

**ATKINS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**COMPANY NUMBER 00688424**

**TUESDAY**



**\*ACCUOTBV\***

**A24**

**26/09/2023**

**#24**

**COMPANIES HOUSE**

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Contents**

Strategic report	Pages 1 - 6
Directors' report	Pages 7 - 15
Independent auditor's report	Pages 16 - 19
Income Statement	Page 20
Statement of Comprehensive Income	Page 20
Balance Sheet	Page 21
Statement of Cash Flows	Page 22
Statement of Changes in Equity	Page 23
Notes to the Financial Statements	Pages 24 - 59

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**Business review and future developments**

***Nature of the business***

Atkins Limited's (the Company) core business is helping our clients to plan, design and enable capital programmes. We are a people business selling specialist output from our talented teams. The services we provide demand high-end critical thinking and expert judgement. We apply people with technical skills to deliver projects. For example, we:

- create and engineer constructible designs;
- provide advice to progress projects; and
- manage projects or programmes to specified quality/time/cost constraints.

The Company's employees include engineers, architects, surveyors, cost and project managers, planners, management consultants, geologists and experts in information technology, telecommunications and environmental management.

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

The Company's primary objective is to create value for our stakeholders – including developing communities, providing outcomes for our clients, providing an attractive place to work for our people and delivering appropriate financial returns.

During the year, the Company was a member of the group of companies headed by SNC-Lavalin Group Inc. (the Group).

The Company had a solid performance again this year, continuing to generate strong revenue and growth in work in hand; including projects with the Government who are focused on achieving its Net Zero commitments, a sector where the Company has competitive advantage.

On 21 June 2022, Flex Process Limited was acquired for consideration of £1.1m. Atkins Bennett (Holdings) Limited was dissolved on 6 September 2022 and Atkins MSL Engineering Limited was dissolved on 20 September 2022. The Company recorded a loss of £7.5m on dissolution of these subsidiaries.

An increase in intangible fixed assets in the year of £14m includes £7.6m of capitalised development costs.

Throughout the year, the Group has been making significant progress on its digital transformation journey by digitally evolving our core services and by globally scaling new service offerings including the Digital Automation Library (Library). This is a new platform which serves as a central repository of digital tools including a live tracking application that provides real-time information on how specific tools would help the deployed projects. The Library promotes efficiency, consistency and best practices across the organisation. The Group is confident that the Library will help achieve value for money in line with the UK Government's emphasis.

The Group's strategy is focused on engineering a better future for the planet and its people and as a result it is committed to promoting sustainable growth and innovation through investing in digital technologies that will help clients to achieve their net-zero goals through decarbonisation. The Group offers these services through its global Engineering Net Zero Programme and provides leading services to decarbonise energy supply, including large-scale nuclear power stations. Additionally, the Group focuses on energy demand, for example through its Decarbonomics service, which is aimed at decarbonising existing assets, with a particular focus initially on buildings.

The Group plans to introduce a new Carbon Insights programme set to launch in 2023 which will make it easier to deliver carbon management advice across a broader range of projects. In addition, the ENZ Carbon Academy will be established to increase the number of carbon experts across its regions.

The Group focuses on designing solutions that work across the entire project lifecycle, and at scale. Our new digital strategy will enable the business to deliver on our corporate strategy by embedding people, data and technology into everything it does. Digital investment is focussed on transforming how the Group designs and collaborates; developing a global programme management service; implementing a digital twin solution; leveraging advanced analytics; and creating an environment to store and connect data to unlock value.

Further details of the objectives and future developments for the Group are disclosed in the SNC-Lavalin Group Inc. Financial Statements for the year ended 31 December 2022 (see note 29).

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Principal risks and uncertainties**

We continue to manage a number of potential risks and uncertainties which could have a material impact on our strategic and operational objectives. Many of these risks are common to other companies and we assess them regularly to establish the principal risks and uncertainties for the Group. 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 2022 (see note 29).

**Ukraine**

The Group continues to consider the impact of ongoing geopolitical tensions on its operations. As part of its risk reduction strategy, the Group has added high-risk countries such as Russia and Belarus to its list of prohibited countries to ensure the safety of its employees and the resilience of its operations. A Group-wide travel ban to Ukraine and Russia (including Belarus), remains in force. The Company has assessed the impact on its operations and is comfortable that there are no jobs or clients based in Ukraine, Russia or Belarus.

**Cyber-Security**

The Company recognises the increased risk of cyber-attacks and remains on high alert, with additional training in the form of mandatory e-learning for all employees to increase awareness and resilience. Additional training is continuously implemented in the form of simulated phishing emails sent to all employees monthly with tracking of individual and overall performance. Further reinforcement is provided by monthly cyber security micro tips which cover specific items of interest as well as corporate communications on cyber security via the Company's Intranet, email and Yammer. This is in addition to many technical controls, including user access controls requiring strong passwords, firewalls, protection against malware on all systems and protection against malicious links and files in email and web browser sessions. The Company's systems are continuously monitored for signs of attack and any anomalous activity is investigated.

**Inflation**

Rising inflation and supply chain disruptions are being monitored closely and there is currently no material impact on the Company's results financial performance or and operations. Looking ahead, there is a risk that increased costs could impact the markets in which the Company operates, and future work and the Company will continue to monitor the situation closely and manage the resource base efficiently to align costs with revenues and ensure profitability of the Company.

**COVID-19**

The purpose of this statement is to provide an overview of the current known impact of COVID-19 as at the date of these Financial Statements. The Director's Report contains detailed information on the Group's response to the Covid-19 pandemic, including the measures implemented to prioritise employee well-being and health and safety. For further details, please refer to page 10 of the report.

**Results and dividends**

**Revenue**

In the year ended 31 December 2022, the Company's revenue was £1,115.0m (31 December 2021: £1,013.4m), an increase of 10.0%.

**Operating profit**

Reported operating profit for the year was £71.8m, (31 December 2021: £61.6m); an increase of 16.6% on the prior year. Reported operating profit includes exceptional items of £nil (31 December 2021: £9.7m).

**Profit after tax**

The profit after tax for the year of £63.2m (31 December 2021: £54.2m) is shown in the Income Statement on page

**Cash**

Net funds as at 31 December 2022 were £10.8m (31 December 2021: £24.8m).

**Dividends**

Dividends of £40m were paid during the year (31 December 2021: £30m).

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Key performance indicators (KPIs)**

The Company forms part of a sub section of the SNC-Lavalin Group Inc.'s EDPM and Nuclear sectors. The Group's devolved management teams use a range of performance measures to monitor and manage their relevant sectors. As such, KPIs are not generated at company level, but are generated and monitored at sector level and below. Those that are particularly important in monitoring our progress in generating shareholder value are considered KPIs.

Our sector 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 segments 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.

Work in hand measures our secured workload as a percentage of the budgeted revenue for the next year. Staff turnover is a measure of capacity and show us how effective we have been in recruiting and retaining our key resource.

Safety in the workplace and on our project sites is paramount. We track the accident incident rate (AIR) across the Company. The AIR is an industry measure of the number of reportable accidents per 100,000 staff.

As a people business, staff turnover is an important metric for us and shows the rate at which staff leave the Company through natural turnover.

	Year ended 31 December 2022	Year ended 31 December 2021	% change
<b>Financial metrics</b>			
Revenue	£1,115.0m	£1,013.4m	10.0%
Operating profit (excluding exceptional items and other operating income)	£71.8m	£71.3m	0.7%
Operating margin (excluding exceptional items and other operating income)	6.4%	7.0%	-0.5%

During the year, revenue increased by 10.0% and underlying operating profit increased by 0.7%.

**Energy and Carbon Reporting (SECR)**

For periods commencing on or after 1 April 2019, large unquoted companies are required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155) to report on carbon emissions and energy use. They need to specifically report on the annual quantity of energy consumed from activities for which they are responsible. This reporting is being referred to as the Government's policy on Streamlined Energy and Carbon Reporting (SECR). Atkins Limited has considered this requirement and is reporting on its annual UK energy use in this Strategic Report.

The following data includes the energy and carbon usage for Atkins Limited.

We have reported on all sources of greenhouse gas (GHG) emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage data for period 1 January 2022 to 31 December 2022 for the whole of the UK territory has been obtained from the Carbon Disclosure Project 2023 ("CDP report"). Aggregated figures for Scope 1, 2 and 3 were externally verified by Deloitte LLP and the 2023 CDP report is due to be published on the SNC-Lavalin website in due course.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Energy and Carbon Reporting (SECR) (continued)**

As the data in the CDP report has been reported by territory, the Directors have apportioned the data across the relevant UK legal entities that are in scope for SECR. This apportionment has been made based on the proportion of average annual full-time equivalent headcount ("FTE") for Atkins Limited over the whole of the UK territory headcount as this is considered the most appropriate approximation.

As such, the Directors anticipate that c.80% (31 December 2021 c.81%) of the total SNC-Lavalin UK territory totals relates to Atkins Limited.

	Total SNC-Lavalin UK Territories per CDP report 2023	Total SNC-Lavalin UK Territories per CDP report 2022
Emissions from Scope 1	369.68 metric tons CO <sub>2</sub> e	482.86 metric tons CO <sub>2</sub> e
Emissions from Scope 2	687.21 metric tons CO <sub>2</sub> e	631.86 metric tons CO <sub>2</sub> e
Emissions from Scope 3	Not provided	Not provided
<b>Total gross CO<sub>2</sub>e based on above</b>	<b>1,056.89 metric tons CO<sub>2</sub>e</b>	<b>1,114.72 metric tons CO<sub>2</sub>e</b>
Energy consumption used to calculate emissions - MWh	5,491.62 MWh	4,963.04 MWh

	Atkins Limited estimate for the year ended December 2022 80% of UK Territory	Atkins Limited estimate for the year ended December 2021 81% of UK Territory
Emissions from Scope 1	295.74 metric tons CO <sub>2</sub> e	391.12 metric tons CO <sub>2</sub> e
Emissions from Scope 2	549.77 metric tons CO <sub>2</sub> e	511.81 metric tons CO <sub>2</sub> e
Emissions from Scope 3	Not provided	Not provided
<b>Total gross CO<sub>2</sub>e based on above</b>	<b>845.51 metric tons CO<sub>2</sub>e</b>	<b>902.92 metric tons CO<sub>2</sub>e</b>
Energy consumption used to calculate emissions - MWh	4,393.3 MWh	4,020.06 MWh
Intensity ratio – tonnes of CO <sub>2</sub> e per £m revenue*	0.76	0.89

\* over Atkins Limited revenue only

The data and emissions have been calculated using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Emissions have been identified and categorised into three scopes of emission-releasing activities, as defined in the UK Government Conversion Factor for GHG Company Reporting:

- Scope 1 (direct emissions) - emissions from activities owned or controlled by the Company such as emissions from combustion in owned or controlled boilers, furnaces and vehicles; and emissions from chemical production in owned or controlled process equipment.
- Scope 2 (energy indirect) - emissions released into the atmosphere that are associated with the Company consumption of purchased electricity, heat, steam, and cooling. These indirect emissions are a consequence of the Company's energy use, but occur at sources you do not own or control.
- Scope 3 (other indirect) - emissions that are a consequence of the Company's actions that occur at sources not owned or controlled and are not classed as Scope 2 emissions. Examples of Scope 3 emissions which are tracked by the Company are business travel, by means not owned or controlled by the Company, or fuels purchased. Emissions data regarding Scope 3 has been excluded from the table as the Company is only able to track 2 of the 15 elements within this category.

The methodology for calculating emissions has been explained in details of the latest CDP report.

**Commitments toward improving energy efficiency**

Our focus during 2022 was rationalising the Group's estate portfolio, with the success being seen in the reduction of our carbon footprint. This work is following our Net Zero Routemap that was published in 2021 (<https://www.snc-lavalin.com/~media/%20Files/S/SNC-Lavalin%20/download-centre/en/policy/%20net-zero-carbon-routemap.pdf>) and we will continue to assess and explore the decarbonisation of our estate by utilising data to identify opportunities. This data driven approach seeks to address the slight increase in our Scope 2 emissions seen in 2022, which is a result of the higher occupancy within our offices as business returned to normal following the Covid-19 pandemic.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Energy and Carbon Reporting (SECR) (continued)**

***Taskforce on Climate-Related Financial Disclosures***

Following the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2021, the Company will report on TCFD aligned climate-related financial disclosures (for the year ended 31 December 2023) in next year's Annual Report and Financial Statements. SNC-Lavalin Group Inc. [will/has] voluntarily [publish/ed] its first TCFD disclosure on 18 September 2023 ahead of mandatory reporting and has embarked on embedding the TCFD recommendations across the Group.

**Corporate sustainability**

The Company is committed to acting responsibly towards all its stakeholders, and the Group is committed to taking a leadership position within its sector with regards to corporate sustainability. The Group's corporate sustainability strategy and performance is published on its website at [www.snclavalin.com/en/sustainability](http://www.snclavalin.com/en/sustainability). SNC-Lavalin is a signatory to the UN's Race to Zero campaign.

**Section 172 Statement**

In accordance with the statutory reporting requirements imposed by The Companies (Miscellaneous Reporting) Regulations 2018, the directors of the Company are required to give an annual statement on how they have discharged their duty under Section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and with regard to broader stakeholder interests. This section of the Strategic Report states how the directors have had regard to the matters set out in Section 172(1) (a) to (f) during the year as required by Section 414CZA, of the Companies Act 2006.

The directors take their responsibilities seriously and seek to act in good faith in the way most likely to promote the success of the Company in accordance with Section 172 of the Companies Act 2006 by continuously seeking to further improve engagement with stakeholders in order to identify matters of importance and to understand how these can be capitalised upon in order to further generate long-term Company value.

The Company is an indirect, wholly-owned subsidiary of the Group and one of the key companies in and components of its Engineering Services Sector (ES Sector). Key decisions of the Company are made by various executive and operational committees within the ES Sector, with decisions and initiatives implemented throughout the ES Sector as required.

Effective engagement with its stakeholders and employees is one of the key elements of promoting the success of the Company and the matters below are those of relevance to the directors:

1. The likely consequences of any decisions in the long term

Directors of the Company provide leadership and guide the decision-making of the Company through the pursuit of four key values which apply to the Group as a whole and therefore the ES Sector and the Company: integrity, safety, collaboration and innovation, and recognises that these affect performance and long-term value. The focus is on continuing to develop a sustainable, community-focused business, dedicated to engineering a better future for the planet and its people by creating sustainable solutions that connect people, data and technology to design, deliver and operate the most complex projects across the world. Further details regarding the Company's strategy can be found in the Directors' Report of these Financial Statements.

2. The interests of the Company's employees

The Group, and therefore the Company, continues to strive to create and retain an inclusive, diverse and energised workforce and work environment with an open culture founded on its core values. The Directors' Report and the Employee Engagement statement in the Strategic and Directors' Report set out how the Company engages with its employees to understand employee views and considerations by undertaking its annual employee engagement survey and also provides opportunities for employees throughout the year to engage with members of the business at all levels. Regular Company-wide ES Sector specific Town Hall meetings are one of the forums used to explain and communicate the strategy, performance and goals of the ES Sector and wider Group. Regular employee reviews (both annual and mid-year) guide and encourage employees in their career development. During 2022, the Company continued with its diversity and inclusion strategy, aligning it to the Group's overall Equality Diversity & Inclusion programme with a tailored action plan to deliver the issues that matter most to its employees in the UK and Europe.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED (CONTINUED)**

**Section 172 Statement (continued)**

3. The need to foster the Company's business relationships with suppliers, customers and others

The Company recognises that supplier and customer/strategic partner relationships are key to its success in delivering projects across the ES Sector and maintains strong relationships with each of those stakeholder groups (including long-term partnering on project, joint ventures and through collaborative roles) through regular feedback and engagement. The ES Sector and the Company work in both the private and public sector and leverage the expertise of its suppliers as a result of these relationships. The Company is one of several within the ES Sector who acts as a strategic supplier to the UK Government.

Throughout the ES Sector, continuous feedback is sought from suppliers with a view to managing supplier relationships to deliver service improvements and risk minimisation and undertakes regular reviews of contractual obligations on deliverables. Directors remain actively engaged (from a management perspective) with the ES Sector markets within which the Company operates.

4. The impact of the Company's operations on the community and the environment

The Group, and therefore the Company, recognises that Environmental, Social and Corporate Governances (ESG) is integral to its operations. It continues to develop its corporate purpose aimed at how it delivers to its customers and continues with its focus dedicated to creating sustainable solutions by leveraging its capabilities to meet the demands of the future in decarbonisation (its decarbonomics offering). The Group, and therefore the ES Sector, has invested in the Engineering Net Zero programme over a number of years, which is designed to upskill employees, drive innovation and create leading analysis in order to support our clients on their decarbonisation journeys. For example, in August 2022, the Group commissioned the 'Engineering Net Zero in the GCC' report to identify the key challenges, opportunities and recommendations to decarbonise the energy, built environment and transport ES Sectors focusing on leading the engineering industry to achieve Net Zero Carbon as rapidly as possible by helping client manage climate risks and build climate resilience.

The Company's impact on the environment and community is not just contractual, it goes further to achieve a vibrant social value programme, for example becoming the first organisation in the engineering and construction sector to establish a programme with Governors for Schools, a national education charity that finds places and supports governors on school and academy boards. It is specifically focused on girls' schools in areas of high deprivation and engaging children with special educational needs and disabilities, and specifically promoting STEM subjects and raising the profile of engineering as a career path.

5. The reputation for a high standard of business conduct

The Group, and therefore the Company, is committed to promoting and maintaining the highest level of ethics and integrity and has again received recognition with its ethics and compliance programme, demonstrating its ongoing commitment to building a world-class culture of integrity. Each year, employees are required to complete an annual code of conduct training module which contributes to the Group's code of conduct certification, supporting the Group's business objectives, upholding its four key values and guiding in doing business the right way. Further details on the Group's governance, ethics and business conduct are disclosed in the SNC-Lavalin Group Inc. Financial Statements for the year ended 31 December 2022 (see note 29).

6. The need to act fairly as between members of the Company

The Company is a key component of the ES Sector and exists within the larger overall organisation structure of SNC-Lavalin Group Inc. and it, together with its affiliates and direct parent company, is key to the Company's (and therefore the Group's) success.

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



Louise McAllister  
 Company Secretary  
 24 August 2023

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their Annual report together with the Financial Statements and the Independent Auditor's Report of Atkins Limited (the Company) for the year ended 31 December 2022.

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; and
- the amount (if any) that the directors recommend by way of a dividend.
- environmental, social and employee matters

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

**Dividends**

On 22 December 2022, the Company declared a 2022 interim dividend of £40m (31 December 2021: £30m) to Atkins Investments UK Limited, which was settled by assignment of an intercompany loan receivable with SNCL Group inc.

**Post balance sheet events**

There are no post balance sheet events requiring disclosure.

**Research and development**

The Company develops and delivers innovative technical solutions to its clients, the costs of which are expensed to the Income Statement, with the exception of those development costs that meet the requirements of IAS 38 for capitalisation.

**Pensions**

***IAS 19 (revised 2011) – valuation and accounting treatment***

The Company determines pension scheme funding with reference to actuarial valuations, but for reporting purposes uses IAS 19 (revised 2011) under which the Company recognised a net retirement benefit asset of £9.3m at 31 December 2022 (31 December 2021: asset of £66.2m). The assumptions used in the IAS 19 (revised 2011) valuation are detailed in note 21 to the Financial Statements.

***Funding and charges***

During December 2022, the Company reached an agreement with the Trustee of the Atkins Pension Plan with respect to the 2022 triennial valuation. The agreed funding deficit at 31 March 2022 was £49m (31 March 2019: £241m). The associated repayment plan is expected to achieve full funding on a technical provisions basis by 31 July 2023 which is 1.3 years following the valuation date (2019; 7 years). Under the agreed recovery plan the Company will pay £38.99m in the twelve-month period to 31 March 2023, with contributions of £3.33m per month for the three months to 30 June 2023 and a final contribution of £1.15m in July 2023.

Actual recovery plan contributions into the Atkins Pension Plan by the Company for the year ended 31 December 2022 were £48.9m (2021: £37.8m). This included brought forward contributions of £9.7m.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

***Funding and charges (continued)***

The total charge to the Income Statement in respect of defined benefit schemes was £0.8m (31 December 2021: £4.7m) comprising current and past services cost of £1.9m (31 December 2021: £1.9m), administrative expenses of £0.6m (31 December 2021: £0.4m) and a net interest expense of £1.7m (31 December 2021: £2.4m). The charge relating to defined contribution schemes was £44.5m (31 December 2021: £41.3m).

**Treasury policies and objectives**

Throughout the year, the SNC-Lavalin Group Inc.'s (the Group) 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. consolidated Financial Statements for the year ended 31 December 2022).

**Financial risk management**

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 Company uses derivative financial instruments to hedge certain risk exposures; but not speculatively.

***Market risk***

Financial instruments affected by market risk include intercompany loan balances, deposits and derivative financial instruments.

**i) Foreign exchange risk**

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.

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 the SNC-Lavalin Group Inc.'s treasury function. 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. Remaining financial assets and liabilities denominated in currencies other than the local functional currency include bank accounts and intercompany funding balances.

The Company's primary exposure to foreign exchange risk on unhedged financial instruments arises mainly in respect of movements between the US dollar (including dollar-pegged currencies) and sterling.

**ii) Interest rate risk**

The Company's exposure to interest rate risk arises from interest bearing intercompany loan balances, the defined benefit obligation 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 hedging is currently undertaken by the Company.

**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.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Financial risk management (continued)**

***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 and deposits with banks, 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 focused on the recovery of debtors. There is no recent history of default.

Any surplus cash is invested by the SNC-Lavalin Group Inc.'s treasury function in interest bearing current accounts, term deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom.

**Critical accounting policies**

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 areas requiring a higher degree of judgement or complexity are revenue recognition and joint arrangements. The area where assumptions and estimates are significant to the Financial Statements is defined benefit pension scheme. The relevant accounting policy and note to the financial statements are denoted by a • in the case of significant judgements and a ☉ in the case of significant assumptions and estimates.

**Climate change reporting**

The Company provides services to its clients and uses people with technical skills to deliver these services. As a result, the Company does not have significant investments in property, plant and equipment and therefore limited risk of physical impacts resulting from climate change. The Company has shown its ability to work flexibly, with a mix of office/site and home based working, and as such it believes any physical impacts of climate change will not significantly impact its ability to deliver services to clients. In fact, addressing climate change has resulted in a number of opportunities for the Company as government and private clients look to invest in low carbon and climate change solutions.

The Company has not identified any significant impact on financial statement assumptions and estimates due to climate change.

**Directors**

The directors who served during the year and up to the date of signing these Financial Statements, unless otherwise stated, are included in the table below.

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
C Ball		30 September 2022
S G Cole		
A J Cullens		
A M English	09 March 2023	10 August 2023
A J Finch		
P D Hoare		
J Jarman		
C M Y Junillon	30 September 2022	26 July 2023
R L Robinson		
M McNicholas		

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**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 qualifying third-party indemnities. Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

**Directors' remuneration**

Directors' remuneration has been disclosed in note 5 to the Financial Statements.

**People Engagement**

This statement forms the 'Employee Engagement' statement for the Company required pursuant to The Companies (Miscellaneous Reporting) Regulations 2018. During the year, the Company met the minimum threshold required to report and this statement applies to the Company and its employing subsidiaries, where applicable.

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.

During the year, the Company conducted its annual employee engagement survey to gauge the views of our people around the world (including in the UK). Following the conclusion of the survey, results were anonymously collated, and trends identified.

Further information about how the Company engages with its employees can be found in the Strategic Report and separate Corporate Governance statement included as a part of these Financial Statements.

In response to the COVID-19 pandemic, the Company recognises the importance of prioritising the health and safety of its employees by adopting a hybrid work model that combines remote work and in person work. Since 2021, the Company continued to invest in technology and innovation to support this trend. The Company has taken several steps, such as offering mental health resources, flexible working arrangements, and other initiatives in order to promote a healthy work-life balance and to increase awareness and support its employees.

***Diversity and inclusion***

The Company remains committed to building and maintaining a diverse organisation to maximise the skills available in the regions in which it operates.

It recognises that diversity is one of its greatest strengths, enhance its ability to create sustainable solutions for clients and to better support the communities the Company serves. To mark its third year of celebrating Equity, Diversity and Inclusion (ED&I) on a worldwide level, the Company launched its ED&I programme, "Different makes a difference," which is a central component of the Company's sustainable business strategy. This programme provides all employees with an opportunity to reach to a common goal, creating and maintaining an inclusive culture where all employees feel they belong, can be true to themselves, and can reach their full potential. The Company firmly believes that working together can make a real difference. The Company's strategy framework provides a shared purpose and direction. Our objectives include embedding ED&I culturally, and promoting a respected voice both inside and outside its sector to accelerate change. The Company will work to increase female representation across our whole organisation by 2025, with the aim of having a diverse pipeline that includes all underrepresented groups.

The Company maintains its commitment to provide equal opportunities to all employees by continuously updating its policies from the point of attraction and recruitment and continues throughout an individual's employment. The Company supports its employees in reaching 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 the Company operates.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

***Diversity and inclusion (continued)***

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

In addition, the Company has continued to widen its employee-focussed networks which provide employees with a forum directly linked to senior management. Such networks continue to support the scope of employee policies, all with the aim of providing employees with the best possible working environment.

During the year, the Company was awarded The Clear Group's Gold standard accreditation for continually integrating ED&I into everything we do with all policies and practices reflecting and reinforcing our ED&I strategy in the UK and Europe. Currently, the Company is the only Company from the engineering sector to hold this Gold standard. The Clear Assured Accreditation provides organisations the latest thinking and expertise on ED&I as well as best practice benchmarks in four categories: finding talent, assessing talent, policies and procedures and retaining talent. For the last two years, the Group has been taking actions in each of these areas to further us on our ED&I journey. The Group is committed to continuing to work with the support of The Clear Group to implement the actions that we've committed to and achieve our next milestone, which is to reach the Platinum standard.

The Company published its 2022 gender pay gap report on 30 March 2023, relating to the snapshot date of 5 April 2022, in compliance with UK Government reporting requirements. While overall the gender pay gap has remained relatively static and in line with the industry average, positive trends continue to be seen. Recognising that there is still much work to do in closing the gender pay gap and addressing the disproportionate number of men in the workforce, the Company continues to focus heavily on three key areas:

- Widening its pool of talent by opening up new opportunities
- Retaining new talent by removing barriers in the way of their progression
- Providing personal and professional support throughout employees' careers

The Company recognises that tackling gender imbalance on all levels will require a long-term approach, as such it is committed to focusing on inclusion as a whole rather than solely on specific diverse demographics to close the gender pay gap. The Company's ED&I goals and targets provide a clear direction for achieving this objective and enable the Company to focus its attention on what is important.

The Company is confident that its dedication to active allyship, industry research and seeking long term impact will lead to a more diverse workforce, not only within its business but across the entire industry.

**Political donations**

The Company made no political donations and incurred no political expenditure during the year ended 31 December 2022 (31 December 2021: £nil).

**Supplier and customer engagement**

During 2022, directors and senior management continued to engage with customers and suppliers across a wide range of the Company's markets and industries in order to understand their needs and how the Company can support them to meet their obligations towards the Company. The Company recognises and acknowledges the support of its suppliers and customers is crucial to achieving long-term success and sustainable growth and is committed to maintaining strong relationships with these critical stakeholders. In addition, regular engagement with customers allows the Company to challenge itself to deliver and shape solutions which encourage the growth of our customers and suppliers. It also helps position the Company to be ready and available to deliver for its customers when the economic recovery begins.

The Company's robust governance contracts process provides a framework for measuring supplier and customer success and encourages regular engagement with customers and suppliers.

Further information about how the Company engages with its customers and suppliers can be found in the Strategic Report and separate Corporate Governance statement included in these Financial Statements.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Lava Labs: Sustainable Collaboration**

Recognising the importance of addressing the environmental challenges, and continuing to drive a sustainable future, during 2022 the Group initiated the establishment of Lava Labs in its Montreal, London, Whitehaven and Bangalore offices. These hubs serve as transformative digital collaboration space where the project teams across the Group can bring together ideas with clients and partners to address the planet's most complex problems. The Lava Labs have already hosted a range of activities and events, providing valuable experiences for the Group's teams and partners to collaborate and work towards a more sustainable future.

**Corporate governance statement**

For the year ended 31 December 2022, pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, the Company applied the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles) (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website). As the Company forms a part of the wider Group, however, the Company applies certain corporate governance measures as required by its ultimate parent company, which is registered in Canada and publicly listed on the Toronto Stock Exchange. This statement establishes where the Company complies with the Wates Principles (as a benchmark) and where the Company deviates (and to what extent).

***Principle 1 – Purpose and leadership***

As a leading engineering solutions partner, the Company is committed to delivering complex projects from vision to reality for a sustainable lifespan. Further, the Company is one of the world's most respected design, engineering and project management consultancies and, in the UK, primarily serves aerospace, defence, infrastructure, transportation, and energy sectors with a strong focus on sustainability at the heart of everything it delivers.

The Company (and the Group generally) maintains four key values: integrity, safety, collaboration, and innovation. The directors of the Company recognise that these four values directly affect both performance and long-term value and guide the decision-making and strategy of the Company. For example, meetings regularly begin with both a safety and an integrity moment where employees are encouraged to share their experiences of both matters (the moments themselves range from providing a relevant update related to the value to sharing personal experiences). The Company acknowledges the importance of acting with integrity and acting in a safe manner and further acknowledges that each of these values is particularly important in the engineering and construction industry within which the Company operates. Such values are also materially important for many of our stakeholders.

We are delighted to announce that the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices, has awarded the Group (including its subsidiaries) with the coveted Compliance Leader Verification for 2023-2024, extending two previous recognitions for 2019-2020 and 2021-2022. This recognition is conferred exclusively to companies with the best industry ethics and compliance programme and demonstrates our ongoing commitment to building a world-class culture of integrity.

Every year, and as detailed further in our Employee Engagement statement contained within these Financial Statements, the Company undertakes an anonymous employee engagement survey (available to every employee in the UK (and more widely, around the world)). From this survey, results are collated and reviewed in order to focus on particular areas where the Company wishes to improve, or where survey results do not meet expectations. Such employee engagement surveys request feedback on employee awareness of the Company's vision, values and purpose as well as feedback on how employees undertake to improve awareness and feature these items at the heart of their engagement with suppliers, customers and other stakeholders. The survey also aims to understand employee awareness and view of the Company's culture.

The Company has a number of procedures and processes in place to ensure that all employees focus on the Company's strategy and values at every opportunity. Such processes include risk and governance reviews, in line with the Company's risk and governance policy (including Stage Gate reviews), as well as an independent whistle-blower hotline which is available for all employees to raise any concerns they may have.

In addition, the Board regularly reviews conflicts of interest and encourages all directors to raise any conflicts of interest (either actual or perceived) for consideration and approval, where appropriate.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

Corporate governance statement (continued)

***Principle 2 – Board composition***

The Company considers that its Board is of an appropriate size for the functions and responsibilities being discharged. Each director of the Company is a member of a wider management team within the Group (such as the Group's Operational Leadership Team, Operational Leadership Group, and Executive Committee) which enables further understanding of stakeholder and shareholder views and builds and strengthens relationships with such stakeholders and shareholders.

Following the appointment of Mr. Christophe Junillon in 2022, the Company believes that the Board's experience and background are diverse and robust. Under Christophe's dynamic leadership, the Company established meaningful and strong relationships with clients towards Nuclear New Build projects in the UK, France and the UAE. The Company is committed to improving diversity through its succession planning processes and continues to appoint directors based on Group policies and with reference to an individual's seniority and experience, ensuring a broad representation of each of the Company's business units and functions in the UK. Succession planning for directors is driven by each business unit and the Company's general human resources policies. The Group's performance and development review process measures director effectiveness annually. The Company is committed to creating a diverse and inclusive Board that reflects the communities it serves, and it will continue to work towards this goal.

Directors of the Company are provided regularly with training and updates on UK company law and corporate governance standards. The Company's company secretaries are available at any time to provide advice and guidance to directors in the discharging of their duties. Collectively, directors have responsibility for ensuring the promotion of a positive culture based on the four key values set out above.

***Principle 3 – Director responsibilities***

Each of the Company's directors recognises and understands their responsibilities in relation to their directorship. The diverse nature of the Board's composition (in relation to skills and experience) means that each director is expected to be accountable for businesses and functions within their control. Each director is expected to be involved in decisions which involve their area of responsibility and experience. For example, directors with a financial background are expected to be involved and advise on decisions of a financial nature (such as the payment of a dividend).

The Company's company secretaries regularly review and discuss the Company's governance processes to understand how these can be improved to further strengthen the corporate governance standards of the Company (in line with, and where possible, beyond UK legislative requirements). The Company acknowledges its role in contributing to global sustainability, with specific reference as to how sustainability can be incorporated into projects we deliver. The Company's governance processes are designed with this in mind (among other metrics, such as the Company's purpose, values, and vision).

With reference to the fact that the Company is a large subsidiary within a wider Group, each of the directors consider their responsibility towards the Company in the first instance so as to preserve long-term growth and success for shareholders (and other stakeholders more widely). Accordingly, each director of the Company considers intra-Group transactions and interactions with the same rigour as they would for external parties (such as customers and suppliers). The Board regularly draws on the expertise of varying corporate functions within the Group, such as the legal, tax, treasury, and finance functions to ensure that interactions with other parties (including fellow Group companies) are conducted in such a way that directors can appropriately discharge their responsibilities.

In discharging their responsibilities, directors of the Company consider and obtain a wide range of information (much of which is considered in more detail throughout these Financial Statements, including the Strategic Report and Notes to the Financial Statements). This information is prepared and measured against a wide range of metrics, such as legislative requirements, best practice, key performance indicators, feedback from stakeholders, and other financial reporting metrics. For material discussions at Board meetings, board papers are prepared setting out details of the matters to be discussed as well as providing the Board and directors with sufficient information to discharge their responsibilities. The Company manages a self-certification process which provides the directors with the comfort that governance and financial processes are being carried out appropriately across the Company. Any exemptions to such certifications are investigated thoroughly and, where appropriate, changes implemented.

Further details as to director responsibilities and how directors are held accountable to these responsibilities are set out in other sections of this Directors' Report.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

***Principle 4 – Opportunity and risk***

The Company has a rigorous process for identifying opportunities to pursue including the assessment and review of any opportunities identified to or made available by the Company. Any assessment of opportunities undertaken by the Company is conducted in a manner consistent with the Company's purpose, vision, and values.

Following the identification and acceptance of any opportunities, the Company applies a rigorous stage gate review and governance process in order to manage and mitigate risk. This process commences upon the initial identification of an opportunity and continues throughout the execution of the project until the very final stage, when risks no longer apply. During the governance and risk review process, all opportunities or projects are reviewed regularly, including by independent (to the project or business unit) peer reviewers who provided detailed and rigorous challenge. Various metrics, as described above in the Director Responsibilities section to this Corporate Governance statement are also applied to project opportunities. The Group as a whole, has a range of systems and processes available to it to review project opportunities and provide independent and random challenge. This includes an internal audit team who will select projects and opportunities at random and conduct thorough reviews to ensure all risk and governance processes are being followed.

Where new risks are identified that may apply to the Company as a whole, rather than specific projects, working groups are established to review and understand the risk to the Company and its operations.

Further details regarding the Company's risks and how these have been considered are available in the Strategic Report contained within these Financial Statements.

***Principle 5 – Remuneration***

In general, the remuneration of directors of the Company is not determined at Board level and is instead determined in line with the Group's remuneration policies. The Group has a remuneration committee which considers and agrees the remuneration of senior managers and Board members of the Group as a whole (which encompasses certain members of the Company's board). Where appropriate, the Group retains an independent, external advisor to provide advice with regard to remuneration and associated benefits.

Directors are rewarded in line with the Group's remuneration and reward policies, which cover both base salary remuneration as well as other benefits and rewards, where appropriate. Reward guidelines focus on the Company's values, including integrity and safety.

The Group reports annually on remuneration of senior members of the Executive Committee (including the Group's CEO) and how this compares with other members of the Group's peer group and general workforce.

The Company reports annually on its gender pay gap and further details regarding this can be found in the Employee Engagement statement section of this Directors' Report.

***Principle 6 – Stakeholder relationships and engagement***

The Company acknowledges the importance of maintaining relationships with all stakeholders and engaging with them in order to understand matters of importance and relevance to them. All engagement is undertaken with specific reference to the Company's purpose, value, and vision and these items form a basis of identification of stakeholders as well as engagement that takes place with them.

All stakeholders are provided with opportunities and access to directors of the Company and senior management regularly. This allows for the facilitation of frequent and thorough feedback and engagement.

The Board considers all stakeholders regularly when taking decisions and assigning actions accordingly. For example, the Company's pension fund is considered as one of the key stakeholders of the Company and is considered in most decisions, and particularly those which may have a financial impact upon the Company (such as the payment of dividends). Members of the Company's Board regularly meet with the Company's pension fund and its trustees in order to understand their views and provide support from the Company's perspective.

Further details regarding the Company's stakeholders and how they identify and engage with them can be found in the Strategic Report, section 172 statement, and other sections of this Directors' Report, all contained within these Financial Statements.

**Share capital**

Full details of the Company's issued share capital, including changes during the year, can be found in note 22 of these Financial Statements.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**Directors' statement of responsibilities**

The directors are responsible for preparing the Annual 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, the directors have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 "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 year.

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 Annual Report and 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of audit information**

The directors confirm that, as at the date this report was approved, so far as each director is aware there is no relevant audit information of which the Company's independent auditor is unaware and that he or she has taken all the reasonable steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to ensure that the Company's independent 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.

**Going concern**

The Company's most recent budget and work in hand, taking account of reasonably possible changes in trading performance and modelling of downside scenarios, show that the Company will be able to operate within the level of its current facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for at least a period of 12 months from the date of signing the Financial Statements, and therefore continue to adopt the going concern basis in preparing the Financial Statements.

**Independent auditor**

The Company's auditor, Deloitte LLP, has indicated their willingness to continue in office for a further year.

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



Louise McAllister  
 Company Secretary  
 24 August 2023

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ATKINS LIMITED**

**Report on the audit of the financial statements**

*Opinion*

In our opinion the financial statements of Atkins Limited (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 2006.

*We have audited the financial statements which comprise:*

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 29.

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" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Challenging of the judgements and assumptions applied by management in their going concern assessment and associated forecasts of financial performance and financial position for the group, assessing the reasonableness of assumptions regarding uncertain cash inflows and the timing and quantum of cash outflows;
- Assessing of the historical accuracy of forecasts prepared by management; and
- Evaluating the appropriateness of the disclosures in the financial statements around going concern.

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ATKINS LIMITED (CONTINUED)**

**Conclusions relating to going concern (continued)**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

**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 control as the directors determine is necessary to enable the preparation of 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 misstatement, 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 the 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ATKINS LIMITED (CONTINUED)**

**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included environmental regulations, The General Data Protection Regulation, UK Modern Slavery Act and Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition, and our specific procedures performed to address them are described below:

- The revenue recognition fraud risk that we identified is:
  - A contract does not exist under IFRS 15;
  - The recording of variable consideration under IFRS 15 is not accurate or the Company is not entitled to the consideration;
  - the estimated forecast cost to complete (including contingencies and reserves) is inaccurate.

To address these risks we performed the following procedures for a sample of revenue contracts:

- Obtained an understanding of relevant controls over project forecasts and tested the operating effectiveness of these controls;
- Reconciled revenue to signed contracts and variation orders ensuring the revenue was recorded in the correct legal entity;
- Validated the amount of revenue recorded in the year was appropriate based on the terms and conditions specified in the underlying revenue contracts;
- Challenged the assumptions made in calculating project revenue forecasts including claims, change orders, liquidated damages and penalties through inquiries with projects managers and analysis of contract terms and purchase orders; and
- Challenged the assumptions made in calculating project cost forecasts, including contingencies and reserves through inquiries with project managers, calculation of average run rate and inspection of supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ATKINS LIMITED (CONTINUED)**

**Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and both in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

**Report on other legal and regulatory requirements**

**Opinion 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 year 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

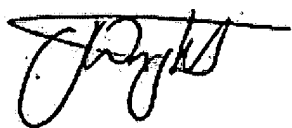
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



James Wright FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
24 August 2023

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Revenue	2	1,115.0	1,013.4
Cost of sales		(702.3)	(644.2)
<b>Gross profit</b>		<b>412.7</b>	<b>369.2</b>
Administrative expenses		(340.9)	(297.9)
Exceptional items	6	-	(9.7)
<b>Operating profit</b>	3	<b>71.8</b>	<b>61.6</b>
Net profit on disposal of Oil & Gas business	7	-	2.7
Income from shares in Group undertakings		5.5	-
<b>Profit before interest and tax</b>		<b>77.3</b>	<b>64.3</b>
Finance income	8	6.8	4.6
Finance costs	8	(5.6)	(10.6)
<b>Net finance income/(costs)</b>	8	<b>1.2</b>	<b>(6.0)</b>
<b>Profit before tax</b>		<b>78.5</b>	<b>58.3</b>
Income tax expense	9	(16.1)	(4.1)
<b>Profit for the year</b>		<b>62.4</b>	<b>54.2</b>

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
<b>Profit for the year</b>		<b>62.4</b>	<b>54.2</b>
Remeasurement of net post-employment benefit liabilities	21	(109.1)	249.5
Tax relating to components of other comprehensive income	21	24.2	(51.4)
<b>Other comprehensive (expense)/income for the year, net of tax</b>		<b>(84.9)</b>	<b>198.1</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>(22.5)</b>	<b>252.3</b>

All results are from continuing operations.

The notes on pages 24 to 59 are an integral part of these Financial Statements.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	31 December 2022 £m	31 December 2021 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	32.6	32.6
Other intangible assets	11	31.2	22.2
Property, plant and equipment	12	29.6	34.0
Right of use assets	13	79.9	92.4
Investments	14	11.9	18.7
Deferred tax assets	15	5.4	3.6
Derivative financial instruments		2.1	0.8
Other receivables		0.9	1.1
Amounts due from fellow Group Undertakings	16	217.0	217.0
Post-employment benefit assets	21	20.6	137.8
		<b>431.2</b>	<b>560.2</b>
<b>Current assets</b>			
Cash and cash equivalents		10.8	24.8
Trade and other receivables	17	691.5	745.1
Derivative financial instruments		1.8	0.3
Current income tax assets		-	11.6
		<b>704.1</b>	<b>781.8</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(535.5)	(600.6)
Lease liabilities	19	(10.9)	(10.3)
Derivative financial instruments		(1.4)	-
Current income tax liabilities		(0.4)	-
Provisions for other liabilities and charges	20	-	(0.1)
		<b>(548.2)</b>	<b>(611.0)</b>
<b>Net current assets</b>			
		<b>155.9</b>	<b>170.8</b>
<b>Non-current liabilities</b>			
Provisions for other liabilities and charges	20	(0.3)	(0.4)
Post-employment benefit liabilities	21	(11.3)	(71.6)
Derivative financial instruments		(1.1)	-
Lease liabilities	19	(86.5)	(97.7)
Deferred income tax liabilities	15	(5.7)	(16.6)
		<b>(104.9)</b>	<b>(186.3)</b>
<b>Net assets</b>			
		<b>482.2</b>	<b>544.7</b>
<b>Equity</b>			
Ordinary shares	22	40.1	40.1
Share premium account	22	0.2	0.2
Other reserves	22	205.0	205.0
Retained earnings	22	236.9	299.4
<b>Total equity</b>		<b>482.2</b>	<b>544.7</b>

Company number 00688424

The financial statements on pages 20 to 59 were approved and authorised for issue by the board of directors on 24 August 2023 and signed on its behalf by:



J Jarman  
 Director

The notes on pages 24 to 59 are an integral part of these Financial Statements.

## ATKINS LIMITED

### STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
<b>Cash flows from operating activities</b>			
Cash inflow used in operations	24	71.7	61.2
Interest received		6.8	4.6
Interest paid		(7.3)	(4.5)
Income tax received/(paid)		11.9	1.6
<b>Net cash inflow used in operating activities</b>		<b>83.1</b>	<b>62.9</b>
<b>Cash flows from investing activities</b>			
Purchases of intangible assets	11	(6.4)	(8.6)
Purchases of property, plant and equipment	12	(7.1)	(12.9)
Proceeds from disposals of property, plant and equipment	12	-	3.2
Acquisition of subsidiary	14	(0.9)	-
<b>Net cash used in investing activities</b>		<b>(14.4)</b>	<b>(18.3)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments	19	(9.7)	(17.0)
Dividends paid		-	(30.0)
Increase/(decrease) in intercompany loans		(73.0)	6.5
<b>Net cash outflow generated from financing activities</b>		<b>(82.7)</b>	<b>(40.5)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(14.0)</b>	<b>4.1</b>
Cash and cash equivalents at beginning of year		24.8	20.7
<b>Cash and cash equivalents at end of year</b>		<b>10.8</b>	<b>24.8</b>

The notes on pages 24 to 59 are an integral part of these Financial Statements.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings/ (Accumulated losses) £m	Total equity £m
<b>Balance at 1 January 2021</b>	<b>40.1</b>	<b>0.2</b>	<b>205.0</b>	<b>77.1</b>	<b>322.4</b>
Profit for the year	-	-	-	54.2	54.2
Remeasurement of net post-employment benefit liabilities (Note 21)	-	-	-	249.5	249.5
Tax relating to components of other comprehensive income (Note 21)	-	-	-	(51.4)	(51.4)
Other comprehensive expense for the year	-	-	-	198.1	198.1
Total comprehensive income for the year	-	-	-	252.3	252.3
Dividends to owners of the parent	-	-	-	(30.0)	(30.0)
Total contributions to owners of the Company recognised directly in equity	-	-	-	(30.0)	(30.0)
<b>Balance at 31 December 2021 and 1 January 2022</b>	<b>40.1</b>	<b>0.2</b>	<b>205.0</b>	<b>299.4</b>	<b>544.7</b>
Profit for the year	-	-	-	62.4	62.4
Remeasurement of net post-employment benefit liabilities (Note 21)	-	-	-	(109.1)	(109.1)
Tax relating to components of other comprehensive income (Note 21)	-	-	-	24.2	24.2
Other comprehensive expense for the year	-	-	-	(84.9)	(84.9)
Total comprehensive income for the year	-	-	-	(22.5)	(22.5)
Dividends to owners of the parent	-	-	-	(40.0)	(40.0)
Total contributions to owners of the Company recognised directly in equity	-	-	-	(40.0)	(40.0)
<b>Balance at 31 December 2022</b>	<b>40.1</b>	<b>0.2</b>	<b>205.0</b>	<b>236.9</b>	<b>482.2</b>

Other reserves relates to a capital contribution made by the Company's immediate parent company.

The notes on pages 24 to 59 are an integral part of these Financial Statements.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies**

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is domiciled in England and Wales. Its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1. 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. The 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, except for certain financial instruments measured at fair value, and in accordance with the Companies Act 2006. The Company has taken the option to present the balance sheet and income statement in accordance with IAS1.

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 areas requiring a higher degree of judgement or complexity are revenue recognition and joint arrangements. The area where assumptions and estimates are significant to the Financial Statements is defined benefit pension scheme. The relevant accounting policy and note to the financial statements are denoted by a ♦ in the case of significant judgements and a ⊕ in the case of significant assumptions and estimates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard. Where required, equivalent disclosures are given in the group Financial Statements of SNC-Lavalin Group Inc., which are available to the public and can be obtained as set out in note 29.

The following exemptions from the requirements of IFRS have been applied in the preparation of these Financial Statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payments* (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- 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)*
- Paragraph 38 of IAS 1, *Presentation of financial statements* – comparative information requirements in respect of: paragraph 79(a)(iv) of IAS 1; paragraph 73(e) of IAS 16, '*Property, plant and equipment*'; and paragraph 118(e) of IAS 38, '*Intangible assets*' (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, *Presentation of financial statements*:  
 16 (statement of compliance with all IFRS); 38B-D (additional comparative information); 134-146 (capital management disclosures)
- 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)
- Paragraph 17 and 18A of IAS 24, *Related party disclosures* (key management personnel)
- The requirements in IAS 24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130f, 134d to 134f and 135c to 135e of IAS 36, *Impairment of assets*.

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**New standards, amendments and IFRIC interpretations**

There are no new standards and no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Company's financial statements.

**Going concern**

The Company's most recent budget and work in hand, taking account of reasonably possible changes in trading performance and modelling of downside scenarios, show that the Company will be able to operate within the level of its current facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for at least a period of 12 months from the date of signing the Financial Statements, and therefore continue to adopt the going concern basis in preparing the Financial Statements.

**Basis of consolidation**

The Company is an indirect wholly-owned subsidiary of SNC-Lavalin Group Inc., and is included in its consolidated financial statements, which are publicly available. Therefore, the Company is exempt, by virtue of section 401 of the Companies Act 2006, from the requirements to prepare consolidated financial statements. The address of the ultimate parent's registered office is 455 Boul. René-Lévesque Ouest, Montréal, Québec, H2Z 1Z3, Canada.

These financial statements are 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 also the Company's functional 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. All other foreign exchange gains and losses are presented in the Income Statement within other operating income.

**Joint arrangements**

The Company applies IFRS 11 to all joint arrangements. Under IFRS 11, a joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company classifies its interests in joint arrangements as either joint ventures or joint operations.

**Employee benefit trusts (EBTs)**

The accounts of the EBTs are incorporated into the results of the Company as, although they are administered by independent trustees and their assets are held separately from those of the Company, in practice the Company's recommendations on how the assets are used for the benefit of employees are normally followed.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.

Under certain services contracts, the Company manages customer expenditure and is obliged to purchase goods and services from third party contractors and recharge them to the customer at cost. The amounts charged by contractors and recharged to customers are excluded from revenue and cost of sales where the Company is acting solely as an agent. Receivables, payables and cash relating to these transactions are included in the Balance Sheet.

◆ **Revenue recognition and contract accounting**

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. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. In addition, provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

Any estimated variable consideration (variations on contracts) are included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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

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.

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

All revenue earned arises from service work performed for client in the UK.

**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.

**Dividend distribution**

Dividend distributions to the Company's shareholder(s) are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder(s).

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Pre-contract costs**

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 or, in the case of PPP/PFI concessions, over the same period as the Company's interest in any special purpose company (SPC) charges the equivalent capitalised amounts to the Income Statement.

Bid recovery fees are deferred and credited to the Income Statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Company's interest in any SPC credits the equivalent capitalised amounts to the Income Statement. Where the Company's interest in any SPC reduces, the deferred bid recovery fees are credited to the Income Statement in proportion to the reduction of the Company's interest.

**Exceptional items**

Exceptional items are disclosed separately in the financial statements where the directors believe 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 both defined contribution (DC) and defined benefit (DB) pension plans.

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

A defined benefit plan is a pension plan that is not a defined contribution plan.

A DB plan is a pension plan that typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of DB plans is the present value of the DB obligation at the end of the reporting period, less the fair value of plan assets. The DB obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the DB obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net DB liability or asset. Past service cost is recognised immediately in the Income Statement.

DB pension costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- administrative expenses
- net interest expense or income
- remeasurement.

The net retirement benefit liabilities recognised in the Balance Sheet represents the actual deficit in the Company's DB plan.

For DC plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Retirement benefit schemes (continued)**

Accounting for pensions involves judgement about uncertain events in the future such as inflation, salary levels at retirement, longevity rates, rates of return on plan assets and discount rates. Assumptions in respect of pensions and post-employment benefits are set after consultation with independent qualified actuaries. Management believes the assumptions are appropriate. However, a change in the assumptions used would have an impact on the Company's results and net assets. Any differences between the assumptions and the actual outcome will affect results in future years. An estimate of the sensitivity to changes in key assumptions is disclosed in note 21 to the Financial Statements.

**Share-based payments**

The Company has adopted the SNC-Lavalin Long Term Incentive (LTI) Plan and each year, cash settled share-based payments are granted under the terms of SNC-Lavalin's Restricted Share Unit Plan (RSU) and Performance Share Unit Plan (PSU).

In accordance with IFRS 2, the Company measures the goods or services acquired and the related liability at the fair value of the liability. Until the liability is settled, it is remeasured at the fair value at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

**Income tax**

Current and deferred 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 Company is subject to tax and judgement is required in determining the Company provision for income taxes. The Company provides for potential liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred 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 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 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.

Deferred 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 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 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.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Research and development (R&D)**

All R&D expenditure is written off to the Income Statement as incurred, with the exception of those development costs meeting the requirements of IAS 38 for capitalisation. Research and Development Expenditure Credits have characteristics more akin to government grants than income taxes and are therefore offset against the relevant expenditure in the Income Statement rather than via the tax charge.

The credits are recognised to the extent that there is reasonable assurance that they will be received albeit that the claim process takes place sometime after the original expenditure was incurred.

**Intangible assets**

**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 purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the 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 the 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 a business include the carrying amount of goodwill relating to the entity sold.

Company law requires goodwill to be written off over a finite period. Non-amortisation of goodwill, in accordance with International Financial Reporting Standards, is a departure from the requirements of company law for the overriding purpose of giving a true and fair view. If this departure from company law had not been made, the profit for the financial year would have been reduced by amortisation of goodwill. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

**Software licences**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between 2 and 5 years. Software licences are stated at cost less accumulated amortisation.

**Capitalised development costs**

Development costs that are directly attributable to the design and testing of an identifiable and unique intangible asset controlled by the Company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or to sell the product;
- it can be demonstrate how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible asset include development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which do not exceed 5 years.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Property, plant and equipment**

Property, 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Assets under construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost less residual value of each asset over its estimated useful life, as follows:

Freehold buildings	- 10 to 50 years
Short-term leasehold property	- over the life of the lease
Plant, machinery and vehicles	- 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.

**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, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**Investments in subsidiaries and associated undertakings**

Investments in subsidiaries, joint ventures and associates are stated at cost less impairment losses. Any impairment is charged to the Income Statement. Impairment testing for investments in subsidiaries is described above.

**Financial assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Financial assets (continued)**

***Classification and measurement***

The Company has debt instruments that meet the following conditions and are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

The Company also has derivative financial assets which, by default, are subsequently measured at fair value through profit or loss (FVTPL) as detailed below.

***Impairment of financial assets***

The Company always recognises lifetime expected credit losses (ECLs) for debt instruments, trade debtors and contract assets. The ECLs for trade debtors and contract assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for any specific factors, where applicable.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

**Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company has derivative financial liabilities which are classified as at FVTPL.

The Company has debt instruments that are measured subsequently at amortised cost using the effective interest rate method since they are not held for trading and have not been designated at FVTPL.

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Derivative financial instruments**

The Company enters into a variety of derivative financial instruments (foreign exchange forward contracts) to manage its exposure to foreign exchange rate risk. The Company does not apply hedge accounting on foreign exchange forward contracts taken out to hedge the risk on contract cash flows.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the instrument is more than 12 months, and as a current asset or liability when the remaining maturity of the instrument is less than 12 months.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Progress in and risks arising from the transition to alternative benchmark interest rates**

The transition from interbank offered rates ("IBORs") to alternative benchmark interest rates impacts intercompany loans referencing IBOR rates for terms that extend beyond 31 December 2022. Transition activities are focused on identifying existing LIBOR based contracts and determining how to convert such contracts to alternative risk-free rates. The transition does not have a significant impact on the Company's financial statements. Further details are disclosed in the SNC-Lavalin Group Inc. financial statements for the year ended 31 December 2022 (note 29).

**Trade and other receivables**

Trade receivables and amounts recoverable on contracts are amounts due from customers for services performed in the ordinary course of business. Amounts due from subsidiary undertakings, amounts due from joint ventures, prepayments and accrued income and other receivables are non-derivative financial assets.

These are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and amounts recoverable on contracts are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

If collection is expected in 12 months 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.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the Balance Sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

**Leases**

The Company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 4 to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis at the date at which the leased asset is available for use by the Company. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 Accounting policies (continued)**

**Leases (continued)**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

**Trade and other payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Fees invoiced in advance are advances from customers for services performed in the ordinary course of business. Amounts due to subsidiary undertakings, amounts due to joint ventures, accruals and deferred income, social security and other taxes and other payables are non-derivative financial liabilities.

These are initially recognised at fair value, and subsequently measured at amortised cost in line with IFRS 9. Trade and other payables are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**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 can be reliably estimated.

Vacant property provisions are recognised when the Company has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on projected discounted cash flows to the end of the lease, after making assumptions for void and rent free periods. The pre-tax rate used reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

## 2 Revenue

The table below shows revenue by division based on the contracts included in the Company and not for the divisions as a whole:

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m	%	%
Aerospace, Defence, Security & Technology	214.9	197.9	19.3	19.5
Infrastructure	214.3	174.8	19.2	17.3
Nuclear	121.9	94.8	10.9	9.4
Oil and Gas	0.0	7.6	0.0	0.7
Other	0.0	0.3	0.0	0.0
Transportation	457.4	447.0	41.0	44.1
Faithful+Gould	23.4	19.9	2.1	2.0
Internal Trade	83.1	71.1	7.5	7.0
	<b>1,115.0</b>	<b>1,013.4</b>	<b>100.0</b>	<b>100.0</b>

The Company provides engineering and related services, predominantly in the UK. The Directors consider that, during the course of the financial year, the Company has supplied geographic markets that do not differ substantially from each other; the Company provides similar services in all the countries in which it operates. The Oil & Gas segment is not included in the year ended 31 December 2022 as it was disposed of in 2021.

## 3 Operating profit

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£m	£m
<b>Operating profit is arrived at after charging/(crediting)</b>			
Employee costs	4	570.6	521.0
Exceptional items	6	-	9.7
Loss on dissolution of subsidiary	14	7.5	-
Net foreign exchange losses		(1.1)	(2.9)
Depreciation of property, plant and equipment	12	11.2	10.1
Amortisation of intangibles	11	5.0	3.9
Depreciation on Right of Use Assets	13	11.5	12.6
Impairment of investments	14	0.4	-
Bad debt provisions:			
- increase in provisions	17	1.3	1.6
- release of provisions	17	(1.4)	(0.5)
Net release of other provisions	20	(0.2)	(0.8)
Loss/(Gain) on disposal of property, plant and equipment		0.1	(0.5)
Research and Development Expenditure Credit (RDEC)		(5.1)	(5.9)

### Services provided by the Company's auditor

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m
Financial statements audit	0.6	0.4
Total	0.6	0.4

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

#### 4 Employee costs

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

	Year ended 31 December 2022	Year ended 31 December 2021
	Number	Number
Management and administration	472	363
Technical	7,377	7,046
Total	7,849	7,409

The aggregate employee benefit costs of those people amounted to:

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£m	£m
Wages and salaries, including restructuring costs		470.5	426.5
Social security costs		52.3	45.2
Defined benefit current and past service cost	21	1.9	1.9
Charge for defined contribution schemes	21	44.5	41.3
Share-based payments	23	1.4	6.1
		570.6	521.0

Wages and salaries for the year to 31 December 2022 include a credit of £0.2m (year to 31 December 2021: charge of £2.1m) of restructuring costs. Restructuring costs predominantly relate to integration activities and redundancies.

#### 5 Directors' remuneration

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m
Salaries and other employee benefits	3.2	3.2
Post-employment benefits	0.2	0.2
Share-based payments	0.1	0.1
Termination benefits	0.0	0.1
	3.5	3.6

Key management comprises only the directors.

Emoluments of the highest paid director:

	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m
Emoluments receivable	0.9	0.9

S G Cole, A J Cullens, A J Finch, P D Hoare, J Jarman, M McNicholas and R L Robinson are directors of a number of other companies in the Group. C Ball, A M English and C M Y Junillon were directors of a number of other companies in the Group before his resignation in 2022.

The services provided by the 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.

During the year, seven directors received contributions to a money purchase scheme (31 December 2021: seven).

The highest paid director of the Company was granted a share award under a long-term incentive plan (LTI).

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**6 Exceptional items**

Exceptional items are disclosed separately on the face of the Income Statement and in the notes to 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.

An analysis of the amounts presented as exceptional items in these Financial Statements is given below:

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£m	£m
Impairment of investment in subsidiaries	14	-	(9.7)
		-	(9.7)

The exceptional items above are included within administrative expenses in the Income Statement.

**7 Net profit on disposal of Oil & Gas business**

		Year ended 31 December 2022	Year ended 31 December 2021
		£m	£m
Profit on disposal of business			
Oil & Gas business		-	2.7
Net profit on disposal of Oil & Gas business		-	2.7

**8 Net finance costs**

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£m	£m
Interest payable on intercompany balances		1.4	4.0
Net finance (income)/costs on net post-employment benefit liabilities	21	(1.7)	2.4
Unwind of discount		0.2	0.2
Interest on lease liabilities		5.0	3.8
Other finance costs		0.7	0.2
Finance costs		5.6	10.6
Interest income on intercompany balances		(5.9)	(4.3)
Interest receivable on short term deposits		(0.7)	(0.3)
Other finance income		(0.2)	-
Finance income		(6.8)	(4.6)
Net finance (income)/costs		(1.2)	6.0

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**9 Income tax expense**

**a) Analysis of charge in the year**

	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m
Current income tax		
- current year	14.9	7.8
- adjustment in respect of prior years	(0.4)	(4.3)
Deferred tax (see note 15)		
- origination and reversal of temporary differences	0.9	0.7
- adjustment in respect of prior years	0.4	0.8
- effect of changes in tax rates	0.3	(0.9)
<b>Income tax charged to income statement</b>	<b>16.1</b>	<b>4.1</b>
<b>Profit before tax per income statement</b>	<b>78.5</b>	<b>58.3</b>
<b>Effective income tax rate</b>	<b>20.5%</b>	<b>7.0%</b>

**b) Factors affecting income tax rate**

The income tax rate for the year is higher (31 December 2021: lower) than the standard rate of corporation tax in the UK of 19% (31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	£m	£m	%	%
UK statutory income tax rate	15.0	11.1	19.0	19.0
Increase/(decrease) resulting from:				
Net income taxable/expenses not deductible for tax purposes	1.3	(1.9)	1.7	(3.2)
Exceptional items not deductible for tax purposes	-	2.0	-	3.3
Overseas tax	0.2	0.9	0.3	1.5
Loss relief claimed for nil payment	-	(3.6)	-	(6.1)
Consortium relief rate differential	(0.7)		(0.9)	
Adjustment in respect of prior periods	-	(3.5)	-	(6.0)
<b>Effect of changes in tax rates</b>	<b>0.3</b>	<b>(0.9)</b>	<b>0.4</b>	<b>(1.5)</b>
<b>Income tax/effective income tax rate</b>	<b>16.1</b>	<b>4.1</b>	<b>20.5</b>	<b>7.0</b>

**c) Income tax on components of other comprehensive income**

	31 December 2022	31 December 2021
	£m	£m
At 1 January	16.5	67.9
Deferred income tax	14.3	(58.2)
Current income tax	9.9	6.8
<b>At 31 December</b>	<b>40.7</b>	<b>16.5</b>

The rate of corporation tax in the UK as at 31 December 2022 was 19%. Further legislation to increase the standard rate of UK corporation tax from 19% to 25% from 1 April 2023 was enacted at the balance sheet date and has been included in these financial statements.

The Company is expected to claim excess non-capital tax losses as confirmed relief from Linxon UK Group companies for payment at an agreed price being 75% of the prevailing UK tax rate for the year of utilisation. This results in a consortium relief tax rate differential of (£0.7m) (at 4.75%)

**d) Global minimum tax**

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. SNC-Lavalin and its subsidiaries are in scope of the global minimum tax legislation and while there has been no impact of the global minimum tax in 2022, the Group is reviewing the implementation of these rules in each jurisdiction in which it operates to assess the impact.

Following the amendments to IAS 12 issued by the IASB on 23 May 2023 and endorsed by the UK Endorsement Board on 19 July 2023, the Company has applied the mandatory exception from accounting for deferred taxes arising from the implementation of global minimum tax legislation.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**10 Goodwill**

	31 December 2022	31 December 2021
	£m	£m
Cost at 1 January	36.7	44.9
Disposal	-	(8.2)
Cost at 31 December	36.7	36.7
Accumulated impairment at 1 January	(4.1)	(12.3)
Disposal	-	8.2
Accumulated impairment at 31 December	(4.1)	(4.1)
<b>Net book value at 31 December</b>	<b>32.6</b>	<b>32.6</b>

Goodwill arose upon the acquisition of a number of businesses and upon hive up of the net assets of the Company's subsidiaries.

Goodwill relating to the Oil & Gas business was disposed of during the year ended 31 December 2021; this had been fully impaired in the year ended 31 December 2020.

**Impairment test for goodwill**

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

Goodwill is allocated to the Company's CGU, or group of CGUs, that management has identified in order to carry out impairment tests. The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	31 December 2022	31 December 2021
	£m	£m
UK (ADS&T and Transportation)	32.6	32.6
Total	32.6	32.6

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, which is based on the value in use of the CGU or group of CGUs. An impairment loss is recognised immediately when the carrying value of those assets exceeds their recoverable amount.

No impairment was considered necessary for the year ended 31 December 2022 (31 December 2021: £nil).

**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 a pre-tax discount rate of 14.7% which has been calculated based on the Engineering Services sector's weighted average cost of capital and adjusted for risks specific to the CGU. This discount rate is consistent with the rate applied to Engineering Services in the Group Financial Statements of SNC-Lavalin Group Inc., which are available to the public and can be obtained as set out in note 29. In the prior period, a pre-tax discount rate of 12.5% was used.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**11 Other intangible assets**

	Capitalised development costs £m	Software licences £m	Trade names and trademarks £m	Total £m
Cost at 1 January 2022	0.2	29.9	0.1	30.2
Additions	7.6	6.4	-	14.0
Disposals	-	(1.0)	-	(1.0)
<b>Cost at 31 December 2022</b>	<b>7.8</b>	<b>35.3</b>	<b>0.1</b>	<b>43.2</b>
Accumulated amortisation at 1 January 2022	-	7.9	0.1	8.0
Amortisation charge for the year	-	5.0	-	5.0
Disposals	-	(1.0)	-	(1.0)
<b>Accumulated amortisation at 31 December 2022</b>	<b>-</b>	<b>11.9</b>	<b>0.1</b>	<b>12.0</b>
<b>Net book value at 31 December 2022</b>	<b>7.8</b>	<b>23.4</b>	<b>-</b>	<b>31.2</b>
Net book value at 31 December 2021	0.2	22.0	-	22.2

The amortisation charge for the year of £5.0m (31 December 2021: £3.9m) is included in administrative expenses in the Income Statement.

There are no intangible assets with restricted titles and no intangible assets pledged as security for liabilities.

**12 Property, plant and equipment**

	Assets under construction £m	Freehold land and buildings £m	Leasehold land and buildings £m	Plant, machinery & vehicles £m	Total £m
Cost at 1 January 2022	2.1	-	28.3	31.8	62.2
Additions	0.1	-	-	7.0	7.1
Assets brought into use	(1.8)	-	1.7	-	(0.1)
Disposals	(0.2)	-	(0.6)	(6.8)	(7.6)
<b>Cost at 31 December 2022</b>	<b>0.2</b>	<b>-</b>	<b>29.4</b>	<b>32.0</b>	<b>61.6</b>
Accumulated depreciation at 1 January 2022	-	-	13.8	14.4	28.2
Depreciation charge for the year	-	-	3.8	7.4	11.2
Disposals	-	-	(0.6)	(6.8)	(7.4)
<b>Accumulated depreciation at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>17.0</b>	<b>15.0</b>	<b>32.0</b>
<b>Net book value at 31 December 2022</b>	<b>0.2</b>	<b>-</b>	<b>12.4</b>	<b>17.0</b>	<b>29.6</b>
Net book value at 31 December 2021	2.1	-	14.5	17.4	34.0

The depreciation charge for the year of £11.2m (31 December 2021: £10.1m) is included in administrative expenses in the Income Statement.

**ATKINS LIMITED**  
 COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**13 Right Of Use Assets**

	Property	Vehicles	Total
	£m	£m	£m
Cost at 1 January 2022	115.2	3.6	118.8
Additions	2.0	0.5	2.5
Disposals	(6.1)	(0.4)	(6.5)
Modifications	(3.4)	-	(3.4)
<b>Cost at 31 December 2022</b>	<b>107.7</b>	<b>3.7</b>	<b>111.4</b>
Accumulated depreciation at 1 January 2022	25.6	0.8	26.4
Depreciation charge for the year	10.0	1.5	11.5
Disposals	(6.0)	(0.4)	(6.4)
<b>Accumulated depreciation at 31 December 2022</b>	<b>29.6</b>	<b>1.9</b>	<b>31.5</b>
<b>Net book value at 31 December 2022</b>	<b>78.1</b>	<b>1.8</b>	<b>79.9</b>
Net book value at 1 January 2021	89.6	2.8	92.4

Additions to the right-of-use assets were £2.5m (31 December 2021: £26.6m), disposals were £6.5m (31 December 2021: £10.2m) and modifications were £3.4m (31 December 2021: £nil). The depreciation charge was £11.5m (31 December 2021: £12.6m).

**14 Investments**

	Subsidiaries
	£m
Cost at 1 January 2022	28.4
Additions	1.1
Disposals	(7.5)
<b>Cost at 31 December 2022</b>	<b>22.0</b>
Accumulated impairment at 1 January 2022	9.7
Impairment during the year	0.4
<b>Accumulated impairment at 31 December 2022</b>	<b>10.1</b>
<b>Net book value at 31 December 2022</b>	<b>11.9</b>
Net book value at 31 December 2021	18.7

The investments are held at cost less impairment as their fair value cannot be measured reliably.

Flex Process Limited was acquired on 21 June 2022.

Atkins Bennett (Holdings) Limited was dissolved on 6 September 2022.

Atkins Bennett Limited was dissolved on 2 August 2022.

Atkins MSL Engineering Limited was dissolved on 20 September 2022.

Subsidiary undertakings have not been consolidated by the Company as permitted by s.400 of the Companies Act 2006 as they are consolidated in the Financial Statements of SNC-Lavalin Group Inc.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**14 Investments (continued)**

***Subsidiary undertakings***

The following companies were the subsidiary undertakings as at 31 December 2022:

<b>Name</b>	<b>Share class(es) held</b>	<b>% of share class/interests</b>	<b>Registered office / principal place of business</b>
ATK Energy EU Limited	£0.00000004 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
ATK Energy EU Services Limited <sup>1</sup>	£1.00 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
Atkins Consultancy Services Limited	£1 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
Atkins Pension Trustee Limited	£1.00 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
Edaroth Limited	£1.00 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
Flex Process Limited	£0.01 ordinary A share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
Isotopen Umweltdienste GmbH <sup>2</sup>	€25,000 share	100%	Witthoop 3, Hamburg, Germany 22453.

<sup>1</sup> Owned by a subsidiary undertaking other than Atkins Limited.

<sup>2</sup> Isotopen Umweltdienste GmbH entered into liquidation on 25 April 2022.

Atkins Bennett (Holdings) Limited was dissolved on 6 September 2022.

Atkins Bennett Limited was dissolved on 2 August 2022.

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

***Joint ventures***

The Company had the following investments in joint ventures as at 31 December 2022:

<b>Name</b>	<b>Proportion of ownership/interest</b>	<b>Financial year end</b>	<b>Registered office</b>
Connect Plus Services (unincorporated)	32.5%	September 30	N/A
EDP JV (unincorporated)	40.0%	March 31	N/A
VBA Joint Venture Limited	15.0%	December 31	Hertford Road, Hoddesdon, Hertfordshire, EN11 9BX

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**15 Deferred 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:

	31 December 2022	31 December 2021
	£m	£m
Deferred tax assets:		
- deferred tax assets to be recovered after more than 12 months	3.5	3.1
- deferred tax assets to be recovered within 12 months	1.9	0.5
Total deferred tax asset	5.4	3.6
- deferred tax liabilities to be recovered after more than 12 months	(5.7)	(16.6)
Total deferred tax liability	(5.7)	(16.6)
Deferred tax liability (net)	(0.3)	(13.0)

Deferred 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. Based on future profitability the Company has recognised its deferred tax assets.

No deferred tax asset has been recognised in respect of capital losses as there is insufficient evidence that the asset will be recoverable in the foreseeable future. The amount of the capital losses carried forward at 31 December 2022 was £30.8m (2021: £31.6m) and the unrecognised deferred tax asset is £7.7m (2021: £7.9m).

**a) Deferred tax assets**

	31 December 2022	31 December 2021
	£m	£m
Accelerated depreciation	(1.9)	0.1
Deferred tax asset on post-employment benefit liabilities	(2.3)	(16.6)
Other temporary differences	3.9	3.5
Total deferred tax liability (net)	(0.3)	(13.0)

**b) Analysis of movements during the year**

	31 December 2022	31 December 2021
	£m	£m
Deferred tax asset at 1 January of prior year	(13.0)	45.8
Deferred tax charged to the income statement (note 9)	(1.6)	(0.6)
Deferred tax charged to equity	14.3	(58.2)
Deferred tax liability (net) at 31 December	(0.3)	(13.0)

The rate of corporation tax in the UK as at 31 December 2022 was 19%. Further legislation to increase the standard rate of UK corporation tax from 19% to 25% from 1 April 2023 was enacted at the balance sheet date and has been included in these financial statements.

**16 Amounts due from fellow Group undertakings**

	31 December 2022	31 December 2021
	£m	£m
Amounts due from fellow Group undertakings	217.0	217.0

Each year the Company reassesses the 'current' nature of its intercompany balances, including the ability and intention of the borrowers to repay these balances. As a result, £217m was classified as non-current as there is no known intention to settle. Notwithstanding this position, these balances do still remain payable on demand and should a liquidity need arise, the Group could review all intercompany balances and these balances could be called at short notice to accommodate any funding needs.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**17 Trade and other receivables**

	31 December 2022	31 December 2021
	£m	£m
<b>Current assets:</b>		
Trade receivables	136.3	130.2
Provision for impairment of trade receivables	(3.0)	(3.1)
Amounts recoverable on contracts	33.4	14.1
Other receivables	9.9	7.9
Prepayments	18.0	19.1
Amounts due from joint ventures	1.4	0.5
Amounts due from fellow Group undertakings	495.5	576.4
	<b>691.5</b>	<b>745.1</b>

The amounts due from fellow Group undertakings include intercompany loans of £136.3m (31 December 2021: £134.9m), which bore interest in the range of SONIA or LIBOR plus between 0% and 2.0% ARCA margin (31 December 2021: SONIA or LIBOR plus margin between 0% and 2.21%), £162.3m (31 December 2021: £140.7m) which bore interest at 2% and a further intercompany loan of £35.2m (31 December 2021: £18.2m), which bore CORRA plus 2.0% ARCA margin (31 December 2021: CORRA plus 2.21% ARCA margin). The balances are unsecured and have no fixed repayment date.

The provision for amounts due from fellow Group undertakings was £nil (31 December 2021: £nil).

The directors consider that the carrying value of the Company's trade and other receivables approximates their fair value as there is no material financing element.

At 31 December 2022, £99.1m (31 December 2021: £104.2m) of trade receivables were within normal payment terms and considered to be fully performing.

At 31 December 2022, £32.2m (31 December 2021: £18.5m) of trade receivables were past due and aged up to six months from invoice date but not impaired as they relate to a number of independent customers for whom there is no recent history of default.

Trade receivables aged beyond six months of invoice date totalled £6.4m (31 December 2021: £7.6m) and carried a provision for impairment of £3.0m (31 December 2021: £3.1m).

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

	31 December 2022	31 December 2021
	£m	£m
Provision for impairment at beginning of year	(3.1)	(2.0)
Increase in provisions	(1.3)	(1.6)
Release of provisions	1.4	0.5
Provision for impairment at end of year	<b>(3.0)</b>	<b>(3.1)</b>

**18 Trade and other payables**

	31 December 2022	31 December 2021
	£m	£m
<b>Current liabilities:</b>		
Trade payables	48.5	45.0
Fees invoiced in advance	86.1	73.5
Accruals	49.2	54.1
Social security and other taxation	52.9	46.9
Other payables	19.2	18.8
Amounts due to fellow Group undertakings	279.6	362.3
	<b>535.5</b>	<b>600.6</b>

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**18 Trade and other payables (continued)**

The amounts due to fellow Group undertakings includes intercompany loans of £53.6m (31 December 2021: £181.8m), none of which was interest free (31 December 2021: £0.3m). The remaining intercompany loans currently bear interest at a range of 3 to 12 month SONIA and GBP Libor plus margin between 0.9% and 1.45% (31 December 2021: 3 to 12 month LIBOR plus between 2.% and 2.21%). The balances are unsecured and have no fixed repayment date.

The directors consider that the carrying value of the Company's trade and other payables approximates their fair value as there is no material financing element.

**19 Leases**

**a) Amounts recognised in the statement of financial position**

The balance sheet shows the following amounts relating to leases:

	31 December 2022	31 December 2021
	£m	£m
<b>Lease Liabilities:</b>		
<b>Current</b>	<b>(10.9)</b>	<b>(10.3)</b>
Later than two years and no later than five years	(36.7)	(38.6)
Later than five years	(49.8)	(59.1)
<b>Non-Current</b>	<b>(86.5)</b>	<b>(97.7)</b>
<b>Total</b>	<b>(97.4)</b>	<b>(108.0)</b>

The total cash outflow for leases for the year ended 31 December 2022 was £9.7m (31 December 2021: £17.0m).

**b) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	31 December 2022	31 December 2021
	£m	£m
Depreciation charge - Properties	(10.0)	(10.8)
Depreciation charge - Vehicles	(1.5)	(1.8)

The nature of the Company's leases are for properties and vehicles. There are no variable lease payments and no residual value guarantees. Extension options on properties allow the company to extend the lease for 2 to 5 years and lease contracts also includes a break clause allowing for early termination of the contract. Extension options in vehicles usually results in leasing a new car with a new lease, which results in month to month lease payments until the new car is received. The Company has no contracted leases not yet committed for properties and immaterial on cars. There are no restrictions or covenants imposed by leases and there are no sales and lease back transactions.

**20 Provisions for other liabilities and charges**

	31 December 2022	31 December 2021
	Vacant property	Vacant property
	£m	£m
<b>Current</b>	<b>-</b>	<b>0.1</b>
Later than one year and no later than two years	-	-
Later than two years and no later than five years	0.3	0.4
<b>Non-current</b>	<b>0.3</b>	<b>0.4</b>
<b>Total</b>	<b>0.3</b>	<b>0.5</b>

**ATKINS LIMITED**  
 COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**20 Provisions for other liabilities and charges (continued)**

	Vacant property £m
Balance at 1 January 2022	0.5
Provisions charged to the Income Statement	0.3
Provisions released to the Income Statement	(0.5)
<b>Balance at 31 December 2022</b>	<b>0.3</b>

Provisions for other liabilities and charges relate only to vacant property provisions.

The vacant property provision is discounted and is expected to be utilised over the next three years (31 December 2021: four years). No provision has been released or utilised for any purpose other than that for which it was established.

**21 Post-employment benefit (assets)/liabilities**

	31 December 2022	31 December 2021
	£m	£m
Net retirement benefit liabilities	(11.3)	71.6
Net retirement benefit assets	20.6	(137.8)
<b>Net post-employment benefit (assets)/liabilities</b>	<b>(9.3)</b>	<b>(66.2)</b>

**a) Net retirement benefit liabilities**

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

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

Defined benefit schemes are schemes other than defined contribution schemes where the Company's obligation is to provide specified benefits on retirement.

The three main defined benefit schemes are the Atkins Pension Plan (APP), the Railways Pension Scheme (RPS) and the Atkins Section of the Magnox Group of the Electricity Supply Pension Scheme (ESPS), all of which are funded final salary schemes. The assets of these schemes are held in separate trustee-administered funds.

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

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

The RPS invests in a range of pooled investment funds intended to generate a combination of capital growth and income and, as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the RPS's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in a single pooled 'growth' fund. This fund is invested in a wide range of asset classes and the fund manager RPMI has the discretion to vary the asset allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the RPS are principally fixed and index-linked bonds. The latest completed triennial funding valuation was as at 31 December 2019.

The assets of the ESPS are held in a separate trustee-administered fund. Under the ESPS, employees are entitled to annual pensions on retirement at normal retirement age of one-eightieth of final pensionable salary for each year of service, plus a cash lump sum of three-eightieths of final pensionable salary for each year of service. Benefits are also payable on death and the following other events such as withdrawing from active service. No other post-employment benefits are provided to these employees.

The defined benefit sections of all pension schemes are mostly closed to new entrants. New employees are offered membership of the Mercer Master Trust - SNC-Lavalin Section.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

Membership of the Company's principal defined benefit pension schemes is as follows:

	Defined benefit schemes			
	Railways Pension Scheme		Railways Pension Scheme	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	No.	No.	No.	No.
Members	2	2	69	73
Deferred pensioners	4,965	5,307	252	269
Pensioners	4,205	4,050	487	475
	9,172	9,359	808	817

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the APP, RPS and ESPS are listed in the table below:

	31 December 2022	31 December 2021
Price inflation		
RPI	2.97%	3.11%
CPI	2.57%	2.72%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	2.91%	3.04%
Limited Price Indexation (CPI-based)	2.56%	2.69%
Limited Price Indexation to 2.5%	2.50%	2.50%
Fixed	5.00%	5.00%
Rate of increase in salaries		
APP and ESPS	2.97%	3.11%
RPS (RPI capped)	2.97%	3.11%
RPS (CPI capped)	2.56%	2.69%
Discount rate	4.84%	1.93%
Longevity at age 65 for current pensioners		
Men (APP)	22.8 years	22.9 years
Women (APP)	24.8 years	24.9 years
Men (RPS)	22.2 years	22.3 years
Women (RPS)	23.2 years	23.4 years
Men (ESPS)	23.2 years	23.3 years
Women (ESPS)	24.4 years	24.5 years
Longevity at age 65 for future pensioners (current age 45)		
Men (APP)	23.8 years	24.2 years
Women (APP)	25.9 years	26.4 years
Men (RPS)	23.2 years	23.6 years
Women (RPS)	24.4 years	24.8 years
Men (ESPS)	24.2 years	24.6 years
Women (ESPS)	25.6 years	26.0 years

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

The actuarial tables used to calculate the retirement benefit liabilities for the APP at 31 December 2022 and 31 December 2021 were the 'SAPS' (Self-Administered Pension Schemes) S3PA tables and a scaling factor of 0.89/0.93 for males/females respectively. Future improvements are based on Continuous Mortality Investigation (CMI) 2021 improvements with an initial addition parameter of 0.2%, a standard smoothing parameter and a 1.0% per annum long term trend, based on year-of-use application (31 December 2021: Continuous Mortality Investigation (CMI) 2020 improvements with an initial addition parameter of 0.2%, a standard smoothing parameter and a 1.25% per annum long term trend).

The actuarial tables used to calculate the retirement benefit liabilities for the RPS at 31 December 2022 and 31 December 2021 were the 'SAPS' (Self-Administered Pension Schemes) S3PA tables and a scaling factor of 0.97/1.16 for males/females respectively. Future improvements are based on Continuous Mortality Investigation (CMI) 2021 improvements with an initial additional parameter of 0.2%, a standard smoothing parameter and a 1.0% per annum long term trend, based on year-of-use application (31 December 2021: Continuous Mortality Investigation (CMI) 2020 improvements with an initial additional parameter of 0.2%, a standard smoothing parameter and a 1.25% per annum long term trend).

For the ESPS the actuarial tables used at 31 December 2022 and 31 December 2021 were the 'SAPS' (Self-Administered Pension Schemes) S2PA Light tables with a scaling factor of 0.95/0.95 for males/females respectively. Future improvements are based on Continuous Mortality Investigation (CMI) 2021 improvements with an initial additional parameter of 0.2%, a standard smoothing parameter and a 1.0% per annum long term trend, based on year-of-use application (31 December 2021: Continuous Mortality Investigation (CMI) 2020 improvements with an initial additional parameter of 0.2%, a standard smoothing parameter and a 1.25% per annum long term trend).

The components of the pension cost are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2022</b>					
<b>Included in operating profit</b>					
Current and past service cost	0.1	1.7	0.1	-	1.9
Administrative expenses	-	0.6	-	-	0.6
<b>Total charge</b>	<b>0.1</b>	<b>2.3</b>	<b>0.1</b>	<b>-</b>	<b>2.5</b>
<b>Finance costs/(income)</b>					
Interest cost	34.6	6.7	1.1	-	42.4
Expected return on plan assets	(37.5)	(5.4)	(1.2)	-	(44.1)
<b>Net interest expense/(income)</b>	<b>(2.9)</b>	<b>1.3</b>	<b>(0.1)</b>	<b>-</b>	<b>(1.7)</b>
<b>Total charge to Income Statement for defined benefit schemes</b>	<b>(2.8)</b>	<b>3.6</b>	<b>0.0</b>	<b>-</b>	<b>0.8</b>
<b>Charge for defined contribution schemes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.5</b>	<b>44.5</b>
<b>Total charge to Income Statement</b>	<b>(2.8)</b>	<b>3.6</b>	<b>0.0</b>	<b>44.5</b>	<b>45.3</b>
<b>Statement of comprehensive income</b>					
Gain on pension scheme assets	(780.2)	(28.0)	(18.9)	-	(827.1)
<b>Change in assumptions</b>	<b>587.1</b>	<b>110.4</b>	<b>20.1</b>	<b>0.4</b>	<b>718.0</b>
Remeasurement gain recognised in other comprehensive income	(193.1)	82.4	1.2	0.4	(109.1)
<b>Net deferred and income tax (charged)/credited to equity</b>	<b>46.2</b>	<b>(22.0)</b>	<b>-</b>	<b>-</b>	<b>24.2</b>
<b>Remeasurement gain/(loss) (net of deferred tax)</b>	<b>(146.9)</b>	<b>60.4</b>	<b>1.2</b>	<b>0.4</b>	<b>(84.9)</b>

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2021	£m	£m	£m	£m	£m
<b>Cost of sales</b>					
Current service cost	0.1	1.6	0.2	-	1.9
Administrative expenses	-	0.4	-	-	0.4
<b>Total charge</b>	<b>0.1</b>	<b>2.0</b>	<b>0.2</b>	<b>-</b>	<b>2.3</b>
<b>Finance costs/(income)</b>					
Interest cost	23.6	4.4	0.8	-	28.8
Expected return on plan assets	(22.4)	(3.2)	(0.8)	-	(26.4)
<b>Net interest expense/(income)</b>	<b>1.2</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>2.4</b>
<b>Total charge/(income) to Income Statement for defined benefit schemes</b>	<b>1.3</b>	<b>3.2</b>	<b>0.2</b>	<b>-</b>	<b>4.7</b>
Charge for defined contribution schemes	-	-	-	41.3	41.3
<b>Total charge/(income) to Income Statement</b>	<b>1.3</b>	<b>3.2</b>	<b>0.2</b>	<b>41.3</b>	<b>46.0</b>
<b>Statement of comprehensive income</b>					
Gain/(loss) on pension scheme assets	78.1	29.2	(3.0)	-	104.3
Change in assumptions	135.1	4.9	4.9	0.3	145.2
Remeasurements gain/(loss) recognised in other comprehensive income	213.2	34.1	1.9	0.3	249.5
Net deferred and income tax charged to equity	(44.2)	(6.9)	(0.3)	-	(51.4)
<b>Remeasurement gain (net of deferred tax)</b>	<b>169.0</b>	<b>27.2</b>	<b>1.6</b>	<b>0.3</b>	<b>198.1</b>

The expected return on plan assets is based on market expectations at the beginning of the year for returns over the entire life of the benefit obligation.

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2022	£m	£m	£m	£m	£m
Defined benefit obligation	(1,206.7)	(239.7)	(35.0)	(1.0)	(1,482.4)
Fair value of plan assets	1,196.4	252.7	42.6	-	1,491.7
<b>Net retirement benefit (liabilities)/assets</b>	<b>(10.3)</b>	<b>13.0</b>	<b>7.6</b>	<b>(1.0)</b>	<b>9.3</b>

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

31 December 2021	Railways				Total £m
	Atkins Pension Plan £m	Pension Scheme £m	ESPS £m	Other £m	
Defined benefit obligation	(1,810.0)	(353.9)	(55.1)	(1.4)	(2,220.4)
Fair value of plan assets	1,941.5	283.7	61.4	-	2,286.6
Net retirement benefit (liabilities)/assets	131.5	(70.2)	6.3	(1.4)	66.2

Other includes an unfunded pension obligation in relation to a former director for £1.0m (December 2021: £1.4m).

The major categories of plan assets as a percentage of total plan assets are as follows:

31 December 2022	Atkins Pension Plan		Railways Pension Scheme		ESPS	
	%	£m	%	£m	%	£m
Equities - quoted in an active market	4.6	55.2	37.0	93.5	-	-
Equities - unquoted	-	-	3.1	7.8	-	-
Government bonds - quoted in an active market	42.2	504.9	19.5	49.5	46.9	20.0
Government bonds - unquoted swaps and repos	-	-	-	-	-	-
Corporate bonds - quoted in an active market	20.8	248.3	4.9	12.3	-	-
Corporate bonds - unquoted	-	-	-	-	-	-
Property	6.7	81.4	23.3	58.9	-	-
Cash	8.4	101.0	3.7	9.3	-	-
Other - quoted in an active market	17.2	205.6	8.5	21.4	-	-
Other - unquoted	-	-	-	-	53.1	22.6
	100.0	1,196.4	100.0	252.7	100.0	42.6

31 December 2021	Atkins Pension Plan		Railways Pension Scheme		ESPS	
	%	£m	%	£m	%	£m
Equities - quoted in an active market	-	-	40.8	115.7	-	-
Equities - unquoted	16.4	318.8	3.5	10.0	-	-
Government bonds - quoted in an active market	49.4	959.3	18.9	53.5	47.9	29.4
Government bonds - unquoted swaps and repos	(10.1)	(196.4)	-	-	-	-
Corporate bonds - quoted in an active market	-	-	5.4	15.2	-	-
Corporate bonds - unquoted	28.0	543.2	-	-	-	-
Property	13.2	257.4	19.8	56.3	-	-
Cash	2.8	53.9	4.0	11.4	0.8	0.5
Other - quoted in an active market	-	-	7.6	21.6	-	-
Other - unquoted	0.3	5.3	-	-	51.3	31.5
	100.0	1,941.5	100.0	283.7	100.0	61.4

The assets of the schemes do not include any direct holdings of the Company's financial instruments nor any property occupied by, or other assets of, the Company.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

Movements in the present value of the defined benefit obligation are as follows:

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
	£m	£m	£m	£m	£m
<b>31 December 2022</b>					
Defined benefit obligations at beginning of year	1,810.0	353.9	55.1	1.4	2,220.4
Current and past service cost	0.1	1.7	0.1	-	1.9
Interest cost	34.6	6.7	1.1	-	42.4
Remeasurement loss recognised in other comprehensive income	(587.1)	(110.4)	(20.1)	(0.4)	(718.0)
Employee contributions	-	0.3	-	-	0.3
Benefit payments	(50.9)	(12.5)	(1.2)	-	(64.6)
Defined benefit obligations at end of year	1,206.7	239.7	35.0	1.0	1,482.4

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
	£m	£m	£m	£m	£m
<b>31 December 2021</b>					
Defined benefit obligations at beginning of year	1,981.9	362.6	60.2	1.7	2,406.4
Current service cost	0.1	1.6	0.2	-	1.9
Interest cost	23.6	4.4	0.8	-	28.8
Remeasurement gain recognised in other comprehensive income	(135.1)	(4.9)	(4.9)	(0.3)	(145.2)
Employee contributions	-	0.9	-	-	0.9
Benefit payments	(60.5)	(10.7)	(1.2)	-	(72.4)
Defined benefit obligations at end of year	1,810.0	353.9	55.1	1.4	2,220.4

Movements in the fair value of plan assets are as follows:

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
	£m	£m	£m	£m	£m
<b>31 December 2022</b>					
Fair value of plan assets at beginning of year	1,941.5	283.7	61.4	-	2,286.6
Administrative expenses	-	(0.6)	-	-	(0.6)
Interest return on plan assets	37.5	5.4	1.2	-	44.1
Employer contributions	48.5	4.4	0.1	-	53.0
Employee contributions	-	0.3	-	-	0.3
Benefits paid	(50.9)	(12.5)	(1.2)	-	(64.6)
Remeasurement gain recognised in other comprehensive income	(780.2)	(28.0)	(18.9)	-	(827.1)
Fair value of plan assets at end of year	1,196.4	252.7	42.6	-	1,491.7

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2021</b>					
Fair value of plan assets at beginning of year	1,863.6	259.2	64.7	-	2,187.5
Administrative expenses	-	(0.4)	-	-	(0.4)
Interest return on plan assets	22.4	3.2	0.8	-	26.4
Employer contributions	37.9	2.3	0.1	-	40.3
Employee contributions	-	0.9	-	-	0.9
Benefits paid	(60.5)	(10.7)	(1.2)	-	(72.4)
Remeasurement gain/(loss) recognised in other comprehensive income	78.1	29.2	(3.0)	-	104.3
Fair value of plan assets at end of year	1,941.5	283.7	61.4	-	2,286.6

Movements in the net retirement benefit liabilities are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2022</b>					
Net retirement benefit (liabilities)/assets at beginning of year	131.5	(70.2)	6.3	(1.4)	66.2
Service cost	(0.1)	(1.7)	(0.1)	-	(1.9)
Administrative expenses	-	(0.6)	-	-	(0.6)
Net finance costs	2.9	(1.3)	0.1	-	1.7
Contributions	48.5	4.4	0.1	-	53.0
Remeasurement loss recognised in other comprehensive income	(193.1)	82.4	1.2	0.4	(109.1)
Net retirement benefit (liabilities)/assets at end of year	(10.3)	13.0	7.6	(1.0)	9.3

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2021</b>					
Net retirement benefit (liabilities)/assets at beginning of year	(118.3)	(103.4)	4.5	(1.7)	(218.9)
Service cost	(0.1)	(1.6)	(0.2)	-	(1.9)
Administrative expenses	-	(0.4)	-	-	(0.4)
Net finance costs	(1.2)	(1.2)	-	-	(2.4)
Employer contributions	37.9	2.3	0.1	-	40.3
Remeasurement gain/(loss) recognised in other comprehensive income	213.2	34.1	1.9	0.3	249.5
Net retirement benefit (liabilities)/assets at end of year	131.5	(70.2)	6.3	(1.4)	66.2

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

Cumulative remeasurement effects recognised in other comprehensive income are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2022</b>					
Losses at beginning of year	(81.0)	(31.7)	(10.0)	(0.9)	(123.6)
Net remeasurement losses recognised in the year	(193.1)	82.4	1.2	0.4	(109.1)
- Gain/(losses) from change in financial assumptions	696.8	133.0	24.7	0.4	854.9
- Gains from change in demographic assumptions	9.1	1.5	0.2	-	10.8
- Experience gains	(118.8)	(24.1)	(4.8)	-	(147.7)
Actuarial losses on defined benefit obligation arising during the year	587.1	110.4	20.1	0.4	718.0
Return on plan assets greater than discount rate	(780.2)	(28.0)	(18.9)	-	(827.1)
Losses at end of year	(274.1)	50.7	(8.8)	(0.5)	(232.7)

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2021</b>					
(Losses)/gains at beginning of year	(294.2)	(65.8)	(11.9)	(1.2)	(373.1)
Net remeasurement gains/(losses) recognised in the year	213.2	34.1	1.9	0.3	249.5
- Gains from change in financial assumptions	163.7	7.8	5.1	0.3	176.9
- Gains from change in demographic assumptions	(4.7)	0.7	0.1	-	(3.9)
- Experience losses	(23.9)	(3.6)	(0.3)	-	(27.8)
Actuarial losses on defined benefit obligation arising during the year	135.1	4.9	4.9	0.3	145.2
Return on plan assets more/(less) than discount rate	78.1	29.2	(3.0)	-	104.3
Losses at end of year	(81.0)	(31.7)	(10.0)	(0.9)	(123.6)

The return on plan assets is as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
<b>31 December 2022</b>					
Expected return on plan assets	37.5	5.4	1.2	-	44.1
Experience gain on plan assets	(780.2)	(28.0)	(18.9)	-	(827.1)
Actual return on plan assets	(742.7)	(22.6)	(17.7)	-	(783.0)

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2021	£m	£m	£m	£m	£m
Expected return on plan assets	22.4	3.2	0.8	-	26.4
Experience gain on plan assets	78.1	29.2	(3.0)	-	104.3
Actual return on plan assets	100.5	32.4	(2.2)	-	130.7
History of experience gains and losses:					
	December 2022	December 2021	December 2020	December 2019	December 2018
	Total	Total	Total	Total	Total
Experience gain/(loss) on scheme assets	£(827.1)m	£104.3 m	£208.4 m	£210.0 m	£(116.2)m
Percentage of scheme assets	(55.4)%	4.6 %	9.5 %	10.6 %	(6.6)%
Experience gain/(loss) on scheme liabilities	£(147.7)m	£(27.8)m	£50.3 m	£(41.4)m	£(2.6)m
Percentage of defined benefit obligation	10.0 %	1.3 %	(2.1)%	1.9 %	0.1 %
Defined benefit obligation	£(1,482.4)m	£(2,220.4)m	£(2,406.4)m	£(2,184.4)m	£(1,979.9)m
Fair value of plan assets	£1,491.7 m	£2,286.6 m	£2,187.5 m	£1,981.0 m	£1,761.3 m
Net retirement benefit liabilities	£9.3 m	£66.2 m	£(218.9)m	£(203.4)m	£(218.6)m

The Company completed its last triennial valuation of the APP as at 31 March 2022, and showed a funding deficit of £49.4m. In the Recovery Plan agreed for this valuation the Company has agreed to pay contributions with a view to eliminating the shortfall by 31 July 2023. The Company is expected to pay contributions of around £23.0m in the year ending 31 December 2023.

The most recent completed valuation of the Atkins section of the RPS was at 31 December 2019, and revealed a funding deficit of £22.4m. In the Recovery Plan agreed for this valuation the Company has agreed to pay contributions with a view to eliminating the shortfall by 30 June 2028. The Company is expected to pay contributions of around £4.9m in the year ending 31 December 2023.

The most recent valuation of the ESPS was as at 31 March 2022 and revealed a funding surplus of £5.8m. As a result, the ESPS and the Company did not need to prepare a Recovery Plan. The Company is expected to pay contributions of around £0.1m over the year ending 31 December 2023.

The nature of the funding regime in the UK creates uncertainty around the size and timing of cash that the Company will be required to pay to the pension schemes.

The Company expects employer contributions to be paid during the financial year to 31 December 2022 to be around £28.0m, of which £23.0m is in relation to the funding of the APP actuarial deficit and employer contributions, £4.9m is in relation to employer contributions for the RPS and £0.1m is in relation to ESPS. Employee contributions paid are expected to be around £0.7m. Expected benefit payments made directly by the Group to pensioners in the financial year to 31 December 2023 are £nil.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

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

	Change in assumption	Effect on plan liabilities 31 December 2022	
		Atkins Pension Plan £m	Railways Pension Scheme £m
Discount rate	increase/decrease 1.0%	- / + 150.0	- / + 31.0
Inflation	increase/decrease 1.0%	+ / - 88.0	+ / - 31.0
Real rate of increase in salaries	increase/decrease 1.0%	+ / - 0.0	+ / - 2.0
Longevity	increase/decrease 1 year	+ / - 50.0	+ / - 9.0

	Change in assumption	Effect on plan liabilities 31 December 2021	
		Atkins Pension Plan £m	Railways Pension Scheme £m
Discount rate	increase/decrease 1.0%	- / + 351.0	- / + 53.0
Inflation	increase/decrease 1.0%	+ / - 250.0	+ / - 53.0
Real rate of increase in salaries	increase/decrease 1.0%	+ / - 0.0	+ / - 6.0
Longevity	increase/decrease 1 year	+ / - 74.0	+ / - 15.0

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

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

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

**b) Post-employment benefit liabilities - Risks**

Through its defined benefit pension plans, the Company is exposed to a number of investment and actuarial risks, the most significant of which are detailed below:

*Asset volatility*

The retirement benefit plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Company to greater volatility and valuation risk in the short term. The government bonds represent investments in UK Government securities only.

*Life expectancy*

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the plans, where inflationary increases result in higher sensitivity to changes in life expectancy. The APP has had interest and inflation rate hedging in place for some time, but due to the relative immaturity of the longevity hedging market, to date the Company has held off implementing a longevity hedging programme. As a consequence, the Plan remains fully exposed to any future improvements in mortality beyond those already assumed by the Actuary.

*Changes in bond yields*

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**21 Post-employment benefit (asset)/liabilities (continued)**

**b) Post-employment benefit liabilities - Risks (Continued)**

*Inflation risk*

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). Whilst some of the Plan's assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the Plan's assets are not expected to move in line with inflation (e.g. fixed-interest gilts). Therefore, an increase in inflation is likely to also increase the deficit.

Within the APP, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The Trustee and Company has engaged in a significant investment risk management exercise over the past 24 months to restructure the APP's investment arrangements to better manage both the level and composition of investment risk in the APP. As such, the Trustee has developed a clear and documented mission and set of investment beliefs. As a result, there are articulated risk and return objectives, which are monitored and reviewed quarterly. There is an extensive interest rate and inflation hedging programme using a range of instruments and techniques (including gilts, swaps, repo and TRS) which essentially reduces volatility of the assets relative to the APP's liabilities. The APP has developed a diversified return-seeking portfolio to generate return from a range of different types of risks. Included in this return-seeking portfolio (particularly within the APP's equity holdings) is a range of derivative instruments which aims to reduce risk and/or improve portfolio efficiency. One of the Trustees' overriding aims is to target the risk and return objectives in as simple a way as is practical and at as low a cost as is possible. However, this does not act as a constraint to deliver risk adjusted investment return. A large portion of assets still consists of equities and bonds, although the APP also invests in property, cash and investment (hedge) funds. The majority of equities are in a globally diversified portfolio of international blue chip entities. A breakdown of the major categories of plan assets as a percentage of total plan assets for the three UK schemes is detailed above.

An approximate analysis of the maturity of the obligations for the defined benefit schemes is given in the table below:

	Atkins Pension Plan		Railways Pension Scheme	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	%	%	%	%
Proportion relating to active members	0.0	0.0	20.0	25.0
Proportion relating to deferred members	45.0	60.0	20.0	20.0
Proportion relating to pensioners	55.0	40.0	60.0	55.0
Total	100.0	100.0	100.0	100.0

The weighted average duration of the defined benefit obligation is 14 years (31 December 2021: 17 years) for the APP, 13 years (31 December 2021: 16 years) for the RPS and 17 years (31 December 2021: 21 years) for the ESPS.

Expected future benefit payments from the APP are mostly in respect of pension payments that are either linked to price inflation or receive fixed pension increases. These projected benefit payments are expected to be made from the Plan over the next 80 or so years. The payments are expected to rise over the next 15 or so years, when they will peak, before beginning to decline.

The Company expects benefits to be paid by the schemes during the financial year to 31 December 2022 to be approximately £68m.

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

## 22 Ordinary shares, share premium and reserves

	31 December 2022		31 December 2021	
	No. of shares	£m	No. of shares	£m
Issued, allotted and fully paid ordinary shares of £1 each				
At 31 December	40,064,000	40.1	40,064,000	40.1

The Company has one class of ordinary shares which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The Company's other reserves are as follows:

Retained earnings: represents cumulative profits or losses, net of dividends paid and other adjustments.

## 23 Share-based payments

### Long Term Incentive Plans

Since the acquisition, Atkins have adopted the SNC-Lavalin Long Term Incentive (LTI) Plan and for the year ended 31 December 2022, LTI awards were made to senior staff in accordance with the terms of SNC-Lavalin's Restricted Share Unit Plan (RSU) and Performance Share Unit Plan (PSU).

Under the RSU and PSU plans, units vest in full at the end of the third calendar year following the grant date. Units are redeemable for cash and are based on the average closing price per share on the Toronto Stock Exchange on the five trading days preceding the vesting date. If a participant terminates his employment voluntarily for reasons other than death or retirement or if a participant is terminated for cause before the end of the vesting period, the units expire immediately on the date of termination with no payment being made. Further details are set out in the SNC-Lavalin Group Inc. Annual Report for the year ended 31 December 2022.

The Company's share-based payments charge for the year (including NI), of £1.4m (year ended 31 December 2021: £6.1m) has been included in administrative expenses in the Income Statement.

The effect of the share-based payment transactions on the Company's results and financial position is as follows:

	31 December	31 December
	2022	2021
	£m	£m
Total expense recognised for cash settled share-based payment transactions	1.4	6.1
	1.4	6.1
Closing balance of liability for cash settled share-based payment transactions	6.8	7.7

## 24 Cash used in continuing operations

	Note	31 December	31 December
		2022	2021
		£m	£m
Operating profit for the year		71.8	61.6
Depreciation	12	22.7	22.7
Amortisation	11	5.0	3.9
Foreign exchange (gains)/losses		(0.3)	(0.9)
Impairment of investments	14	0.4	9.7
Capitalisation of development costs	11	(7.6)	
Loss on disposal of subsidiaries	14	7.2	-
Profit/loss on disposal of property, plant and equipment	11	-	(0.5)
Movement in provisions	20	(0.2)	(0.8)
Movement in trade and other receivables		91.6	8.9
Movement in trade and other payables		(68.4)	(5.6)
Pension deficit funding	21	(50.5)	(37.8)
Cash used in continuing operations		71.7	61.2

**ATKINS LIMITED**  
**COMPANY NUMBER 00688424**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**25 Contingent liabilities**

The Company is a guarantor under:

(a) the Second Amended and Restated Credit Agreement, dated as of 30 April 2018 and as further amended from time to time, between SNC-Lavalin Group Inc. ("Group"), as borrower, Bank of Montreal, as administrative agent, and the lenders party thereto; and

(b) the Trust Indenture (open-ended), dated as of 24 November 2017, between Group, as issuer, and Computershare, as trustee (to date, two debentures remain issued thereunder and there have been six series issued under this indenture).

The Company is also an indemnitor under the EDC Bonding Products Declaration and Indemnity, dated 23 March 2017, between Group and Export Development Canada.

The Credit Agreement was refinanced on 13 May 2022.

The Company has given indemnities in respect of overseas offices' overdrafts, performance bonds, advance payment bonds, and letters of credit issued on its behalf. 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.

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.

**26 Capital and other financial commitments**

	31 December 2022	31 December 2021
	£m	£m
Capital expenditure contracted for but not incurred - property, plant and equipment	0.3	2.1

**27 Related party transactions**

Details of the Company's subsidiary undertakings and significant holdings are shown in note 14.

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties and £nil charged to income and expense (year ended 31 December 2021: £nil).

**a) Sales and purchases of goods and services**

	31 December 2022	31 December 2021
	£m	£m
Sales of goods and services to joint ventures	38.6	40.4

The above total is made up as follows:

EDP JV (HS2)	30.2	32.6
Connect Plus Services	8.4	7.8

**b) Year end balances arising from sales/purchases of goods and services and loans provided**

	31 December 2022	31 December 2021
	£m	£m
Receivables from joint ventures	1.4	0.5

The above total is made up as follows:

Connect Plus Services	1.4	0.4
Nuclear Atkins Assystem Alliance SNC	-	0.1

**ATKINS LIMITED**  
COMPANY NUMBER 00688424  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**28 Events occurring after the reporting period**

There are no post balance sheet events requiring disclosure.

**29 Ultimate parent undertaking and controlling party**

SNC-Lavalin Group Inc. was the Company's ultimate parent undertaking and controlling party at 31 December 2022. The immediate parent undertaking is Atkins Investments UK Limited. SNC-Lavalin Group Inc. heads the largest and smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member.

SNC-Lavalin Group Inc. is incorporated in Canada, and has its registered office at:

455 Boulevard René-Lévesque West  
Montréal  
Québec  
H2Z 1Z3  
Canada

Copies of the annual report and Financial Statements for SNC-Lavalin Group Inc. are available at [www.snclavalin.com/en/investors](http://www.snclavalin.com/en/investors).

Atkins Investments UK Limited is incorporated in England and Wales, and has its registered office at:

Woodcote Grove  
Ashley Road  
Epsom  
Surrey  
KT18 5BW  
England

Copies of the annual report and Financial Statements for Atkins Investments UK Limited, are available from the company secretary at the address above.