 million.

Asia and Australasia - Turnover decreased in this region, moving from £5.3 million in 2012 to £3.7 million in 2013, a decrease of 30 per cent.

Acquisition - CH2M HILL's acquisition of Halcrow in late 2011 resulted in financial and operational restructuring throughout 2012 to leverage the combined, conversant capabilities of both entities in strategic geographies, as well as stabilizing and integrating the Halcrow operations and further strengthening financial performance across the Halcrow group.

Administrative expenses - These reduced from £67.8 million in 2012 to £66.2 million in 2013. Aggressive steps were taken in 2012 to substantially alter and streamline Halcrow's operating profile to better align the cost structure with the markets. As in most acquisitions, there were redundant roles in support functions that allowed for meaningful overhead cost savings to be realized throughout 2012. There was also substantial duplication across the offices leading to office consolidations which have materially reduced the cost structure. 2013 has seen a benefit of £6.7 million in terms of reduced costs resulting from these changes.

Market Outlook

United Kingdom, Ireland and Europe - Overall we expect organic growth from our market position in the established transportaton business in the UK, with additional growth coming in from deepening our presence in transportation opportunities on the continent. We will continue to grow our highways business and have identified significant opportunities to help our clients deliver in excess of £40 billion planned investments in the Rail sector in the next 5 years. We are also focussing on developing PPP opportunities to support growth outside of the UK in private financed infrastructure. We expect this to have a positive impact on our results in this region. While the water market continues to be very competitive in the municipal water sector, we do expect to continue to focus on and grow our flood management and flood containment work, which remains stable across the UK.

Middle East and Africa - We expect growth in the Middle East, where we have had a long-term presence. The UAE is expected to spend over US$300 billion by 2030 on infrastructure development as the construction sector bounces back after the economic downturn in 2008. We are expecting to achieve growth in infrastructure projects in Dubai and Abu Dhabi.

The Americas - We expect to wind down, merge and shut down our operations in the Americas and wouldn't anticipate having a continued presence in this region after 2014.

Asia and Australasia - The region overall presents reasonable stability in infrastructure spending. Our presence is largely in Malaysia. We intend to expand our market share with existing clients and seek local registration to be able to take on the role of principal on larger projects.

Client Focus - Enhancements were made to the client service team to improve the ability to understand and respond to client issues and needs in 2012. This increased client focus resulted in rebuilding a pipeline of solid prospects leading to recent, important wins. 2013 saw the implementation of project controls and programme management capability training. We believe this will result in further improving the cost effectiveness of our offering to our clients.

Safety - The Halcrow organisation is proud to report millions of work hours without a lost time incident in 2013 due to a continuing and relentless focus on operating safely in all markets.

People Investment - To invest in staff across the enterprise, we have significantly increased spending for learning and development. Employees have access to a variety of learning opportunities, including through the CH2M HILL University, which consists of eight schools ranging from risk management to business development. This is in addition to adding members of the Halcrow team to a variety of professional network groups within the group organisation, such as the Women's Network and one for junior to mid-level staff.

Following the acquisition of Halcrow by CH2M HILL in November 2011, 2012 was a year of rebuilding, integration and market positioning. 2013 carried on from that with the further development of our client offerings and of our staff. The company's well-established delivery expertise provides a solid, competitive platform for future growth.

We believe all of these developments, starting at the end of 2011 and continuing to date, have materially changed and improved the outlook for Halcrow operations during this period and into the future.

By order of the board of directors on 17 July 2014

A J F Coates
Director

S E Harrington
Director

HALCROW GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report on the affairs of the company, together with the audited financial statements for the year ended 31 December 2013.

Principal Activity

The company trades as a supplier of services as consulting engineers.

Trading Results

The trading results are set out in the profit and loss account on page 11 and are outlined in the strategic report.

Going Concern

The company's future performance is dependent upon the wider economic environment and this is likely to impact the level of work the company can secure.

The directors consider the longer term outlook of the company is positive, and are optimistic that, together with the skills and resources of its ultimate parent, CH2M HILL Companies, Ltd. ("CH2M HILL"), the company's trading position can be improved.

In December 2012, the Company entered into a new loan agreement with CH2M HILL, which agreement was subsequently amended and restated as of 20 February 2013.

Whilst there can be no certainty that CH2M HILL will continue to provide funding, Halcrow remains a key part of the CH2M HILL global strategy and the directors have a reasonable expectation that funding will be made available and that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Directors

The following served on the board of directors during the period under review and to the current date:
A J F Coates
J F Coto Del Valle (appointed 15 May 2013; resigned 17 June 2014)
S E Harrington
S C Mathews (resigned 15 May 2013)
B R Shelton (appointed 15 May 2013)

Charitable Contributions

Contributions made by the company during the year for charitable purposes were £nil (2012: £34,000).

Disabled persons

The company's policy is to give full and fair consideration to applications from disabled persons for positions in which they can perform the tasks required. Effectively, the same opportunities for training, career advancement and promotion are given to disabled persons employed by the company as to all other staff, where this is practicable. The employment of those who become disabled whilst in the employment of the company is continued wherever possible and appropriate training is arranged.

Employee involvement

The policy of the company is one of continuing to develop effective means of consultation and communication within and between its operating constituents.

Consultation is achieved through a Staff Council which is elected by employees and meets on a regular basis. Communication is achieved through a variety of means that deliver regular information relating to the finances, resources, technical developments and achievements of the company.

CH2M HILL Companies, Ltd. believes that employee share ownership is an important factor in employee involvement and an internal market is operated through which employees may buy and sell shares in CH2M HILL Companies, Ltd.

Auditor

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

• so far as the director is aware, there is no relevant audit information of which the company's auditor 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.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board and signed
on its behalf by:

T S Chaudhary
Secretary
17 July 2014

Registered office:
Elms House
43 Brook Green
London W6 7EF
United Kingdom

Registered Number:
03415971

HALCROW GROUP LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 loss 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 UK 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALCROW GROUP LIMITED

We have audited the financial statements of Halcrow Group Limited for the year ended 31 December 2013 set out on pages 11 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;

• have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

• have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. At 31 December 2013 the Company had net current liabilities of £30,873,000 (2012: £16,858,000). The Company is dependent on continued support from its Parent and ultimate Parent, CH2M HILL Companies, Ltd., including for any additional funding that might be required, and no certainty has been provided in respect of this support. This matter, together with the other matters explained in Note 1, indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

HALCROW GROUP LIMITED

(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
17 July 2014

HALCROW GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	231,975	210,863
Cost of sales		(156,031)	(137,228)
Gross profit		75,944	73,635
Administrative expenses		(66,190)	(67,834)
Operating profit before exceptional costs		10,132	9,007
Analysed as:			
Redundancy & other related costs	3	(378)	(3,206)
Operating profit	3	9,754	5,801
Provision against cost of investment	12	50	(7,346)
Share of profit of joint ventures	11	29	-
Interest receivable and similar income	4	427	306
Interest payable and similar charges	5	(9,569)	(5,517)
Profit / (Loss) on ordinary activities before taxation		691	(6,756)
Tax (charge)/credit on ordinary activities	8	(2,772)	1,064
Loss for the year after taxation	19,21	(2,081)	(5,692)

All results are derived from continuing operations.

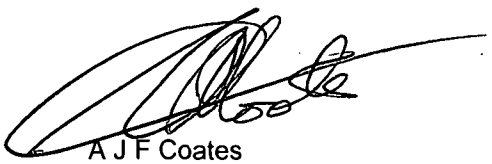
Notes on pages 14 to 32 form part of these financial statements.

HALCROW GROUP LIMITED
BALANCE SHEET AT 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	10	6,499	6,397
Investments in joint ventures	11	322	1,748
Other investments	12	10,595	10,553
		17,416	18,698
Current assets			
Debtors: amounts falling due within one year	13	68,666	62,304
Debtors: amounts falling due after more than one year	13	468	14,332
Cash at bank and in hand		9,884	4,168
		79,018	80,804
Creditors: amounts falling due within one year	14	(109,891)	(97,662)
Net current liabilities		(30,873)	(16,858)
Total assets less current liabilities		(13,457)	1,840
Creditors: amounts falling due after more than one year	15	(730)	(1,492)
Provisions for liabilities and charges	16	(5,722)	(7,552)
Net liabilities (excluding pension liability)		(19,909)	(7,204)
Net pension liability	22	(232,316)	(214,978)
Net liabilities (including pension liability)		(252,225)	(222,182)
Capital and reserves			
Called up share capital	18	10,000	10,000
Profit and loss account	19	(262,397)	(239,384)
Translation reserve	20	172	7,202
Shareholders' deficit	21	(252,225)	(222,182)

Notes on pages 14 to 32 form part of these financial statements.

The financial statements of Halcrow Group Limited, registered number 03415971 were approved by the Board of Directors and authorised for issue on 17 July 2014. They were signed on its behalf by:



A J F Coates
Director

S E Harrington
Director

HALCROW GROUP LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Profit / (loss) for the year after taxation		(2,081)	(5,692)
Actuarial loss relating to the pension scheme	22	(20,932)	(38,129)
Movement on translation reserve	20	(7,030)	(954)
Total losses recognised since last annual report and financial statements		(30,043)	(44,775)

Notes on pages 14 to 32 form part of these financial statements.

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical convention in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding year.
In accordance with FRS1 'Cash Flow Statements', the company is exempt from the requirements to prepare a cash flow statement as it is a wholly owned subsidiary of Halcrow Holdings Limited, the consolidated financial statements of which are publicly available.

(b) Going Concern

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons.

The company's future performance is dependent upon the wider economic environment and this is likely to impact the level of work the company can secure.

The Directors consider the longer term outlook of the company is positive, and are optimistic that, together with the skills and resources of its ultimate parent, CH2M HILL Companies, Ltd ("CH2M HILL"), the company's trading position can be improved.
The Board considers that improvements in the operating performance of the company have been achieved in the last financial year through an increase in revenues and reductions made to the cost structure. The company recorded a loss on ordinary activities after taxation of £2,081,000, compared with a £5,692,000 loss in 2012. However the company still has net liabilities of £252,225,000 and net current liabilities of £30,873,000.

The Company is dependent upon an intermediate Parent Company, Halcrow Holdings Limited ("Halcrow") for funding. In December 2012, Halcrow entered into a new secured loan agreement with CH2M HILL. This agreement was subsequently amended and restated as of 20 February 2013 to clarify commercial terms. Advances under this secured facility are at the discretion of CH2M HILL. It is in addition to the unsecured loans which were provided to Halcrow upon its initial acquisition by CH2M HILL in November 2011.

At the date of approving these financial statements the Company understands that CH2M HILL has indicated informally to the Halcrow Board that it is not its intention to demand repayment of either the secured facility or the unsecured loans for a period of at least 12 months and therefore that Halcrow will be able to provide any required funding to the Company. To the extent the Company experiences future cash shortfalls, the Directors have received no assurances from either Halcrow or CH2M HILL that funding will be made available to the Company. Other than short term cash balances and its ability to manage working capital, the Company has no other immediate access to funding. However, whilst there can be no certainty that CH2M HILL will either continue to provide the existing funding or provide such extended funding as might be required, Halcrow remains a key part of the CH2M HILL global strategy and accordingly the Directors believe that this future funding (and any additional requirements resulting from any reasonably possible change in trading performance) will be made available, although recognise that there can be no certainty of this.

This represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. Nevertheless after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The financial statements do not include any adjustments that would arise from the going concern basis not being appropriate.

(c) Turnover and recognition of profit

Turnover represents amounts earned for professional services and items procured for clients, adjusted, where necessary, for the stage of completion on individual contracts. It excludes value added and similar taxes.
Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

1 ACCOUNTING POLICIES (continued)

(d) Amounts recoverable on contracts

Amounts recoverable on contracts represent turnover and supply of services which has not yet been invoiced to clients. Such amounts are separately disclosed within debtors.

The valuation of amounts recoverable on fixed price contracts is adjusted to recognise profit earned to date or foreseeable losses in accordance with the accounting policy for turnover and recognition of profits.
Cost comprises:

- amounts recoverable valued at the cost of salaries and associated payroll expenses of employees engaged on projects.
- unbilled expenses incurred and equipment purchased for clients in connection with specific contracts.

Where amounts invoiced to clients exceed the book value of work done, the excess is included in creditors as payments on account.

(e) Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the company's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

(f) Fixed assets

Fixed assets are stated at cost less depreciation and impairment provisions. Impairment provisions are determined by comparing the carrying value of the asset with its recoverable amount. The recoverable amount is the higher of the amount that can be obtained from selling the asset or the value of expected discounted cash flows arising from owning the asset.

(g) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is by equal annual instalments calculated to write off the cost less estimated residual value of each asset over its anticipated useful life.
The annual rate of depreciation applied to each class of tangible fixed asset is as follows:

Short leasehold property	Period of lease
Motor vehicles	25%
Furniture and equipment:	
Computers	25% - 33%
Others	20%

1 ACCOUNTING POLICIES (continued)

(h) Pensions

Benefits are funded by payments to trustee administered funds.

The main scheme is the Halcrow Pension Scheme, which provides benefits calculated in relation to final salary.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(i) Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

(j) Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

(k) Investments

Fixed asset investments are stated at cost less provision for impairment. Impairment provisions are determined by comparing the carrying value of the investment with its recoverable amount. The recoverable amount is the higher of the amount that can be obtained from selling the investment or the value of expected discounted cash flows arising from owning the investment.

(l) Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of identifiable net assets acquired. Goodwill arising on acquisitions is capitalised in accordance with FRS 10 "Goodwill and Intangible Assets". Where these assets are regarded as having limited useful lives, they are amortised on a straight line basis over these lives, which range from 5 to 20 years. No goodwill balance has previously been eliminated against reserves in the year of acquisition.

Goodwill which is held in foreign currencies is retranslated to the closing exchange rate.

Impairment provisions are determined by comparing the carrying value of the asset with its recoverable amount, being the value in use of expected future cash flows.

1 ACCOUNTING POLICIES (continued)

(m) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Deferred tax is measured on a non-discounted basis. Timing differences arise from the inclusion of items in income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(n) Provisions for liabilities and charges

Property dilapidations - the company makes provision for the expected amount of payments to be made to landlords of properties leased by the company at their termination.

Excesses on insured claims - the company makes provision where claims have been made against the company, which fall within the excess of the company's professional indemnity insurance policy, to the extent that it is considered probable that an obligation will arise.

Onerous leases - provision is made in respect of vacant properties, or onerous property terms associated with the company's leased portfolio. The provision will be utilised over the remaining periods of the relevant leases.

Contract losses - the company makes provision for contracts where expected contribution does not include a reasonable allocation of overheads.

2 TURNOVER

The geographical analysis of turnover by origin is set out below:

	2013	2012
	£000	£000
United Kingdom, Ireland and Europe	216,518	192,640
The Americas	5,019	4,994
Middle East and Africa	6,772	7,960
Asia and Australasia	3,666	5,269
	231,975	210,863

Geographical segmentation of turnover by destination is not materially different from turnover by origin.

All turnover is derived from the one principal activity of the company.

3 OPERATING PROFIT

	2013 £000	2012 £000
Operating profit is stated after charging/(crediting):		
Auditor's remuneration for audit	200	200
Depreciation of tangible fixed assets - owned	1,031	1,273
- leased	701	701
Foreign exchange (gain) / loss	(7,016)	1,542
Decrease in bad debt provisions	(512)	(2,499)
Redundancy and other related costs	378	3,206
Operating leases: *Rent of properties payable*	5,528	6,277
Motor vehicles	598	762

Redundancy and other related costs were incurred following a number of redundancies in regions where the economic retrenchment has been felt most strongly. Redundancies occurred predominantly in 2012.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable on:	2013 £000	2012 £000
Short term bank deposits	12	30
Loans to group undertakings	407	276
Other loans	8	-
	427	306

5 INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable on:	2013 £000	2012 £000
Finance leases	157	195
Net interest payable on pension schemes	9,075	5,284
Bank loans, overdrafts and other loans wholly payable within five years	337	38
	9,569	5,517

6 EMPLOYEE INFORMATION

	2013 Number	2012 Number
(a) The average number of persons, including directors, employed by the company during the year was:		
Professional and technical	2,374	2,579
Administrative	215	213
	2,589	2,792

	2013 £000	2012 £000
(b) The aggregate payroll costs of these persons were as follows:		
Wages and salaries	105,197	108,493
Social security costs	10,261	10,477
Pension costs	16,845	12,798
Redundancy costs	378	3,206
	132,681	134,974

7 DIRECTORS' EMOLUMENTS

	2013 £000	2012 £000
Staff costs include the following emoluments of directors of Halcrow Group Limited:		
Aggregate emoluments	427	404
Compensation for loss of office	-	204
Contributions to money purchase pension arrangements	28	24
	455	632
Aggregate emoluments include amounts paid to:		
The highest paid director		
Emoluments	288	198
Contributions to money purchase pension arrangement	18	15
The highest paid director had benefits under the Halcrow Pension Scheme as follows:		
Accrued annual pension at end of the year	36	35

8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2013	2012
United Kingdom corporation tax at 23.25% (2012: 24.50%)	£000	£000
Current year	140	-
Adjustment to prior year provision	2,477	(1,051)
Overseas tax		
Current year	155	3
Adjustment to prior year provision	-	(16)
Total current tax	2,772	(1,064)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 23.25% (2012: 24.50%). The actual tax charge for the current and the previous year varies from the standard rate for the reasons set out in the following reconciliation.

	2013	2012
	£000	£000
Profit/(loss) on ordinary activities before tax	691	(6,756)
Tax on profit/(loss) on ordinary activities at standard rate 23.25% (2012: 24.50%)	161	(1,655)
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	911	834
Additional deduction for R&D expenditure	(145)	-
Foreign tax charged at higher rates than UK standard rate	155	3
Adjustments to tax charge in respect of prior periods	2,477	(1,067)
Unrelieved tax losses	(787)	821
Total current tax	2,772	(1,064)

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

9 INTANGIBLE ASSETS - GOODWILL

	Goodwill £000
COST	
1 January 2013 and 31 December 2013	2,168
AMORTISATION	
1 January 2013 and 31 December 2013	2,168
NET BOOK VALUE	
31 December 2012 and 31 December 2013	-

Goodwill is being amortised on a straight-line basis over periods of between 5 and 20 years. These are the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

10 TANGIBLE FIXED ASSETS

	Improvements to short leasehold properties	Motor vehicles	Furniture and equipment	TOTAL
	£000	£000	£000	£000
COST				
1 January 2013	6,935	297	19,731	26,963
Additions	273	-	2,030	2,303
Disposals	(604)	(53)	(282)	(939)
Exchange movement	21	-	-	21
31 December 2013	6,625	244	21,479	28,348
DEPRECIATION				
1 January 2013	2,147	249	18,170	20,566
Charge for year	597	71	1,064	1,732
Disposals	(302)	(89)	(58)	(449)
Exchange movement				-
31 December 2013	2,442	231	19,176	21,849
NET BOOK VALUE				
31 December 2013	4,183	13	2,303	6,499
31 December 2012	4,788	48	1,561	6,397

10 TANGIBLE FIXED ASSETS (continued)

Tangible fixed assets include fixed assets held under finance lease agreements as follows:

	2013	2012
	£000	£000
Net book value at end of year	1,286	1,987
Depreciation charge for the year	701	701

11 INVESTMENTS IN JOINT VENTURES

	£000
1 January 2013	1,748
Share of profits earned in the year	29
Investment return	(1,455)
31 December 2013	322

During the year £1,455,000 of the investment in Aone was returned in the year following progression of the project.

12 OTHER INVESTMENTS

	Trade investments	Shares in subsidiary undertakings	Total
	£000	£000	£000
COST			
1 January 2013	8	19,419	19,427
Disposals	(8)	(6,042)	(6,050)
31 December 2013	-	13,377	13,377
PROVISIONS			
1 January 2013	-	8,874	8,874
Provision in year	-	(50)	(50)
Disposals	-	(6,042)	(6,042)
31 December 2013	-	2,782	2,782
NET BOOK VALUE			
31 December 2013	-	10,595	10,595
31 December 2012	8	10,545	10,553

Disposals relate to the following five companies, all of which were dissolved during the year: Transportation Systems and Market Research Ltd; Halcrow Fox & Associates Ltd; Halcrow Rural Management Ltd; Halcrow France SRL and Lewis R Carnan Ltd.

12 OTHER INVESTMENTS (continued)

None of the investments included in the above amounts are listed on a recognised investment exchange. The principal subsidiary undertakings are shown in note 27 of the financial statements.

Consolidated financial statements have not been prepared as the company is itself a wholly owned subsidiary of a company incorporated in Great Britain, as permitted by the Companies Act 2006. These accounts present information about the company and not the group.

13 DEBTORS

	2013 £000	2012 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade debtors	21,897	26,055
Amounts recoverable on contracts	19,451	23,147
Amounts owed by group undertakings	16,722	8,791
Amounts owed by related undertakings	6,653	-
United Kingdom corporation tax	-	1,051
Other debtors	1,382	664
Prepayments and accrued income	2,561	2,596
	68,666	62,304
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
United Kingdom corporation tax	468	-
Amounts owed by group undertakings	-	14,332
	468	14,332
	69,134	76,636

Amounts owed by group undertakings became repayable upon demand during the year.

Deferred taxation

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that the losses will be utilised in the foreseeable future. The amount of the asset not recognised is £255.2 million (2012: £218.1 million). The asset would be recovered if sufficient future taxable profits were to be made in the appropriate jurisdictions.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Bank loans and overdrafts	29,559	30,371
Payments on account	12,118	16,595
Trade creditors	5,443	3,688
Obligations under finance leases	763	707
Amounts owed to group undertakings	28,695	17,242
Amounts owed to related party undertakings	330	330
United Kingdom corporation tax	1,426	-
Other taxation and social security	8,727	7,167
Other creditors	6,471	3,588
Accruals and deferred income	16,359	17,974
	109,891	97,662

Obligations under finance leases

Amounts shown above as obligations under finance leases are secured on the related leased assets.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £000	2012 £000
Obligations under finance leases	730	1,492

Obligations under finance leases

Amounts shown above as obligations under finance leases falling due after more than one year are due between the second and fifth years inclusive and are secured on the related leased assets.

Maturity of financial liabilities

	2013 £000	2012 £000
Less than one year	30,322	31,078
Between two and five years	730	1,492
	31,052	32,570

16 PROVISIONS FOR LIABILITIES AND CHARGES

	1 January 2013	Charged / (credited) to profit & loss account	Utilised in year	31 December 2013
	£000	£000	£000	£000
Property dilapidation	3,626	221	(644)	3,203
Onerous leases	705	-	(705)	-
Excesses on insured claims	3,163	214	(858)	2,519
Contract losses	58	-	(58)	-
	7,552	435	(2,265)	5,722

Details of provisions are as follows:

Property dilapidation

Provision is made for the expected amount of payments to be made to landlords of properties leased by the company at their termination. The relevant leases expire between 2013 and 2020.

Onerous leases

Provision is made in respect of vacant properties, or onerous property terms associated with the company's leased portfolio. The provision will be utilised over the remaining periods of the relevant leases.

Excesses on insured claims

When claims have been made against the company, provision is made for the amount that falls within the excess of the company's professional indemnity insurance policy. The provision will be utilised over the period of the related claim, which is expected to be within the next twelve months.

Contract losses

Provision is made in accordance with SSAP 9 for contracts that are loss making and whose expected contribution does not include a reasonable allocation of overheads. The provision will be utilised over the period of the related contracts.

17 LEASE COMMITMENTS

At 31 December 2013 the company was committed to making the following payments during the next year in respect of operating leases:

	2013 £000	2012 £000
Land and buildings		
Leases which expire:		
Within one year	332	252
Within two to five years	452	1,606
After more than five years	4,406	8,381
	5,190	10,239
Other		
Leases which expire:		
Within one year	103	54
Within two to five years	353	619
	456	673

18 CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
Authorised:		
15,000,000 ordinary shares of £1 each	15,000	15,000
Called up, allotted and fully paid:		
10,000,000 ordinary shares of £1 each	10,000	10,000

19 PROFIT AND LOSS ACCOUNT

	2013 £000	2012 £000
At the beginning of the year	(239,384)	(195,563)
Loss for the year	(2,081)	(5,692)
Actuarial loss on pension scheme (net of deferred tax)	(20,932)	(38,129)
At the end of the year	(262,397)	(239,384)

20 TRANSLATION RESERVE

	2013 £000	2012 £000
At the beginning of the year	7,202	8,156
Movement on reserve in the year	(7,030)	(954)
At the end of the year	172	7,202

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £000	2012 £000
At the beginning of the year	(222,182)	(177,407)
Loss for the year	(2,081)	(5,692)
Actuarial loss on pension scheme (net of deferred tax)	(20,932)	(38,129)
Movement on translation reserve	(7,030)	(954)
At the end of the year	(252,225)	(222,182)

22 PENSION COMMITMENTS

The group operates various pension schemes and other long-term benefit plans for eligible employees. The assets of all schemes are held separately from those of the group and are invested by independent investment managers.

The main scheme is the Halcrow Pension Scheme which is a defined benefit pension scheme. The Group also sponsors the Pension & Life Assurance Plan of Halcrow Fox & Associates Limited, The MEDA Pension & Death Benefits Scheme, the Prudential Platinum Pension Scheme and contributes to the Halcrow Rail section of the Railways Pension Scheme, all of which are also defined benefit pension arrangements. Contributions are paid to the schemes as agreed with the trustees of those schemes.

All UK defined benefit pension schemes have been closed to new entrants for a number of years. The schemes were closed to future accrual with effect from 31 December 2007, with the exception of the Railways Pension Scheme and those members covered by the TUPE provisions. For those members affected, their defined-benefit pensions will remain linked to their pensionable salary (with certain restrictions) for a period of five years from 1 January 2008. Since this date, such members have had the right to earn current service benefits in the Halcrow Money Purchase Plan (HMPP).

Over the year to 31 December 2013, contributions by the group of £10.9m were made to the main UK pension scheme (2012: £10.5m). Contributions were reviewed as part of the full actuarial valuation of the main scheme with an effective date of 31 December 2008. Under the current schedule of contributions, contributions of £13.9m would be payable in 2014. Additional contributions dependent on Company performance may also be paid. Total contributions of 29.1% of pensionable salaries are being paid in respect of any members who continue to accrue benefits (payable in aggregate by the members and the employer). Contributions of £0.8m were made to the Halcrow Fox scheme in line with the Group agreement with the Trustees. Contributions of £1.2m were made to the Railways Scheme. Further contributions were made to other smaller arrangements.

The company contributed £5.3m (2012: £5.6m) to the HMPP, which is a defined contribution arrangement.

Calculations based on a full actuarial valuation of the main pension scheme as at 31 December 2011 have been updated to the accounting date by an independent qualified actuary in accordance with FRS17. Other UK pension arrangements have been updated in a similar manner. As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method.

The following table sets out the key FRS17 assumptions as at 31 December 2013 used for the schemes. The tables below also set out as at 31 December 2012 and 31 December 2013 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS17 liabilities and the deficit of assets below the FRS17 liabilities.

22 PENSION COMMITMENTS (continued)

The Halcrow Pension scheme, the Halcrow Fox scheme and the Railways scheme

Assumptions	2013	2012
Price inflation	3.5% p.a.	3.0% p.a.
Discount rate	4.4% p.a.	4.5% p.a.
Pension increases (fixed)	5.0% p.a.	5.0% p.a.
Pension increases (5% LPI)	3.15% p.a.	2.85% p.a.
Salary Growth (on average) *	4.0% p.a.	4.0% p.a.

* The salary increase assumption for the UK is of limited relevance, as the link to final salary ceased for the vast majority of current UK employees at the 2012 year end.

On the basis of the assumptions used for life expectancy, a male pensioner in the UK currently aged 65 would be expected to live for a further 22.7 years (2012: 22.4 years). Allowance is made for future improvements in life expectancy, so a pensioner in the UK reaching the age of 65 in 2033 would be expected to live for a further 24.8 years (2012: 24.7 years).

Expected return on assets

Components	2013	2012
Equities	6.55% p.a.	7.2% p.a.
Bonds	3.7% p.a.	3.1% p.a.
Property	6.6% p.a.	6.8% p.a.
Other	2.8% p.a.	2.5% p.a.
Overall returns expected over the accounting year	4.63% p.a.	5.81% p.a.

The above expected rates of return are used to calculate the expected return figures stated below for the schemes. The rates are set to reflect long term expectations of the returns on each asset class held in the schemes at the start of each accounting year. The overall rate is the weighted average of the individual rates. The actual return on scheme assets over 2013 was £32,145,000 (2012: £36,608,000).

22 PENSION COMMITMENTS (continued)

Components	31 December 2013 Fair Value (schemes in deficit)	Fair Value (scheme in surplus)	Total
	£000	£000	£000
Equities	166,481	5,892	172,373
Bonds	238,467	11,385	249,852
Property	8,158	793	8,951
Other	27,083	14	27,097
Balance Sheet			
Total fair value of assets	440,189	18,084	458,273
Present value of liabilities	(672,789)	(17,617)	(690,406)
Deficit in the schemes	(232,600)	467	(232,133)
Amount not recognised due to paragraph 37 restriction	-	(183)	(183)
Adjusted (deficit) / surplus in schemes	(232,600)	284	(232,316)
Related deferred tax	-	-	-
Net pension liabilities	(232,600)	284	(232,316)

Components	31 December 2012 Fair value (schemes in deficit)	Fair value (schemes in surplus)	Total
	£000	£000	£000
Equities	157,744	-	157,744
Bonds	217,872	-	217,872
Property	19,638	-	19,638
Other	39,315	-	39,315
Balance Sheet			
Total fair value of assets	434,569	-	434,569
Present value of liabilities	(649,547)	-	(649,547)
Deficit in the schemes	(214,978)	-	(214,978)
Employee share of deficit	-	-	-
Adjusted (deficit) / surplus in schemes	(214,978)	-	(214,978)
Related deferred tax	-	-	-
Net pension liabilities	(214,978)	-	(214,978)

22 PENSION COMMITMENTS (continued)

Under FRS17, the schemes are represented on the balance sheet as net pension liabilities of £232,316,000 (2012: £214,978,000).

The scheme liabilities under FRS17 moved over the period as follows:

	2013 £000	2012 £000
Scheme liabilities at the beginning of the year	(649,547)	(587,700)
Current service cost	(926)	(1,033)
Employee contributions	(207)	-
Interest on post-retirement liabilities	(28,713)	(28,427)
Actuarial loss	(33,256)	(51,594)
Benefits paid	22,243	19,207
Scheme liabilities at the end of the year	(690,406)	(649,547)

The value of pension scheme assets moved over the period as follows:

	2013 £000	2012 £000
Scheme assets at the beginning of the year	434,569	404,520
Expected return on plan assets	19,836	23,143
Employer contributions	13,595	12,648
Employee contributions	207	-
Actuarial gain	12,309	13,465
Benefits paid	(22,243)	(19,207)
Scheme assets at the end of the year	458,273	434,569

The following amounts have been included within operating profit under FRS17 in relation to the defined benefit schemes:

	2013 £000	2012 £000
Current service cost	926	1,033
Total operating charge	926	1,033

The following amounts have been included as net finance costs under FRS17:

	2013 £000	2012 £000
Expected return on pension scheme assets	19,836	23,143
Interest on post-retirement liabilities	(28,713)	(28,427)
Adjustment due to paragraph 37	(198)	-
Net finance cost	(9,075)	(5,284)

22 PENSION COMMITMENTS (continued)

The history of assets, liabilities and deficits over the last 5 years is:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Total fair value of assets	458,273	434,569	404,520	393,543	355,661
Present value of liabilities	(690,406)	(649,547)	(587,700)	(482,876)	(456,794)
Deficit in the schemes	(232,133)	(214,978)	(183,180)	(89,333)	(101,133)

The history of experience gains and losses over the last 5 years is:

	2013	2012	2011	2010	2009
Actual return less expected return on scheme assets (£000)	12,309	13,465	(7,663)	20,751	22,792
Percentage of scheme assets	2.69%	3.10%	(1.89%)	5.27%	6.41%
Experience gains and (losses) arising on schemes' liabilities (£000)	(316)	(190)	(7,000)	5,626	(21,900)
Percentage of the value of the schemes' liabilities	0.05%	0.03%	1.19%	(1.17%)	4.79%
Actuarial gains and (losses) arising during the period	(20,947)	(38,129)	(101,952)	6,015	(28,555)
Effect of the limit in paragraph 37	15	-	-	-	-
Total amount recognised in the STRGL (£000)	(20,932)	(38,129)	(101,952)	6,015	(28,555)
Percentage of the value of the schemes' liabilities	(3.03%)	(5.87%)	(17.35%)	1.25%	(6.25%)

The cumulative actuarial losses recognised in the STRGL since 1 January 2002 are £287,980,000 (2012: a cumulative loss of £267,048,000).

The effect of retirement benefits on operating profit calculated in accordance with FRS17 as set out in the financial statements is as follows:

	2013 £000	2012 £000
Funded defined benefit schemes	10,892	6,771
Defined contribution schemes	5,953	6,027
Charge per note 6b	16,845	12,798

23 CAPITAL COMMITMENTS

Capital expenditure contracted for, but not provided for, in the financial statements at 31 December 2013 was £nil (2012: £nil).

24 CONTINGENT LIABILITIES

The Company has no contingent liabilities. Up until November 2011, the Company had given the group's bankers a fixed and floating charge over its assets and entered into a multilateral guarantee as security for borrowing facilities granted to itself and other group undertakings. This facility was cancelled following the group's acquisition by CH2M HILL Companies, Ltd.

25 RELATED PARTY TRANSACTIONS

In accordance with section 3c of FRS 8, 'Related Party Disclosures', transactions with other group undertakings within, and investee related parties of, the Halcrow group have not been disclosed in these financial statements.

CH2M HILL Companies, Ltd and subsidiary companies
During the year affiliate turnover was received of £22,771,178 (2012: £6,728,922), direct costs were charged of £2,496,605 (2012: £641,596), administrative costs were charged of £2,969,548 (2012: £589,145) and interest was charged to the company on loan balances amounting to £nil (2012: £1,800). Net debtor balances due from the parent company and from related undertakings at 31 December 2013 were £6,323,000 (2012: et creditor balances of £767,537).

26 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Halcrow Consulting Limited. The smallest group in which the results of this company are consolidated is Halcrow Holdings Limited ("Halcrow"). Copies of the consolidated accounts of Halcrow may be obtained from the Company Secretary at Elms House, 43 Brook Green, London W6 7EF. Following the acquisition of Halcrow on 10 November 2011 by CH2M HILL Companies, Ltd ("CH2M HILL"), CH2M HILL became the ultimate parent undertaking and the results of the Company have been consolidated by CH2M HILL since acquisition. Copies of its financial statements are available on the Group's website ch2m.com.

27 SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

The company has the following principal subsidiaries which supply services as consulting engineers:

Subsidiary undertakings:	Percentage owned
Halcrow International Partnership	100%
Halcrow Water Services Limited	100%
Yolles Partnership Limited	100%
Sir William Halcrow and Partners Limited	100%

Halcrow International Partnership operates in the Middle East.
Halcrow Water Services Limited operates principally in Great Britain.
Yolles Partnership Limited operates principally in Great Britain.
Sir William Halcrow and Partners Limited operates in Great Britain and South America.
The above subsidiary undertakings are registered in England and Wales.
All holdings are of ordinary shares.

Joint ventures:-

Aone	34%

The above joint venture operates in Great Britain