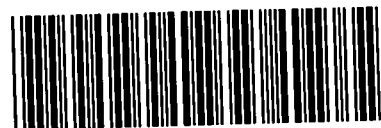


**ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

COMPANY NUMBER 00688424

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**ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
COMPANY NUMBER 00688424
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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ATKINSRÉALIS UK LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Business review and future developments

Nature of the business

AtkinsRéalis UK 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.

The Company changed its name on 12 October 2023 as part of a Group wide re-branding exercise, as explained below. During the year, the Company was a member of the AtkinsRéalis group of companies headed by AtkinsRéalis Group Inc., formerly SNC-Lavalin Group Inc. ("the Group").

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.

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 focused on achieving its Net Zero commitments, a sector where the Company has competitive advantage. The cash deficit position at 31 December 2023 was a temporary situation caused by a delay in the return of funds loaned to the Group which were received just after the year end.

On 30 November 2023, AtkinsRéalis Rail & Transit Verification Limited was acquired at fair market value from a fellow Group undertaking for a consideration of £0.3m, and on 14 December 2023 AtkinsRéalis Rail & Transit Limited was acquired at fair market value from a fellow Group undertaking for a consideration of £14.7m. An application to strike off its subsidiary Flex Process Limited was submitted on 28 September 2023 and the company was dissolved on 5 March 2024. The Company recorded a loss of £0.8m on dissolution of this subsidiary.

In 2023, the Group made the significant strategic decision to bring together the Group entities such as SNC-Lavalin, Atkins, and Faithful+Gould under a single brand, known as AtkinsRéalis. This rebranding marks a crucial milestone in the progress of the Group. By adopting the name AtkinsRéalis, the Group's goal is to present a unified company with one strategy, and one integrated offering, to better tackle the world's biggest and most complex challenges.

In January 2024, the Group implemented a common regional operating structure to sustain its growth trajectory and maximise its potential whilst being better positioned to bring positive change for communities and to execute its purpose of "Engineering a better future for our planet and its people." This reorganisation focuses on key regional markets, bringing the best of the capabilities of the Group from across AtkinsRéalis to its clients. The Company forms part of the UK & Ireland region and Nuclear sector.

AtkinsRéalis has continued its digital transformation journey by enhancing its digital capabilities throughout the year. The Digital Store serves as an internal repository, providing products and tools that can be sold to clients to improve its competitiveness in bids or used to deliver projects in a more efficient way.

The digital investment focuses on leveraging value from original investment areas (transforming design, developing global programme management services and leveraging advanced analytics) and identifying and implementing artificial intelligence solutions, aligned to the Group's purpose. In addition, AtkinsRéalis is horizon scanning for new digital opportunities, as well as responding to regional client demands. Additionally, AtkinsRéalis continues to increase Lava Lab spaces to foster collaboration by applying innovative digital approaches to projects worldwide. Digital transformation is an essential part of AtkinsRéalis' operations, combining people, data and technology to achieve better results.

Throughout the year, progress continued to be made in integrating climate-related risks and opportunities into decision-making processes. Expanding on the success of Decarbonomics initiated in 2022, AtkinsRéalis has introduced new initiatives to further promote sustainable solutions, including the launch of Carbon Insights earlier in the year. The global digital LIVE platform for Whole-life Carbon Management provides comprehensive support to project design teams, identifying potential opportunities for carbon reduction and facilitating carbon communications with clients. By simplifying the carbon management practices, Carbon Insights aligns with its commitment to engineering a better future for our planet and its people, eliminating unnecessary complexities and offering a user-friendly reporting framework, bringing relevant carbon tools and interventions together in one place.

Through Engineering Net Zero, AtkinsRéalis connects people, data, and technology to drive global change and tackle the climate-related challenges faced by its clients to collectively work towards the shared goal of achieving net-zero carbon emissions by 2030.

Further details of the objectives and future developments for the Group are disclosed in the AtkinsRéalis Group Inc. Financial Statements for the year ended 31 December 2023 (see note 27).

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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. AtkinsRéalis 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 AtkinsRéalis Group Inc. financial statements for the year ended 31 December 2023 (see note 27)).

Geopolitical events

AtkinsRéalis continuously monitors the potential impact that geopolitical events and tensions might have on its business. This includes new and existing client projects as well as individual employee travel. Financial, physical and cyber security risk elements are key factors which are considered when determining where and how it does business and the mitigations it needs to put in place. Its approach includes complete bans on doing business in certain countries and tailored advice for avoiding dangerous areas of some other countries.

Cyber security

Cyber security risk is recognised as the most significant risk to our business, in part due to its highly dynamic nature. AtkinsRéalis continues to invest in appropriate technology, processes and above all its people, to ensure that it is as resilient as it can be against cyber attacks. By monitoring attempted attacks and staying alert to cyber threat intelligence feeds, AtkinsRéalis can adapt its response to the ever-changing threat. Furthermore, AtkinsRéalis employees are fully engaged in cyber security through a range of training and communications measures including mandatory annual training, phishing simulation and regular nudge training which provides quick reminders and updates about the way that attackers seek to cause harm.

Inflation

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

Results and dividends

Revenue

In the year ended 31 December 2023, the Company's revenue was £1,313.3m (31 December 2022: £1,115.0m), an increase of 17.8%, mainly due to higher turnover in our Aerospace, Defence, Security & Technology (especially submarine and strategic weapons accounts), Infrastructure (in particular aviation, buildings & places and water markets) and Nuclear (notably Civil Works Alliance at Sizewell C) divisions.

Operating profit

Reported operating profit for the year was £92.1m (31 December 2022: £71.8m), an increase of 28.3% on the prior year, due to a higher volume of work and overhead efficiencies, such as further embedding digital tools.

Profit after tax

The profit after tax for the year of £86.1m (31 December 2022: £62.4m) is shown in the Income Statement on page 20.

Cash

Net funds as at 31 December 2023 were £(5.0)m (31 December 2022: £10.8m), due to a temporary overdraft as explained on page 1 of this report.

Dividends

On 20 December 2023 an interim dividend of £100m was distributed to the Company's parent in respect of the year ended 31 December 2023 (31 December 2022: £40m), which was settled by assignment of an intercompany loan receivable with AtkinsRéalis Group Inc. No further dividends in respect of the year ended 31 December 2023 are recommended by the directors.

An interim dividend in respect of the year ending 31 December 2024 of the GBP equivalent of USD 142,213,998 converted at the prevailing exchange rate was paid to the Company's parent on 20 June 2024 (see note 26).

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Key performance indicators (KPIs)

AtkinsRéalis uses a range of performance measures to monitor and manage the business. Those that are particularly important in monitoring our progress in generating shareholder value are considered key performance indicators (KPIs). These KPIs are set and monitored at the sector level, so it is not possible to provide KPI data for individual companies.

Our KPIs measure past performance and also provide information and context to anticipate future events and, in conjunction with our detailed knowledge and experience of the 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, margin and operating cash flow 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.

Total equity at 31 December 2023 was £461.9m (31 December restated: £488.2m) of which distributable retained earnings was £216.6m (31 December restated: £242.9m).

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 shows us how effective we have been in recruiting and retaining our key resource. 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. 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.

	Year ended 31 December 2023	Year ended 31 December 2022	% change
Financial metrics			
Revenue	£1,313.3m	£1,115.0m	17.8%
Operating profit (excluding exceptional items and other operating income)	£92.1m	£71.8m	28.3%
Operating margin (excluding exceptional items and other operating income)	7.0%	6.4%	0.6%
Operating cash flow	£113.1m	£83.1m	36.1%

During the year, revenue increased by 17.8% and underlying operating profit increased by 28.3%.

Climate-related financial disclosures

In January 2022, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations (SI 2022/31) were enacted, requiring companies meeting specific criteria to provide climate-related financial disclosures within their annually published strategic reports. Section 414CB(2A) of the amended Companies Act 2006 outlines the 8 climate-related financial disclosures that companies are expected to address.

This disclosure is AtkinsRéalis UK Limited's first disclosure under these Regulations, building on the AtkinsRéalis Group Inc. Task Force on Climate Related Disclosures (TCFD) Disclosure 2022 which was published in 2023. <https://www.atkinsrealis.com/-/media/Files/Atkinsrealis/download-centre/en/report/tcfd-report-2022.pdf>. This disclosure aligns with the UK regulations, it does not seek to align with the full TCFD framework and guidance.

In this disclosure, the Company has addressed all 8 of the required disclosures and is committed to further enhancing practices over time to embed climate resilience across the Company. In particular, over the next year the Company will develop its assessment of material climate risks and opportunities and enhance its UK regional risk management practices, and in coming years will seek to quantify the most significant impacts and enhance its climate-related metrics and monitoring. The Group's and the Company's governance arrangements and strategy are reviewed and enhancements considered on an ongoing basis to improve our resilience to climate risks.

Governance

CFD requirement: a description of the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.

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Climate-related financial disclosures (continued)

Governance (continued)

AtkinsRéalis UK Limited is a UK subsidiary of AtkinsRéalis Group Inc., headquartered in Montreal, Canada and listed on the Toronto Stock Exchange. AtkinsRéalis Group Inc. purposefully organises its governance structure to ensure performance is driven from the very top of the Group, including performance related to sustainability and climate change. The Group's Board and Chief Executive Officer (CEO) are primarily responsible for the oversight of climate-related risks and opportunities, and several of the Group's board members have experience and competence with climate-related risks.

AtkinsRéalis UK Limited's board of directors (the UK Board) has oversight and responsibility for climate-related risks and opportunities across the UK subsidiary's operations. The UK Board delegates responsibility to the UK Operational Leadership Team (OLT) who are responsible for the overall strategy; identifying; and managing climate-related risks and opportunities within their division or functional area. The OLT includes the CEO of AtkinsRéalis UK Limited, the Managing Directors for the four divisions within AtkinsRéalis UK Limited ((i) Infrastructure, (ii) Transportation, (iii) Aerospace, Defence, Security and Technology, and (iv) Project & Programme Services), and UK Functional Leads which include Finance, Human Resources, Operations, Marketing & Communications, Legal, and Health, Safety and Environment. Additionally, the Nuclear and Power division has its own operating structure separate from the other four divisions, and consequently the UK Board delegates responsibility to the Nuclear and Power Managing Director for the division's overall strategy regarding climate-related issues

Several of the UK Board report directly to the Group's CEO, and two UK board directors report directly to the Group's CFO. AtkinsRéalis UK Limited's CEO is part of the Group's Executive Committee (ExCom) alongside the Group's CEO and CFO, and senior management within AtkinsRéalis UK Limited's OLT report to functional leads who are also part of ExCom. This facilitates integration and governance oversight across operational divisions and functions up to the Group level. ExCom reports to the Group's Board of Directors and the Group's four Board Committees, which are:

- Governance, Ethics and Sustainability Committee (GESC)
- Safety, Project Oversight and Technology Committee (SPOTC)
- Audit & Risk Committee (ARC)
- Human Resources Committee (HRC)

The Group's Chief Environment, Social & Governance and Integrity Officer (CESGIO) also has oversight of ESG matters for AtkinsRéalis UK Limited, as the CESGIO chairs the Group ESG Steering Committee attended by ExCom, and reports to the GESC.

The process that AtkinsRéalis UK Limited uses for identifying risks and opportunities is outlined in the Risk Management section below.

The governance arrangements in place aim to ensure that all material risks and opportunities, including climate risks, are appropriately identified, and escalated to the relevant leads and committees, so that risks and opportunities are effectively managed.

Risk management

CFD requirements: a description of how the company identifies, assesses, and manages climate-related risks and opportunities; a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process.

The risk management framework encompasses all risks facing the Company, whether they are rooted in specific projects and mandates, operational or functional activities, or in the Company's aggregated activities.

All employees are responsible to protect the brand and the strategic objectives of the Group. The Company's Enterprise Risk Management (ERM) framework is in place to support personnel in their day-to-day activities. All employees are responsible for applying the risk management principles outlined in the Risk Management Policy and complying with associated processes and requirements in the context of their roles and responsibilities.

Our processes for identifying, assessing, and managing risks and opportunities at the enterprise level (business risks), and at the project level (our project risks or our client's project risks) are detailed below. Managing climate-related risks is integrated into the Company's overall risk management, rather than sitting as separate processes.

AtkinsRéalis UK Limited's Enterprise Risk Management (ERM) framework is intended to maintain a forward-looking awareness and understanding of potential risk events or circumstances that could materially affect its ability to meet its objectives.

AtkinsRéalis UK Limited feeds into the Group's established ERM programme. The Group's Risk Management Policy and Risk Appetite Statement are reviewed and approved annually by the Group's Executive Committee (ExCom) and the Group's Board. The Company's risk exposure is appraised in consideration of the Risk Appetite Statement and established risk tolerances.

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Climate-related financial disclosures (continued)

Risk management (continued)

Enterprise risks are identified through discussions with risk sponsors and senior business and support function heads, and through formal reporting up and escalation of risks at the business and project levels. In the event of new risk being identified, working groups are established to review the new risks and impact to the business. Enterprise risks are analysed and evaluated in accordance with the Risk Management Policy, mapped to the Risk Appetite Statement, and prioritized for follow-up actions.

Key Risk Indicators (KRIs) are established, monitored, and reported for each of the top risks, and cascaded down into the business where appropriate. Risks are managed through a range of planned actions, including the consideration of risks and opportunities in business strategy reviews, policy setting and resilience planning, and health and safety, environmental, commercial, procurement, and communications systems and procedures.

AtkinsRéalis UK Limited uses a web-based risk management tool to support ERM efforts and Project Risk Management on major contributing projects. The Active Risk Manager tool (ARM) encompasses a risk register for each business unit, documenting the risk owner, risk status, risk exposure, location, risk review date, and actions aimed at mitigating the risk. Delegated risk sponsors and owners use established processes and channels to raise and escalate risk upwards, including using ARM, and risk management is cascaded down from the Group through the ERM programme.

The Group is in the process of refreshing the ERM approach and AtkinsRéalis UK Limited will consider opportunities to enhance management and integration of UK regional risks with the Group's ERM programme.

AtkinsRéalis UK Limited also maintains a range of policies, plans, procedures, and work instructions encompassing various aspects such as health, safety, and environment, travel, human resources etc. These established guidelines ensure that approved processes are adhered to, effectively managing our risks.

Our project risk management is intended to minimize the threats and optimize the capture of opportunities specific to the projects we undertake.

Risk management, which includes climate-related risks and opportunities, is embedded across the Group's project governance process. Risk management implemented on each project is commensurate with the contract value, delivery model, complexity, and risk exposure, and confirmed early in the bid development stage. Where applicable, the risk management process implemented on the project additionally or alternatively meets partner or client risk governance and controls requirements.

A preliminary fit-for-purpose risk management plan/approach is developed at the bid stage – in order to consider risk management expectations in the execution strategy. The final risk management plan/approach is issued for implementation at project start-up. Initial risk identification, analysis and evaluation of project risks occur at the bid stage – in order to establish the optimal execution strategy and reduce risk exposure. The risk identification and analysis effort include understanding the causes and effects associated with a risk. The final risk management plan/approach summarises the project context and scope, risk management process, timing, reporting, and risk mitigation actions to be implemented on the project.

As a minimum, project teams consider the Risk Identification guidance and Risk Breakdown Structure (RBS) guidance to aid in the identification of risks. Use of the RBS allows for risks and opportunities to be identified consistently across each project, including prompts relevant to climate-related risks.

Risk review meetings are undertaken throughout the lifecycle of the project to update the project risk profile and evaluate the efficiency of mitigations. The project risk management process includes regular reporting to project and business line management on the efforts undertaken and progress to manage identified risks and associated mitigations. A summary of top risks, actions, trending, and residual risk exposure is reported to management on a monthly basis.

Periodic peer reviews are carried out by the Group's Project Performance & Risk Oversight team for selected projects during the project execution phase to assess the quality of risk management on projects and identify areas for improvement.

The identification of climate-related opportunities occurs throughout the Company, led by the OLT and subsequently cascaded to relevant teams depending on the type of opportunity – in particular by the Group's Strategy & Marketing teams, Sustainability/ESG teams, and Operational Teams. Market and divisional leads are responsible for developing and owning their respective market and division strategies aligned to the Group's strategy. Progress made in achieving these plans and strategies is reviewed on an annual basis. The Group's climate opportunities are identified and managed through various company strategies, such as the Pivoting to Growth Strategy, Net Zero Carbon Routemap, Sustainability Management Action Plan, Growth Plan, Sustainability Policy, and our Engineering Net Zero Programme. Further details on these strategies can be found in the AtkinsRéalis Group Inc. TCFD Disclosure 2022.

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STRATEGIC REPORT
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Climate-related financial disclosures (continued)

Strategy

CFD requirements: a description of the principal climate-related risks and opportunities arising in connection with the Company's operations and the time periods by reference to which those risks and opportunities are assessed; a description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy; and an analysis of the resilience of the Company's business model and strategy, taking into account consideration of different climate-related scenarios.

AtkinsRéalis UK Limited is predominantly a company that provides technical advisory and engineering design services, therefore its major climate-related risks and opportunities relate to the markets in which we operate and the projects that we deliver. Its services are provided in the UK and globally, and we work with teams from across the AtkinsRéalis Group based outside of the UK.

AtkinsRéalis UK Limited is impacted by a range of risks and opportunities related to the transition to a Net Zero climate resilient economy and the physical impacts of climate change. These risks and opportunities are addressed through our corporate and project risk management strategies.

Climate risks and opportunities have been identified over the short, medium, and long term over the period to the year 2050. This time horizon was selected because it allows the Company to consider impacts over the long term in relation to its business and the global markets in which it operates, and 2050 is the year where the UK has targeted to achieve Net Zero (thereby the time over which the UK will be most exposed to transition risks).

Based on this qualitative assessment, the climate-related opportunities outweigh the risks, provided the Company can continue to build on existing capabilities to play a major role in delivering Net Zero and climate resilience.

The Company's key climate-related risks and opportunities identified are as follows:

Climate-related risks

- Uncertain growth forecasts exist in some markets due to potential policy change, differences between countries' approaches and pace with transitioning to Net Zero, and potential physical climate impacts, causing clients to delay or re-direct investment (for example, related to nuclear or carbon-intensive transport).
- Within the UK, and other offices relied on (e.g., Global Technology Centre in India) there is potential for greater business impacts due to acute physical risks (e.g. flooding, heatwaves) and chronic physical risks (e.g. reduced water availability over the long-term, sea-level rise), which can disrupt projects and pose health and safety concerns for employees.
- Keeping pace to win key Net Zero market opportunities and avoid our competitors being perceived as having better experience, tools, approaches, or ESG credentials (including harmonising activities undertaken by the Company outside the UK in other markets to ensure alignment with UK client expectations/regulatory requirements).
- Potential for increased exposure to liability claims if our services and designs are not resilient and sustainable to increasing climate impacts and carbon reduction requirements.
- Limitations and challenges to maintain and expand our Company's capacity and readiness to deliver Net Zero climate resilient projects across the global markets which it serves, including constraints related to the Company's partners and/or supply chain.

Climate-related opportunities

- Significant opportunities exist across all market sectors to support clients to decarbonise and transition their businesses to be Net Zero and climate resilient.
- Significant opportunities exist in renewable energy, energy networks, energy efficiency, nuclear, decarbonising buildings, electric vehicle infrastructure, low-carbon mass transit, critical minerals, and nature-based solutions.
- Significant opportunities exist in climate adaptation and resilience, such as strengthening existing infrastructure and operations, water security, flood resilience, and environmental restoration.
- Leveraging the Company's position as a UK centre of excellence, there is an opportunity to export our sustainability and climate resilience knowledge, skills, and services to other markets, particularly in Europe and the Middle East.
- Opportunities exist to expand in emerging services and technologies, such as carbon capture, hydrogen, and battery infrastructure.
- Opportunities exist to expand the Group's innovative approaches, tools, and global collaboration to deliver net zero climate resilient projects and provide AtkinsRéalis UK Limited competitive advantages.

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Climate-related financial disclosures (continued)

Strategy (continued)

Potential climate-related impacts on the business

The following potential financial impacts, if we were to ineffectively manage the Company's climate-related risks, have been identified:

- Potential decline in revenue e.g., due to lost client opportunities, reduced demand from clients, loss of key employees, reduced ability to attract talent.
- Potential increase in operating costs e.g., due to increased public relations costs to manage concerns, increased marketing costs to protect our reputation, increased recruitment and training costs to build the Group's Net Zero capacity, increased legal costs to manage disputes, increased energy costs across the Group's facilities, increased costs due to carbon offsetting, increased costs due to business disruptions and damage from climate hazards etc.
- Potential for asset impairment e.g., decline in asset values (capital assets and/or intangible assets) due to net zero or physical impacts of climate change, devaluation or obsolescence of tools/systems/skills/services.
- Other potential trickle-down risks from climate-related impacts. Climate-related impacts could potentially affect AtkinsRéalis Group Inc.'s share price and create other financial constraints. These factors may lead to a decrease in share price or an increased cost of capital, which could ultimately impact the Group's ability to pursue growth opportunities.

Conversely, climate-related opportunities provide opportunities for the Group to increase revenues, decrease operating costs, and enhance the value of the Group's brand and assets. Proactively addressing these factors not only mitigates potential risks but also capitalises on climate opportunities.

In the future the Company aims to assess its climate risks and opportunities and quantify impacts over the short-, medium- and long-term.

Climate resilience and strategic responses to climate risks and opportunities

For the purposes of identifying climate-related risks and opportunities and assessing the Company's climate resilience, two climate scenarios have been considered for use in qualitative climate scenario analysis:

- 1.5°C Rapid Orderly Transition Scenario - Aligned to the Paris Agreement, where global action is taken to mitigate greenhouse gas (GHG) emissions through rapid and widespread changes to policies, markets, technology, and behaviours to achieve Net Zero by 2050.
- 3-4°C Current Policies Scenario - where the policies in place now remain unchanged, the world fails to achieve Net Zero by 2050, and over time the increasing physical impacts of climate change create instability

These scenarios have been selected because they are almost at opposite ends of the spectrum in relation to action on climate change, and therefore provide a contrasting 'stress test' of the Company's climate resilience.

Strategic responses under the 1.5°C rapid orderly transition scenario

Under the 1.5°C Rapid Orderly Transition Scenario the key strategic response options include:

- Accelerating the implementation of the Group's Net Zero transition plan, transforming the Company and positioning it for success in a Net Zero climate resilient economy
- Increasing investment in capacity building and development of Net Zero and climate resilience skills and approaches across the business, including upskilling employees, recruitment, targeted innovation and tool development, and potentially corporate acquisitions to strengthen and complement our service offerings
- Enhancing the Group's marketing, thought leadership, and business development related to Net Zero and climate resilience, and explore emerging opportunities and services
- Enhancing the Group's monitoring and assessment of climate transition and physical risks associated with our business, clients/projects, and support clients/projects to transition to Net Zero and enhance climate resilience
- Accelerating implementation of systems and processes across the Company to drive climate action through our projects and corporate activities
- Considering strategic decisions about managing trade-offs, such as whether there are projects the Group would not pursue due to misalignment with Net Zero or ESG objectives, or due to high transition risks.

Strategic responses under the 3-4°C current policies scenario

Under the 3-4°C Current Policies Scenario the Group's key strategic response options could include:

- Considering its business strategy and potentially re-prioritise, including the potential to emphasise climate adaptation and resilience over Net Zero
- Increased investment in enhancing climate resilience across the business, supply chain, and projects
- Increasing investment in building capacity in the Company related to climate adaptation and resilience, so that we can grow its offering across market sectors and geographies
- Considering increasing our engagement and influencing with governments, clients, stakeholders, and the public to build support for Net Zero projects
- Monitoring and assessing climate transition and physical risks, and the vulnerability of business assets and supply chains, including supporting clients to develop and implement climate risk assessments and resilience plans
- Considering strategic decisions about managing trade-offs, such as whether there are projects the Group would not pursue due to misalignment with Net Zero or ESG objectives, or high vulnerability to physical climate risks.

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Climate-related financial disclosures (continued)

Strategy (continued)

Statement of resilience

AtkinsRéalis Group has established strong foundations on the journey towards embedding climate risk management across our business and operations. The Company continues to enhance its strategy to ensure it is fit for the future, and focuses on building capacity in order to play a large role in delivering Net Zero and climate adaptation for its clients.

The Group has diverse service offerings across global markets (where we have diversified revenue streams and clients) and has the agility to respond as policies and markets change as the world transitions to Net Zero.

Based on its climate scenario analysis and range of strategic response options, the Group is confident that its strategy is resilient to climate change. The Group will continue to invest in enhancing its resilience over time.

Metrics and targets

CFD requirements: a description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.

Targets

The Group has recently re-evaluated its 2019 base year greenhouse gas (GHG) emissions and is pursuing validation of its targets through the Science Based Targets initiative (SBTi). As a result, the scope and verification of the GHG emissions reduction targets will soon become significantly more comprehensive. For the purposes of our 2023 disclosure, below we explain two significant targets relevant to the Company's climate change performance. These are:

Corporate GHG emissions reduction target: In May 2021, the Group set out its Net Zero Carbon 2030 target for corporate emissions, encompassing Scope 1, Scope 2, and selected Scope 3 GHG emissions. In support of the Group's efforts to achieve its Net Zero 2030 goal, AtkinsRéalis UK Limited set the following targets for its Scope 1-3 emissions:

- Scope 1: 18.61% reduction by 2030 from the base year (2019)
- Scope 2: 9.19% reduction by 2030 from the base year (2019)
- Scope 3 (business travel and upstream leases): 33.82% reduction by 2030 from the base year (2019).

These specific reduction targets across Scopes 1, 2, and 3 guide the Company's efforts in reducing its carbon footprint and reaching its Net Zero Carbon 2030 objective. The Company is currently exceeding these targets, and its performance is outlined further below.

Financial growth targets: AtkinsRéalis UK Limited's Engineering Services plays a vital role in supporting the Group's efforts to track financial metrics and achieve its 2025-2027 financial targets for organic growth. AtkinsRéalis Services line of business (which includes AtkinsRéalis UK Limited Engineering Services) encompass the following objectives:

- Organic Revenue Growth: Achieving a minimum of 8% or higher each year. In 2023 the Engineering Services regions, which include AtkinsRéalis UK Limited, achieved 18.3% organic revenue growth.
- Segment Adjusted EBITDA to Segment Net Revenue Ratio: The Group is targeting a ratio between 17-18% by 2027. In 2023 the UK & Ireland business achieved a ratio of 15.4%.

These targets reflect our commitment to driving sustainable growth and enhancing profitability within the Company as well as contributing to the Group's overarching target.

Sustainability-linked finance: In 2022 AtkinsRéalis Group established a sustainability-linked finance facility which reduces the Group's finance costs through the delivery of ESG objectives. The sustainability-linked finance commits the Group to the following targets:

- Reducing its corporate GHG emissions (including scope 1, 2 and some scope 3 emissions) by 60% by 2025, using 2019 as the baseline year. As of 2022, the Group achieved a 69% reduction in GHG emissions compared to the baseline year of 2019.
- Increasing diversity within the workforce, focusing on achieving 25% of women representation in managerial and senior professional roles by 2025. In 2022, the Group made notable progress towards this gender diversity goal, by achieving 30% female representation on the Board of Directors. Additionally, in the same year, the Group saw an increase in the proportion of women holding managerial and senior professional positions, reaching approximately 22%.

Other targets: Carbon Insights, a new carbon reduction dashboard-based platform, enables the Group to integrate carbon management into every project it supports. We aim for the inclusion of Carbon Insights in design bids to deliver more sustainable practices across key sectors that we support and as a core part of demonstrating our compliance with PAS2080 (carbon management in infrastructure).

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Climate-related financial disclosures (continued)

Metrics and targets (continued)

Key Performance Indicators (KPIs)

GHG emissions and intensity: Externally assured GHG emissions and emissions intensity are reported annually, and metric tonnes of carbon dioxide equivalent to revenues (mtCO₂e/Revenues) and metric tonnes of carbon dioxide equivalent to full time equivalent employees (mtCO₂e/FTE) are calculated. The Group has recently recalculated its 2019 base year Scope 1-3 GHG emissions, and for Scope 3 emissions, reporting is currently done on business travel and upstream leased assets only. The 2019 base year GHG emissions have increased due to the recalculation process, which adopts higher-quality data sets and calculation methodologies that align with the GHG reporting and accounting principles.

Climate-related Transition & Physical Risks: Impacts on project costs and schedule are used as metrics to monitor project risks. The Group will continue to identify and develop metrics to monitor climate risks and track progress regarding risk management.

Climate-Related Opportunities: The Group's business and market strategies have considered climate-related opportunities, and we will continue to develop metrics to monitor our progress with realising opportunities. Currently the main metrics used relate to project value/revenue and project wins.

Capital Deployment: The Group continues to make investments to enhance its digital tools, innovative approaches, and capacity to meet the challenges of the Net Zero transition and climate change. These expenditures are tracked and the Group will consider consolidating these into a metric.

Internal Carbon Price: In 2022, the Group undertook work to investigate the implications and benefits of using internal carbon pricing to drive GHG emissions reduction and embed carbon considerations into decision making. Other available options will continue to be considered as we seek validation of our targets by SBTi.

Remuneration: In 2022, incentives were introduced for the Group's senior management to drive action on sustainability. 2.5% of the Group's Annual Incentive Plans link to ESG and sustainability. This is applicable to senior regional managers, including statutory directors of AtkinsRéalis UK Limited.

Carbon offsetting: AtkinsRéalis UK Ltd did not purchase carbon offsets in 2024. AtkinsRéalis Group is in the process of developing its strategy regarding carbon offsetting.

Approaches to reducing GHG emissions

Increasing focus is being placed on reducing GHG emissions. Some of the actions currently being taken include:

- **Employee travel:** Through the Net Zero Carbon Travel Policy, the carbon footprint associated with employee travel is being minimised. The goal is to focus on prioritising online meetings where possible and encourage lower carbon travelling options for business trips.
- **Estate Portfolio Plan:** Through the Group's Estate Portfolio Rationalisation Strategy, we will engage with landlords across our leased offices to explore opportunities to implement strategies aimed at minimising energy consumption.
- **Employee Net Zero Training:** We have introduced our Employee Net Zero Training, and it is expected to improve employees' understanding of sustainability practices. Through this training, employees will gain valuable knowledge that can be practically applied in their daily lives, both within and beyond the workplace.

AtkinsRéalis UK Ltd. Greenhouse Gas Emissions

GHG Emissions Scope	2019 Base Year ¹	2022	2023	Current performance against target
Scope 1	1,664	1,108	1,011	Exceeding target - reduction of 39% to date
Scope 2	1,873	938	713	Exceeding target - reduction of 62% to date
Scope 3 Business travel	14,341	5,815	8,815	n/a
Upstream leased assets	4,227	3,099	2,082	n/a
Scope 3 sub-total	18,568	8,914	10,897	Exceeding target - reduction of 41% to date
Total GHG emissions inventory (tCO ₂ e)	22,105	10,960	12,621	n/a
Intensity metric 1 (mtCO ₂ e / revenues in £m)	25.7	9.8	11.2	n/a
Intensity metric 2 (mtCO ₂ e / FTE)	2.9	1.2	1.2	n/a

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FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Climate-related financial disclosures (continued)

Metrics and targets (continued)

AtkinsRéalis UK Ltd. Greenhouse Gas Emissions (continued)

¹2019 base year GHG emissions were recalculated in 2024, and as a result increased due to the adoption of higher quality data sets and alignment to the GHG Protocol principles.

Revenue 2019 – £860.5 million	Revenue 2022 – £1,115 million	Revenue 2023 – £1,125 million
FTE 2019 – 7,591	FTE 2022 – 9,229	FTE 2023 – 10,432

Streamlined 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"). AtkinsRéalis UK 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 AtkinsRéalis UK 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 the period 1 January 2023 to 31 December 2023 for the qualifying entities have been obtained from the AtkinsRéalis Group Inc. GHG emissions inventory, which has been externally verified by Deloitte LLP.

As we improve our GHG emissions inventory processes, we are continuously adjusting our plans and roadmap to meeting this challenge. As a result of this ongoing evolution, the methodologies, data and assumptions underlying our strategy, analysis and other information included in this report (including those used to calculate GHG emissions) continue to develop and remain subject to evolution over time. Therefore, the information disclosed prior to this report on GHG emissions and plans in relation thereto are now outdated.

In September 2023, AtkinsRéalis Group Inc. published its Climate-related Financial Disclosure (TCFD) Report, which detailed the climate-related risks and opportunities. The next steps that are detailed within the report require enhanced insight to be gained from our GHG emissions inventory. The insight will allow both our leaders and our people to make insight-driven decisions and allow monitoring of the reduction initiatives across our business.

For the 2023 GHG emissions inventory, we seized the opportunity to thoroughly review and redesign our existing GHG emissions inventory processes and reporting, datasets, models, and calculation methodologies. This revised GHG emissions inventory process has been established on foundations aligned with the GHG Protocol, which in turn is based on the requirements of the ISO standard. The new process is intended to deliver the enhanced insight required by our people at local, national, regional, global levels, as well as inventories specific to our business and legal structure.

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Streamlined Energy and Carbon Reporting (SECR) (continued)

The review of how we capture and calculate our GHG emissions inventory resulted in significant changes in our GHG emissions inventory. In making these changes we believe that we can better demonstrate that the inventory meets the GHG Protocol Principles, which are relevance, completeness, consistency, accuracy, and transparency. The main changes made relate to the use of:

- our established financial platforms as the principal sources of data to input into new GHG calculation models;
- detailed transactional data from our travel booking partners to provide more accurate and insightful business travel data that is now calculated using actual travel distances and nights stayed in hotel;
- various other data sources such as employee surveys and Fleet Lease Management were used to obtain more accurate data;
- mature GHG calculation model for energy consumption across our leased estate (where we do not hold operational control) by using contemporary geographic specific energy intensity factors against our estate footprint. This has resulted in a notable change in our upstream leased assets emissions; and
- a full review of our application of the operational control approach in defining the organisational boundary in compliance with the GHG Protocol.

	AtkinsRealis UK Limited for the year ended December 2023	AtkinsRealis UK Limited for the year ended December 2022 restated #
Emissions from Scope 1	1,011 metric tonnes CO ₂ e	1,108 metric tonnes CO ₂ e
Emissions from Scope 2	713 metric tonnes CO ₂ e	938 metric tonnes CO ₂ e
Total gross CO₂e based on above	1,724 metric tonnes CO₂e	2,046 metric tons CO₂e
Energy consumption used to calculate emissions - MWh	17,197 MWh	20,338 MWh
Intensity ratio – tonnes of CO ₂ e per £m revenue*	1.31	1.83

* over AtkinsRealis UK Limited revenue only

restated using revised GHG emissions inventory methodology

The 2023 Scope 1 & Scope 2 emissions reduced by 16% from the 2022 footprint. Our focus during 2023 was to continue rationalising the Company'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.atkinsrealis.com/~media/Files/A/atkinsrealis/download-centre/en/policy/net-zero-carbon-routemap.pdf>).

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 not owned or controlled; and
- Scope 3 (other indirect) - there is no requirement to disclose this under SECR.

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Streamlined Energy and Carbon Reporting (SECR) (continued)

Corporate sustainability

The Company is committed to acting responsibly towards all its stakeholders and AtkinsRéalis 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 <https://www.atkinsrealis.com/en/esg>.

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 AtkinsRéalis Group Inc. and one of the key companies in its UK & Ireland region. Key decisions of the Company are made by various executive and operational committees within the UK & Ireland region, with decisions and initiatives implemented throughout the region 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

The directors of the Company provide leadership and guide the decision-making of the Company through the pursuit of core key values integral to AtkinsRéalis as a whole and therefore the UK & Ireland region and the Company: integrity, safety, collaboration, innovation and excellence. These values are fundamental to achieving the Group's long-term objectives and promoting a positive corporate culture, driving sustainable performance and enhancing long-term shareholder value. Furthermore, progress continues to integrate climate-related risks and opportunities into decision-making processes. Through the Engineering Net Zero Programme, AtkinsRéalis connects people, data and technology, to develop a sustainable, community-focused business, dedicated to engineering a better future for the planet and its people. These involve creating sustainable solutions to design, deliver and operate the most complex projects across the world. Further details regarding the Company's strategy can be found in the Strategic report of these Financial Statements.

2. The interests of the Company's employees

AtkinsRéalis, and therefore the Company, continues to prioritise the well-being of its employees through the Thrive Programme, which will be adopted across the whole of AtkinsRéalis, with the goal of fostering an environment where employees can thrive, flourish and reach their maximum potential. This approach aligns with its core values of Safety and Excellence. The Thrive framework includes a holistic approach to five pillars of well-being to address a wide array of experiences, needs and priorities:

- Physical: Maintaining healthy lifestyle behaviours and habits, free from or resilient to illness and disease.
- Emotional: Navigating both positive and negative emotions, thoughts and feelings experienced throughout one's life.
- Workplace: This is where our organisational culture resides, is rooted and takes accountability.
- Social & Community: Interacting positively with others and building meaningful and healthy relationships.
- Financial: Ensuring financial stability and resilience for current and future commitments.

The Employee engagement statement in the Directors' report sets out how the Company engages with its employees to understand their 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, UK & Ireland region specific Town Hall meetings are one of the forums used to explain and communicate the strategy, performance and goals of the UK & Ireland region and wider Group. Regular employee reviews (both annual and mid-year) guide and encourage employees in their career development. During 2023, 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 on the issues that matter most to its employees in the UK and Ireland region (more information on this programme is set out in the Directors' report).

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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 UK & Ireland region and maintains strong relationships with each of those stakeholder groups (including long-term partnering on projects, joint ventures and through collaborative roles) through regular feedback, collaboration and engagement. The UK & Ireland region 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 UK & Ireland region who act as a strategic supplier to the UK Government. The focus on quality highlights AtkinsRéalis's dedication to achieving excellence in meeting the needs and expectations of stakeholders, ensuring satisfaction in every deliverable.

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

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

AtkinsRéalis, and therefore the Company, recognises that Environmental, Social and Corporate Governance (ESG) is integral to its operations. It continues to develop its corporate purpose and has made progress with its Decarbonomics service line by leveraging global industry best practice and building on and integrating existing capabilities, enabling clients to decarbonise existing non-residential buildings, particularly in the UK infrastructure market. AtkinsRéalis, and therefore the UK & Ireland region, continues to invest in the Engineering Net Zero programme, to assist with solutions and immediately implementable actions that governments must take to meet the Paris Agreement's global 2050 goal and shape a greenhouse gas-free economy. For example, substantial progress has been made during the year in leading the engineering industry towards Net Zero Carbon emissions, by not only identifying challenges and opportunities, but also by integrating digital innovation into every element of its engineering process (people, data and technology) combined with its extensive and global insights, to design and implement solutions that span the entire project lifecycle. This integration allows the unlocking of the full potential of the Company's engineering expertise and helps to disturb the status quo for a sustainable future, by leveraging the global expertise focusing on implementing fast, effective solutions for its clients that reduce environmental impact. Furthermore, the goal aims to make a positive global impact across borders, industries and organisations and improve the lives of millions worldwide.

The Company has expanded its efforts to positively impact the environment and community through the AtkinsRéalis Governors for Schools programme, promoting Science, Technology, Engineering, and Maths (STEM) subjects in UK schools and academies. By collaborating with Governors for Schools, 83 professionals have been appointed to serve as STEM governors across 142 schools and academies, surpassing its initial target of 44 appointments. This initiative has provided strategic guidance on curriculum delivery, with a goal to drive improvements in how concepts such as digital and net zero fit into education. The programme is prioritising schools in highly deprived areas, girls' schools, and those with special educational needs and disabilities (SEND). The efforts have resulted in donating nearly 26,000 hours of voluntary time, benefiting over 72,000 under-represented young people, significantly exceeding its commitment to reach 18,000 learners.

5. The desirability of the Company maintaining a reputation for high standards of business conduct

AtkinsRéalis, and therefore the Company, is committed to promoting and maintaining the highest levels 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 AtkinsRéalis overall code of conduct certification, supporting the Group's business objectives, not just as a formality but a fundamental part of AtkinsRéalis's identity, and playing a crucial role in shaping ethical decision-making, upholding its core values and guiding in doing business the right way. Further details on AtkinsRéalis's governance, ethics and business conduct are disclosed in the Group's financial statements for the year ended 31 December 2023 (see note 27).

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

The Company is a key component of the UK & Ireland region and exists within the larger overall organisation structure of AtkinsRéalis 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
 22 August 2024

**ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
COMPANY NUMBER 00688424
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their Annual report together with the Financial Statements and the Independent auditor's report of AtkinsRéalis UK Limited (the Company) for the year ended 31 December 2023.

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 (see pages 1-13 of the Strategic

- review of the performance and future developments of the Company;
- principal risks and uncertainties;
- the amount (if any) that the directors recommend by way of a dividend; and
- environmental, social and employee matters.

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

Dividends

Dividends declared during the year are included on page 2 of the Strategic report under "Results and dividends".

Post balance sheet events

On 21 March 2024, AtkinsRéalis Transport Advisory Limited was acquired at fair market value from a fellow Group undertaking for a consideration of £0.2m.

An interim dividend of the GBP equivalent of USD 142,213,998 converted at the prevailing exchange rate was paid to the Company's parent on 20 June 2024 (see page 2 of the Strategic report and note 26).

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 £20.4m at 31 December 2023 (31 December 2022: net asset of £9.3m). The assumptions used in the IAS 19 (revised 2011) valuation are detailed in note 19 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 achieved a 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 paid £1.8m of additional contributions in the year, with expected contributions of £10m per annum for the next 2 years, £3.9m in the year ending 31 December 2026 and £1.8m in the year ending 31 December 2027.

Actual recovery plan contributions into the Atkins Pension Plan by the Company for the year ended 31 December 2023 were £24.9m (2022: £48.9m). This included additional contributions paid in advance of £10.0m.

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Funding and charges (continued)

The total income/charge to the Income Statement in respect of defined benefit schemes was income of £0.7m (31 December 2022: charge of £0.8m) comprising current and past services cost of £0.6m (31 December 2022: £1.9m), administrative expenses of £0.4m (31 December 2022: £0.6m) and a net interest income of £1.7m (31 December 2022: £1.7m). The charge relating to defined contribution schemes was £46.2m (31 December 2022: £44.5m).

Treasury policies and objectives

Throughout the year, AtkinsRéalis Group Inc.'s treasury function managed and monitored the funding requirements and financial risks in support of the Group's corporate objectives (further details are disclosed in the AtkinsRéalis Group Inc. consolidated Financial Statements for the year ended 31 December 2023 - see note 27).

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, liquidity risk and cash flow 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 Group'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 in respect of movements between the US dollar (including dollar-pegged currencies) and Canadian dollar 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.

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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 Group'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 schemes. 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. Further information is disclosed in the 'Streamlined Energy and Carbon Reporting' section in the Strategic report.

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.

Name	Appointed	Resigned
J N Butler	02 April 2024	-
C M Carroll	04 September 2023	-
S G Cole	-	-
C D Conboy	16 April 2024	-
A J Cullens	-	-
A M English	09 March 2023	10 August 2023
A J Finch	-	-
P D Hoare	-	-
J Jarman	-	-
C M Y Junillon	-	26 July 2023
M McNicholas	-	-
R L Robinson	-	-

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (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.

Employee engagement

AtkinsRéalis believes that its employees are the most critical component of its success, and is committed to making the organisation a great place to work for everyone. Regular communication from senior management is sent to employees. Regional and global Town Hall events are held quarterly to ensure that employees are kept informed about the Group's performance and financial factors impacting the overall performance of the Group and its regions. In order to monitor employee engagement, all employees are invited to participate annually in the VOX Survey, run by the Group's independent survey provider, Ipsos. The outcomes of this Group-wide survey have been an invaluable tool and, heeding employee feedback, clear action plans and initiatives have been introduced. For instance, steps were taken to change the approach to recognition across the Group and #WOW, a global platform, was launched, allowing recognition of colleagues and underlining their great work.

Safety and wellbeing

For AtkinsRéalis, safety means protecting people, assets and the environment from harm and is regarded as an ethical responsibility. Safety is imbedded in everything AtkinsRéalis does and is one of its core values. Safety is about more than numbers, processes and procedures. It is about a culture of care and ensuring that every person involved in the Group's operations returns home safely at the end of each day. AtkinsRéalis fully understands that supporting the wellbeing and psychological safety of its employees is critical to ensure they flourish and achieve their full potential. AtkinsRéalis's aspiration is to create environments in which its people thrive and deliver safe work in a complex world.

AtkinsRéalis has a Global HSE Policy Statement that sets the tone for any work undertaken across the globe. This Global HSE Policy Statement is based on the principles of visible safety leadership, consulting employees, creating secure working conditions and respecting the environment at all levels. The Group's Global HSE Management System along with a series of tools have been developed from these principles and is available on the AtkinsRéalis website at www.atkinsrealis.com under "About us"/"Health, safety & environment". Global HSE metrics form part of the Group's annual incentive plan, highlighting their importance for the Group.

Equality, diversity and inclusion (ED&I)

AtkinsRéalis is committed to ED&I. Its Diversity Policy has been in place since 2017. The Diversity Policy reflects the Group's view that diversity within its ranks is important to ensure that the profiles of directors, executive officers and senior leaders provide the necessary range of perspectives, backgrounds, experience and expertise required to achieve effective stewardship and management. Committees at Group level are responsible for annually monitoring the implementation of the Diversity Policy and its content.

The Group also measures, year after year, the representation of individuals from the minority and underrepresented groups in its talent pool. It considers the level of representation of individuals from these groups and other components of diversity within its ranks and considers both as important factors in its search process for new candidates. The Group's "Different makes a difference" programme remains a cornerstone of its comprehensive Environmental, Social and Governance ("ESG") strategy, as highlighted in its 2023 ESG report, which can be found on its website at www.atkinsrealis.com under "ESG"/"Monitoring our journey". Building on achievements, the Group is proud to report significant strides towards its 2025 gender targets, particularly within its managers and senior professionals community. In pursuit of gender balance throughout the Group, notable progress has been made in the representation of women among young professionals. Globally, the Group's 2023 intake saw a commendable 36% female representation. This underscores the Group's commitment to the World Economic Forum's Global Parity Alliance, dedicated to advancing ED&I.

The Group's annual VOX Survey remains an important metric for assessing its success in this area. There was a very positive increase of two points in the Group's ED&I Index, which is a specific index within the VOX Survey that evaluates employees' experience of inclusivity across the organisation, reaffirming the Group's robust performance compared to benchmarks set by other professional services organisations. The global recognition of the Group's efforts has been reflected in accolades from renowned institutions such as Great Places to Work, Times Top 50 for Gender Equality and Disability Confident, further establishing the Group's commitment to creating an inclusive and diverse workplace. The Group is also proud to announce that it has continued its outstanding Clear Assured progress (an accreditation owned and developed by Clear Company, recognised global leaders of inclusive recruitment and talent management insight, training, and technology) by achieving their Platinum Standard accreditation for ED&I in the UK. The Platinum Standard is awarded to sector-leading organisations who are using their integrity to positively impact and influence its people, clients and candidates on ED&I, with an unequivocal commitment to continuous upskilling and improving with clear plans of how commitments are turned into action to embed ED&I into everything they do.

**ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Equality, diversity and inclusion (ED&I) (continued)

It is the aim of AtkinsRéalis to foster a culture where everyone feels included, where everyone is in an environment where they can thrive, where everyone feels they can be their true self and where everyone can reach their full potential. AtkinsRéalis ED&I policy establishes the principles of how those objectives are achieved and support the application of the policy globally, achieving the right outcomes for current and future employees. AtkinsRéalis is committed to providing its employees with a positive and psychologically safe workplace that entitles everyone to be treated fairly, without distinction, exclusion or preference based on characteristics including, but not limited to, culture, experience, race, colour, gender, gender identity, pregnancy, sexual orientation, marital or family status, age, religion, political conviction, ethnic or national origin, social condition, mental or physical disability or conviction for which a pardon has been granted.

The Company recognises the importance and benefits of helping employees with disabilities and health conditions by jointly exploring reasonable adjustments and arrangements that enable them to perform their work to the best of their ability, including where an employee becomes disabled during their employment. Reasonable adjustments are changes to ensure that disability, mental health, neurodiversity, and changes in life circumstances, maintain a level playing field for all our employees so no one encounters any additional challenge or difficulty. Reasonable adjustments ensure any impact of disability or other barriers to do a job are removed or reduced wherever possible.

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 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.

None of this could be achieved without the unwavering commitment of the Group's employee resource groups. These groups play a pivotal role in propelling the Group's progress forward, providing invaluable support by enhancing its understanding and awareness of underrepresented communities. Their influence extends to shaping policies and processes, while also standing as pillars of support in the Group's ongoing journey to become an employer of choice committed to inclusivity.

The Company published its 2023 UK Gender Pay Gap Report, which outlines the difference in the hourly rate of pay between men and women working in the Company on the snapshot date of 5 April 2023, in compliance with UK Government reporting requirements. Building on our successes in previous years, the Company continued actively challenging biases through:

- Conducting workshops and training programmes for both employees and line managers;
- Improving its collection of ED&I data;
- Amplifying marginalised voices with the help of our Employee Resource Groups (ERG); and
- Fostering psychological safety by ongoing support, resources, and safe spaces to share experiences – as outlined in the report.

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 2023 (31 December 2022: £nil).

Supplier and customer engagement

During 2023, 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.

Since September 2017, the Group has been using its Supplier Code of Conduct (the "Supplier Code of Conduct") (updated in 2021), applicable to all of its suppliers, subcontractors and consultants (collectively, the "Suppliers"), including any entity over which the Supplier has direct or indirect control. The Supplier Code of Conduct summarises the Group's expectations and governing principles as they apply to Suppliers – whether they work with AtkinsRéalis or on its behalf. In May 2021, the Group published the Counterparty Code of Conduct (the "Counterparty Code of Conduct") to be used with partners that are not Suppliers, such as our joint venture partners (the "Counterparty"). These Codes of Conduct are translated into seven languages. The Supplier Code of Conduct is available on the Group's website at www.atkinsrealis.com under "About us"/"Working with suppliers".

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Supplier and customer engagement (continued)

The Company's robust governance contracts process provides a framework for measuring supplier and customer success and encourages regular engagement with customers and suppliers. The Company annually publishes its payment practices report, in compliance with the Prompt Payment Code (initially set up by the Office of the Small Business Commissioner on behalf of Department for Business and Trade), evidencing its commitment to paying suppliers on time, giving clearance on terms, dispute resolution and prompt notification of late payment and supporting good practice through its supply chain by encouraging adoption of the Code.

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.

Share capital

Full details of the Company's issued share capital can be found in note 20 of these Financial Statements.

Corporate governance statement

For the year ended 31 December 2023, 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). However, as the Company forms a part of the wider AtkinsRéalis Group of companies, 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, serving primarily aerospace, defence, infrastructure, transportation and energy sectors in the UK with a strong focus on sustainability at the heart of everything it delivers.

The Company (and AtkinsRéalis generally) has added a fifth key value to its former four key values: integrity, safety, collaboration, innovation and now excellence. The directors of the Company recognise that these five 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. By achieving and maintaining excellence, the Company can create an environment where all employees and stakeholders can thrive, leading to the achievement of high standards. Such values are also materially important for many of our stakeholders.

AtkinsRéalis 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 the VOX survey, 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.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (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 AtkinsRéalis 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. This composition facilitates effective decision-making and consideration of appropriate factors during board meetings and is reviewed at least yearly. Regular Company board meetings are held with the position of chair being rotated, depending on matters being considered for approval.

Dedicated to enhancing diversity, the Company actively integrates this commitment into its succession planning processes. Recent changes in the Board, including the appointment of a female director, Mrs. Colette Carroll, demonstrate the Company's commitment to promoting a diverse and inclusive environment. Mrs. Carroll's skills and experience will contribute to its strategic vision.

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 five 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 and promote the long-term interests of the Company and its stakeholders, including employees, customers, and the wider community. 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 evaluate and discuss the Company's governance processes in order to identify opportunities for improvement and further enhance 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 the wider AtkinsRéalis 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. As part of its annual plan, the Group's Internal Audit function reviews and determines whether its risk management, internal control and corporate governance processes are adequate and functioning in a manner to ensure that risks are appropriately identified and managed, including ensuring that significant financial, managerial and operating information is accurate, reliable and timely. Opportunities to further improve the management controls, profitability and the Company's image are identified during audits and properly communicated to the appropriate management levels. On a quarterly basis, Internal Audit submits to the Group's Audit Committee a progress report on the resolution of outstanding recommendations. This report includes the status for the quarter, the main past-due and risk monitored recommendations and the past-due recommendations. In addition, 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.

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DIRECTORS' REPORT
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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 provide 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. The internal audit team select projects and opportunities at random and conduct thorough reviews to ensure all risk and governance processes are being followed. On a quarterly basis, Internal Audit submits to the Group's Audit Committee a progress report on the resolution of outstanding recommendations. This report includes the status for the quarter, the main past-due and risk monitored recommendations and the past-due recommendations.

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 AtkinsRéalis 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 AtkinsRéalis 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 we 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.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (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 (United Kingdom 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 its 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
 22 August 2024

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ATKINSRÉALIS UK LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 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 27.

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.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ATKINSRÉALIS UK 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. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ATKINSRÉALIS UK 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 and 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 the following areas, and our procedures performed to address them are described below:

- Revenue in relation to the company's open contracts is recognised over time. There is estimation involved in determining the timing of margin recognition and the accuracy of contingencies held. Due to this and the number of open contracts, management could manipulate the estimates involved in recognising margin and we therefore pinpoint our fraud risk to the accuracy of these estimates.

In response to this, a sample of contracts were selected based on specified risk factors that indicated increased risk of material misstatement. For this sample, we held meetings with key project personnel to understand the key judgements and assumptions. We assessed events occurring post year end against management forecasted costs by performing a lookback analysis and investigated differences; substantively tested the employee's internal cost rates applied, subcontractor agreements, and expected hours. Lastly, we also considered historical accuracy and run rates.

- Valuation of legal provisions includes assumptions requiring significant management judgement when assessing against prescribed IAS 37 criteria, and therefore there is potential for management bias.

We have obtained legal confirmations from external legal counsels, held meetings with in-house legal counsel, obtained management's assessment and challenged the assumptions made against IAS 37 criteria and agreeing to supporting evidence.

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.

**ATKINSRÉALIS UK LIMITED
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COMPANY NUMBER 00688424
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ATKINSRÉALIS UK 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
22 August 2024

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£m	£m
Revenue	2	1,313.3	1,115.0
Cost of sales		(821.8)	(702.3)
Gross profit		491.5	412.7
Administrative expenses		(399.4)	(340.9)
Operating profit	3	92.1	71.8
Income from shares in Group undertakings		0.8	5.5
Income from joint ventures		7.8	-
Profit before interest and tax		100.7	77.3
Finance income	6	15.6	6.8
Finance costs	6	(8.2)	(5.6)
Net finance income	6	7.4	1.2
Profit before tax		108.1	78.5
Income tax expense	7	(22.0)	(16.1)
Profit for the year		86.1	62.4

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December 2023	Year ended 31 December 2022
		£m	£m
Profit for the year		86.1	62.4
Remeasurement of net post-employment benefit liabilities	19	(17.1)	(109.1)
Tax relating to components of other comprehensive expense	19	3.9	24.2
Other comprehensive expense for the year, net of tax		(13.2)	(84.9)
Total comprehensive income/(expense) for the year		72.9	(22.5)

All results are from continuing operations.

The notes on pages 31 to 66 are an integral part of these Financial Statements.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
COMPANY NUMBER 00688424

BALANCE SHEET
AS AT 31 DECEMBER 2023

		31 December 2023	Restated* 31 December 2022
	Note	£m	£m
Assets			
Non-current assets			
Goodwill	8	32.6	32.6
Other intangible assets	9	27.4	31.2
Property, plant and equipment	10	27.8	29.6
Right of use assets	11	70.0	79.9
Investments	12	26.1	11.9
Deferred tax assets	13	5.8	5.4
Derivative financial instruments		0.1	2.1
Other receivables		7.6	0.9
Amounts due from fellow Group Undertakings	14	205.0	217.0
Post-employment benefit assets	19	21.4	20.6
		423.8	431.2
Current assets			
Cash and cash equivalents		9.0	10.8
Trade and other receivables	15	726.0	691.5
Derivative financial instruments		1.2	1.8
Current income tax assets		9.7	-
		745.9	704.1
Liabilities			
Current liabilities			
Bank loans and overdrafts		(14.0)	-
Trade and other payables	16	(590.0)	(529.5)
Lease liabilities	17	(11.7)	(10.9)
Derivative financial instruments		(0.9)	(1.4)
Current income tax liabilities		-	(0.4)
Provisions for other liabilities and charges	18	(0.1)	-
		(616.7)	(542.2)
Net current assets		129.2	161.9
Non-current liabilities			
Provisions for other liabilities and charges	18	(0.3)	(0.3)
Post-employment benefit liabilities	19	(1.0)	(11.3)
Derivative financial instruments		(1.2)	(1.1)
Lease liabilities	17	(78.7)	(86.5)
Deferred tax liabilities	13	(9.9)	(5.7)
		(91.1)	(104.9)
Net assets		461.9	488.2
Equity			
Ordinary shares	20	40.1	40.1
Share premium account	20	0.2	0.2
Other reserves	20	205.0	205.0
Retained earnings	20	216.6	242.9
Total equity		461.9	488.2

*The comparative figures for Trade and other payables and Retained earnings have been restated due to the correction of the historic overstatement of Amounts due to fellow Group undertakings by £6.0m mainly dating between 2002 and 2017.

The Financial Statements on pages 27 to 66 were approved and authorised for issue by the board of directors on 22 August 2024 and signed on its behalf by:



J Jarman
Director

The notes on pages 31 to 66 are an integral part of these Financial Statements.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£m	£m
Cash flows from operating activities			
Cash flow generated from operations	22	116.6	71.7
Interest received		15.6	6.8
Interest paid		(8.2)	(7.3)
Income tax (paid)/received		(10.9)	11.9
Net cash generated from operating activities		113.1	83.1
Cash flows from investing activities			
Purchases of intangible assets	9	(2.5)	(6.4)
Purchases of property, plant and equipment	10	(8.8)	(7.1)
Acquisition of subsidiaries	12	(15.0)	(0.9)
Dividends received		7.8	-
Net cash used in investing activities		(18.5)	(14.4)
Cash flows from financing activities			
Finance lease payments	17	(10.6)	(9.7)
Net repayments of intercompany loans		(99.8)	(73.0)
Net cash used in financing activities		(110.4)	(82.7)
Net decrease in cash and cash equivalents		(15.8)	(14.0)
Cash and cash equivalents at beginning of year		10.8	24.8
Cash and cash equivalents at end of year		(5.0)	10.8

The £(5.0)m of cash and cash equivalents at 31 December 2023 is made up of cash and cash equivalents of £9.0m and bank loans and overdrafts of £(14.0)m.

The notes on pages 31 to 66 are an integral part of these Financial Statements.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2022 before restatement	40.1	0.2	205.0	299.4	544.7
Restatement	-	-	-	6.0	6.0
Balance at 1 January 2022 after restatement	40.1	0.2	205.0	305.4	550.7
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 expense (Note 21)	-	-	-	24.2	24.2
Other comprehensive expense for the year	-	-	-	(84.9)	(84.9)
Total comprehensive expense 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)
Balance at 31 December 2022 and 1 January 2023 before restatement	40.1	0.2	205.0	236.9	482.2
Restatement	-	-	-	6.0	6.0
Balance at 31 December 2022 and 1 January 2023 after restatement	40.1	0.2	205.0	242.9	488.2
Profit for the year	-	-	-	86.1	86.1
Remeasurement of net post-employment benefit liabilities (Note 21)	-	-	-	(17.1)	(17.1)
Tax relating to components of other comprehensive expense (Note 21)	-	-	-	3.9	3.9
Other comprehensive expense for the year	-	-	-	(13.2)	(13.2)
Total comprehensive income for the year	-	-	-	72.9	72.9
Share-based payments	-	-	-	0.8	0.8
Dividends to owners of the parent	-	-	-	(100.0)	(100.0)
Total contributions to owners of the Company recognised directly in equity	-	-	-	(99.2)	(99.2)
Balance at 31 December 2023	40.1	0.2	205.0	216.6	461.9

The comparative figure for Retained earnings has been restated due to the correction of the historic overstatement of Amounts due to fellow Group undertakings by £6.0m mainly dating between 2002 and 2017.

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

The notes on pages 31 to 66 are an integral part of these Financial Statements.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

1 Accounting policies

The material 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 AtkinsRéalis Group Inc., which are available to the public and can be obtained as set out in note 27.

The Company has taken advantage of the exemption under FRS 101 not to present a third balance sheet when correcting a prior year error.

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)
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, *Revenue from Contracts with Customers*
- 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*.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

1 Accounting policies (continued)

New standards, amendments and IFRIC interpretations

The following amendments to accounting standards issued during the year ended 31 December 2023 were adopted by the Company in the same period:

– IAS 12, *International Tax Reform - Pillar Two Model Rules*

Amendments to IAS 12 introduce: i) a temporary exception to the accounting for deferred income taxes arising from jurisdictions implementing the global minimum tax rules; and ii) targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the global minimum tax rules, particularly before legislation implementing the rules is in effect.

The adoption by the Company of the amendments listed above did not have a significant 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 AtkinsRéalis 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.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

1 Accounting policies (continued)

Revenue

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

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 clients primarily 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 distributions

Dividend distributions to the Company's shareholder 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.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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 assets/liabilities recognised in the Balance Sheet represent the actual surplus/deficit in the Company's DB plans.

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.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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 19 to the Financial Statements.

Share-based payments

Cash-settled share-based payments

The Company has adopted the AtkinsRéalís Long Term Incentive (LTI) Plan and each year cash-settled share-based payments are granted under the terms of AtkinsRéalís'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.

Equity-settled share-based payments

Where the Company's parent company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

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.

ATKINSRÉALIS UK LIMITED
(FORMERLY ATKINS LIMITED)
 COMPANY NUMBER 00688424
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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 demonstrated 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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:

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.

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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.

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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.

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.

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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 current liabilities.

The Company is one of five UK Group entities which participate in a notional cash pooling structure with Bank of America whereby positive account balances are offset against negative balances. The pool participants have access to an uncommitted overdraft facility of £10m, USD 1m and EUR 1m. However, at the balance sheet date the cash pool was not in an overdrawn position and so no amounts were drawn down against this facility.

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.

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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.

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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 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
	£m	£m	%	%
Aerospace, Defence, Security & Technology	275.4	214.9	21.0	19.3
Infrastructure	273.0	214.3	20.8	19.2
Nuclear	175.3	121.9	13.3	10.9
Transportation	473.6	457.4	36.0	41.0
Project & Programme Services	12.6	23.4	1.0	2.1
Internal Trade	103.4	83.1	7.9	7.5
	1,313.3	1,115.0	100.0	100.0

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.

3 Operating profit

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£m	£m
Operating profit is arrived at after charging/(crediting)			
Employee costs	4	675.0	570.6
Loss on dissolution of subsidiary	12	0.8	7.5
Net foreign exchange losses/(gains)		4.1	(1.1)
Depreciation of property, plant and equipment	10	10.6	11.2
Amortisation of intangibles	9	6.3	5.0
Depreciation on right of use assets	11	10.9	11.5
Impairment of investments	12	-	0.4
Bad debt provisions:			
- increase in provisions	15	1.4	1.3
- release of provisions	15	(1.5)	(1.4)
Net increase in/(release of) other provisions	18	0.1	(0.2)
Loss on disposal of property, plant and equipment	10	-	0.1
Research and Development Expenditure Credit (RDEC)		(7.3)	(5.1)

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 2023	Year ended 31 December 2022
	£m	£m
Financial statements audit	0.7	0.6
Total	0.7	0.6

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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 2023	Year ended 31 December 2022
	Number	Number
Management and administration	571	472
Technical	8,300	7,377
Total	8,871	7,849

The aggregate employee benefit costs of those people amounted to:

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£m	£m
Wages and salaries, including restructuring costs		555.6	470.5
Social security costs		58.9	52.3
Defined benefit current and past service cost	19	0.6	1.9
Charge for defined contribution schemes	19	46.2	44.5
Share-based payments	21	13.7	1.4
		675.0	570.6

Wages and salaries for the year to 31 December 2023 include a charge of £4.9m (year to 31 December 2022: credit of £0.2m) for 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 2023	Year ended 31 December 2022
	£m	£m
Salaries and other employee benefits	4.1	3.2
Post-employment benefits	0.7	0.2
Share-based payments	0.1	0.1
	4.9	3.5

Key management comprises only the directors.

Emoluments of the highest paid director:

	Year ended 31 December 2023	Year ended 31 December 2022
	£m	£m
Emoluments receivable	1.4	0.9

J N Butler, C M Carroll, S G Cole, A J Cullens, P D Hoare, J Jarman, M McNicholas and R L Robinson are directors of a number of other companies in the Group. C M Y Junillon was a director of a number of other companies in the Group before his resignation in 2023.

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 2022: seven).

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

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6 Net finance income

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£m	£m
Interest payable on intercompany balances		(1.9)	(1.4)
Net finance costs on net post-employment benefit assets	19	-	1.7
Unwind of discount		(0.2)	(0.2)
Interest on lease liabilities		(4.3)	(5.0)
Interest payable on bank loans and overdrafts		(1.8)	(0.7)
Finance costs		(8.2)	(5.6)
Interest income on intercompany balances		12.0	5.9
Net finance income on net post-employment benefit assets	19	1.7	-
Interest receivable on short term deposits		1.9	0.7
Other finance income		-	0.2
Finance income		15.6	6.8
Net finance income		7.4	1.2

7 Income tax expense

a) Analysis of charge in the year

	Year ended 31 December 2023	Year ended 31 December 2022
	£m	£m
Current income tax		
- current year	22.3	14.9
- adjustment in respect of prior years	(1.4)	(0.4)
Deferred tax (see note 13)		
- origination and reversal of temporary differences	(1.4)	0.9
- adjustment in respect of prior years	2.6	0.4
- effect of changes in tax rates	(0.1)	0.3
Income tax charged to income statement	22.0	16.1
Profit before tax per income statement	108.1	78.5
Effective income tax rate	20.4%	20.5%

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7 Income tax expense (continued)

b) Factors affecting income tax rate

The income tax rate for the year is lower (31 December 2022: higher) than the standard blended rate of corporation tax in the UK of 23.5% (31 December 2022: 19%). The differences are explained below:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
	£m	£m	%	%
UK statutory income tax rate	25.4	15.0	23.5	19.0
Increase/(decrease) resulting from:				
Net income taxable/expenses not deductible for tax purposes	2.4	1.3	2.2	1.7
Overseas tax	1.7	0.2	1.6	0.3
Loss relief claimed for nil payment	(8.5)	-	(7.8)	-
Consortium relief rate differential	(0.1)	(0.7)	(0.1)	(0.9)
Adjustment in respect of prior periods	1.2	-	1.1	-
Effect of changes in tax rates	(0.1)	0.3	(0.1)	0.4
Income tax/effective income tax rate	22.0	16.1	20.4	20.5

c) Income tax on components of other comprehensive income

	31 December 2023	31 December 2022
	£m	£m
At 1 January	40.7	16.5
Deferred income tax	(2.7)	14.3
Current income tax	6.6	9.9
At 31 December	44.6	40.7

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, income taxes in the income statement are measured at the blended average tax rate of 23.5%. Deferred taxes at the balance sheet date have been measured at 25%.

d) Global minimum tax

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released a legislative framework, followed by more detailed guidance issued in March 2022, to assist in the implementation by participating jurisdictions of a reform to the international tax system resulting in multinational enterprises ("MNE") with annual consolidated revenues exceeding a certain threshold being subject to a minimum 15% effective tax rate ("ETR") collected via a "top-up tax" (the "Global Minimum Tax").

This objective would be achieved by applying three different rules, in this order of priority:

- Qualified Domestic Minimum Top-up Tax ("QDMTT"): collected by the relevant local jurisdiction;
- Income Inclusion Rule ("IIR"): very generally, collected at the level of the Ultimate Parent Entity ("UPE") of the MNE (or intermediate holding in certain cases);
- Undertaxed Payments Rule ("UTPR"): backstop rule – collected by rest of the jurisdictions where the MNE is present with GloBE rules in force, if the two above fail.

In July 2023, the UK enacted legislation to implement the Global Minimum Tax effective for the years beginning January 1, 2024 and thereafter, including both QDMTT and IIR, which are referred to as Domestic Top-up Tax and Multinational Top-up Tax, respectively, in the domestic UK legislation. On June 20, 2024, Canada enacted Global Minimum Tax retrospectively to January 1, 2024, including both QDMTT and IIR. AtkinsRéalis group, headquartered in Canada, exceeds the revenue threshold, and thus is in scope of the Global Minimum Tax in any jurisdiction in which it operates from FY2024 onwards. There has been no impact from the Global Minimum Tax in 2023 as it was not yet in force in any jurisdiction. Given that QDMTT applies with priority to IIR, effectively, any potential top-up tax in respect of the UK entities of the group would be collected in the UK under QDMTT.

Due to the complexities in applying the Global Minimum Tax legislation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable for the year ended 31 December 2024. However, the preliminary analysis using actual financial data for the period ended 30 June 2024 indicates that the UK territory should fall within the scope of the Transitional Country-by-Country Safe-Harbour and no top-up tax liability is expected to arise.

The company has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023 and endorsed in July 2023.

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8 Goodwill

	31 December 2023	31 December 2022
	£m	£m
Cost at 1 January	36.7	36.7
Disposals	-	-
Cost at 31 December	36.7	36.7
Accumulated impairment at 1 January	(4.1)	(4.1)
Disposals	-	-
Accumulated impairment at 31 December	(4.1)	(4.1)
Net book value at 31 December	32.6	32.6

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

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 2023	31 December 2022
	£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 2023 (31 December 2022: £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 15.5% 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 AtkinsRéalis Group Inc., which are available to the public and can be obtained as set out in note 27. In the prior period, a pre-tax discount rate of 14.7% was used.

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9 Other intangible assets

	Capitalised development costs £m	Software licences £m	Trade names and trademarks £m	Total £m
Cost at 1 January 2023	7.8	35.3	0.1	43.2
Additions	-	2.5	-	2.5
Assets brought into use	(5.0)	5.0	-	-
Disposals	-	(1.9)	-	(1.9)
Cost at 31 December 2023	2.8	40.9	0.1	43.8
Accumulated amortisation at 1 January 2023	-	11.9	0.1	12.0
Amortisation charge for the year	-	6.3	-	6.3
Disposals	-	(1.9)	-	(1.9)
Accumulated amortisation at 31 December 2023	-	16.3	0.1	16.4
Net book value at 31 December 2023	2.8	24.6	-	27.4
Net book value at 31 December 2022	7.8	23.4	-	31.2

The amortisation charge for the year of £6.3m (31 December 2022: £5.0m) 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. Contractual commitments for the acquisition of intangible assets are disclosed in note 24.

10 Property, plant and equipment

	Assets under construction £m	Leasehold land and buildings £m	Plant, machinery & vehicles £m	Total £m
Cost at 1 January 2023	0.2	29.4	32.0	61.6
Additions	-	1.9	6.9	8.8
Assets brought into use	(0.2)	0.2	-	-
Disposals	-	(6.6)	(10.4)	(17.0)
Cost at 31 December 2023	-	24.9	28.5	53.4
Accumulated depreciation at 1 January 2023	-	17.0	15.0	32.0
Depreciation charge for the year	-	3.4	7.2	10.6
Disposals	-	(6.6)	(10.4)	(17.0)
Accumulated depreciation at 31 December 2023	-	13.8	11.8	25.6
Net book value at 31 December 2023	-	11.1	16.7	27.8
Net book value at 31 December 2022	0.2	12.4	17.0	29.6

The depreciation charge for the year of £10.6m (31 December 2022: £11.2m) is included in administrative expenses in the Income Statement.

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11 Right of use assets

	Property	Vehicles	Total
	£m	£m	£m
Cost at 1 January 2023	107.7	3.7	111.4
Additions	1.9	1.1	3.0
Disposals	-	(1.5)	(1.5)
Modifications	(1.8)	(0.1)	(1.9)
Cost at 31 December 2023	107.8	3.2	111.0
Accumulated depreciation at 1 January 2023	29.6	1.9	31.5
Depreciation charge for the year	9.8	1.1	10.9
Disposals	-	(1.4)	(1.4)
Accumulated depreciation at 31 December 2023	39.4	1.6	41.0
Net book value at 31 December 2023	68.4	1.6	70.0
Net book value at 1 January 2023	78.1	1.8	79.9

12 Investments

	Subsidiaries
	£m
Cost at 1 January 2023	22.0
Additions	15.0
Disposals	(1.2)
Cost at 31 December 2023	35.8
Accumulated impairment at 1 January 2023	10.1
Disposals	(0.4)
Accumulated impairment at 31 December 2023	9.7
Net book value at 31 December 2023	26.1
Net book value at 31 December 2022	11.9

The investments are held at cost less impairment.

The Company acquired the entire share capital of AtkinsRéalis Rail & Transit Verification Limited at fair value from a fellow Group undertaking on 30 November 2023 for a consideration of £0.3m.

The Company acquired the entire share capital of AtkinsRéalis Rail & Transit Limited at fair value from a fellow Group undertaking on 14 December 2023 for a consideration of £14.7m.

An application to strike off the subsidiary Flex Process Limited was submitted on 28 September 2023. The subsidiary was dissolved on 5 March 2024. The Company recorded a loss of £0.8m on dissolution of this subsidiary.

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 AtkinsRéalis Group Inc.

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12 Investments (continued)

Subsidiary undertakings

The following companies were the subsidiary undertakings as at 31 December 2023:

Name	Share class(es) held	% of share class/interests	Registered office / principal place of business
ATK Energy EU Limited	£0.00000004 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
ATK Energy EU Services Limited ¹	£1.00 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
AtkinsRéalis Consultancy Services Limited	£1 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
AtkinsRéalis Rail & Transit Limited	£1 ordinary share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
AtkinsRéalis Rail & Transit Verification 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 ²	£0.01 ordinary A share	100%	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England & Wales
Isotopen Umweltdienste GmbH ³	€25,000 ordinary share	100%	Wilhoop 3, Hamburg, Germany 22453.

¹ Owned by a subsidiary undertaking other than AtkinsRéalis UK Limited.

² Flex Process Limited was dissolved on 5 March 2024.

³ Isotopen Umweltdienste GmbH entered into liquidation on 25 April 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 2023:

Name	Proportion of ownership/interest	Financial year end	Registered office
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

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13 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 2023	31 December 2022
	£m	£m
Deferred tax assets:		
- deferred tax assets to be recovered after more than 12 months	4.4	3.5
- deferred tax assets to be recovered within 12 months	1.4	1.9
Total deferred tax asset	5.8	5.4
Deferred tax liabilities:		
- deferred tax liabilities to be recovered after more than 12 months	(9.9)	(5.7)
Total deferred tax liability	(9.9)	(5.7)
Deferred tax liability (net)	(4.1)	(0.3)

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 expected 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 2023 was £30.8m (2022: £30.8m) and the unrecognised deferred tax asset is £7.7m (2022: £7.7m) on which there is no date of expiry.

a) Deferred tax assets

	31 December 2023	31 December 2022
	£m	£m
Accelerated depreciation	(4.3)	(1.9)
Deferred tax liability on post-employment benefit liabilities	(5.1)	(2.3)
Other temporary differences	5.3	3.9
Total deferred tax liability (net)	(4.1)	(0.3)

b) Analysis of movements during the year

	31 December 2023	31 December 2022
	£m	£m
Deferred tax liability at 1 January of prior year	(0.3)	(13.0)
Deferred tax charged to the income statement (note 7)	(1.1)	(1.6)
Deferred tax (charged)/credited to equity	(2.7)	14.3
Deferred tax liability (net) at 31 December	(4.1)	(0.3)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, income taxes in the income statement are measured at the blended average tax rate of 23.52%. Deferred taxes at the balance sheet date have been measured at 25%.

14 Amounts due from fellow Group undertakings (non-current)

	31 December 2023	31 December 2022
	£m	£m
Amounts due from fellow Group undertakings	205.0	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, £205m, which is unsecured and interest-free, has been classified as non-current as there is no known intention to settle. Notwithstanding this position, this balance still remains repayable on demand and should a liquidity need arise, the Group could review all intercompany balances and this balance could be called at short notice to accommodate any funding needs.

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15 Trade and other receivables

	31 December 2023	31 December 2022
	£m	£m
Current assets:		
Trade receivables	158.2	136.3
Provision for impairment of trade receivables	(2.9)	(3.0)
Amounts recoverable on contracts	32.2	33.4
Other receivables	10.1	9.9
Prepayments	24.3	18.0
Amounts due from joint ventures	1.0	1.4
Amounts due from fellow Group undertakings	503.1	495.5
	726.0	691.5

The amounts due from fellow Group undertakings include intercompany loans of £143.0m (31 December 2022: £136.3m), which bore interest at 12 month SONIA plus between 0% and 2.21% ARCA margin (31 December 2022: SONIA or LIBOR plus between 0% and 2.0% ARCA margin), £40.2m which bore interest at 3 month SONIA plus 2.12% ARCA margin (31 December 2022: £nil), £105.4m (31 December 2022: £162.3m) which bore interest at a fixed rate of 2% and a further intercompany loan of £37.2m (31 December 2022: £35.2m), which bore interest at 3 month CORRA plus 2.0% ARCA margin (31 December 2022: CORRA plus 2.0% 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 2022: £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 2023, £113.8m (31 December 2022: £99.1m) of trade receivables were within normal payment terms and considered to be fully performing.

At 31 December 2023, £42.5m (31 December 2021: £32.2m) 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 £2.9m (31 December 2022: £6.4m) and carried a provision for impairment of £2.9m (31 December 2022: £3.0m).

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

	31 December 2023	31 December 2022
	£m	£m
Provision for impairment at beginning of year	(3.0)	(3.1)
Increase in provisions	(1.4)	(1.3)
Release of provisions	1.5	1.4
Provision for impairment at end of year	(2.9)	(3.0)

16 Trade and other payables

	31 December 2023	Restated 31 December 2022
	£m	£m
Current liabilities:		
Trade payables	62.6	48.5
Fees invoiced in advance	99.4	86.1
Accruals	70.3	49.2
Social security and other taxation	64.5	52.9
Other payables	18.0	19.2
Amounts due to fellow Group undertakings	275.2	273.6
	590.0	529.5

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16 Trade and other payables (continued)

The comparative figures for Trade and other payables and Retained earnings have been restated due to the correction of the historic overstatement of Amounts due to fellow Group undertakings by £6.0m mainly dating between 2002 and 2017.

Fees invoiced in advance under contracts are generally recognised in revenue in the following financial year.

The amounts due to fellow Group undertakings include intercompany loans of £44.5m (31 December 2022: £54.4m), £2.5m of which was interest free (31 December 2022: £nil). The remaining intercompany loans currently bear interest at 12 month SONIA plus margin between 2.0% and 2.21% (31 December 2022: 3 to 12 month SONIA and GBP LIBOR plus between 0.9.% and 1.45%). The balances are unsecured, have no fixed repayment date and are repayable on demand.

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.

17 Leases

a) Amounts recognised in the balance sheet

	31 December 2023	31 December 2022
	£m	£m
Lease Liabilities:		
Current	(11.7)	(10.9)
More than one year and no later than five years	(34.0)	(36.7)
Later than five years	(44.7)	(49.8)
Non-Current	(78.7)	(86.5)
Total	(90.4)	(97.4)

The total cash outflow for leases for the year ended 31 December 2023 was £10.6m (31 December 2022: £9.7m).

b) Amounts recognised in the income statement

	31 December 2023	31 December 2022
	£m	£m
Depreciation charge - Properties	(9.8)	(10.0)
Depreciation charge - Vehicles	(1.1)	(1.5)

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 include a break clause allowing for early termination of the contract. Extension options in vehicles usually result 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 sale and leaseback transactions.

18 Provisions for other liabilities and charges

	31 December 2023	31 December 2022
	Vacant property £m	Vacant property £m
Current	0.1	-
Later than one year and no later than two years	0.3	-
Later than two years and no later than five years	-	0.3
Non-current	0.3	0.3
Total	0.4	0.3

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18 Provisions for other liabilities and charges (continued)

	Vacant property £m
Balance at 1 January 2023	0.3
Provisions charged to the Income Statement	0.5
Provisions released to the Income Statement	(0.4)
Balance at 31 December 2023	0.4

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 two years (31 December 2022: three years). No provision has been released or utilised for any purpose other than that for which it was established.

19 Post-employment benefit assets/(liabilities)

	31 December 2023	31 December 2022
	£m	£m
Net retirement benefit liabilities	(1.0)	(11.3)
Net retirement benefit assets	21.4	20.6
Net post-employment benefit assets	20.4	9.3

a) Net retirement benefit assets/(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 2022.

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 - AtkinsRéalis Section.

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19 Post-employment benefit assets/(liabilities) (continued)

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

	Defined benefit schemes			
	Atkins Pension Plan		Railways Pension Scheme	
	31 December	31	31 December	31 December
	2023	December	2023	2022
	No.	No.	No.	No.
Members	1	2	66	69
Deferred pensioners	4,791	4,965	242	252
Pensioners	4,293	4,205	538	487
	9,085	9,172	846	808

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	31 December
	2023	2022
Price inflation		
RPI	2.87%	2.97%
CPI	2.53%	2.57%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	2.78%	2.91%
Limited Price Indexation (CPI-based)	2.51%	2.56%
Limited Price Indexation to 2.5%	2.50%	2.50%
Fixed	5.00%	5.00%
Rate of increase in salaries		
APP and ESPS	2.87%	2.97%
RPS (RPI capped)	2.87%	2.97%
RPS (CPI capped)	2.51%	2.56%
Discount rate	4.62%	4.84%
Longevity at age 65 for current pensioners		
Men (APP)	22.3 years	22.8 years
Women (APP)	24.4 years	24.8 years
Men (RPS)	21.7 years	22.2 years
Women (RPS)	22.8 years	23.2 years
Men (ESPS)	22.7 years	23.2 years
Women (ESPS)	24.3 years	24.4 years
Longevity at age 65 for future pensioners (current age 45)		
Men (APP)	23.3 years	23.8 years
Women (APP)	25.5 years	25.9 years
Men (RPS)	22.6 years	23.2 years
Women (RPS)	24.0 years	24.4 years
Men (ESPS)	23.6 years	24.2 years
Women (ESPS)	25.4 years	25.6 years

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19 Post-employment benefit assets/(liabilities) (continued)

The actuarial tables used to calculate the retirement benefit liabilities for the APP at 31 December 2023 and 31 December 2022 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) 2022 improvements with an initial addition parameter of 0.2%, a standard smoothing parameter, a 1.0% per annum long term rate with a default weighting parameter of 0% for 2020 and 2021, and 25% for 2022; (31 December 2022: Continuous Mortality Investigation (CMI) 2021 improvements with an initial addition parameter of 0.2%, a standard smoothing parameter, a 1.0% per annum long term trend with a default weighting parameter of 0% for 2020 and 2021).

The actuarial tables used to calculate the retirement benefit liabilities for the RPS at 31 December 2023 and 31 December 2022 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) 2022 improvements with an initial addition parameter of 0.2%, a standard smoothing parameter, a 1.0% per annum long term rate with a default weighting parameter of 0% for 2020 and 2021, and 25% for 2022; (31 December 2022: Continuous Mortality Investigation (CMI) 2021 improvements with an initial addition parameter of 0.2%, a standard smoothing parameter, a 1.0% per annum long term trend with a default weighting parameter of 0% for 2020 and 2021).

For the ESPS the actuarial tables used at 31 December 2023 were the 'SAPS' (Self-Administered Pension Schemes) S3PA 'Light' tables with a scaling factor of 1.0/1.0 for males/females respectively; (31 December 2022 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) 2022 improvements with an initial additional parameter of 0.2%, a standard smoothing parameter and a 1.0% per annum long term trend with a default weighting parameter of 0% for 2020 and 2021, and 25% for 2022 (31 December 2022: Continuous Mortality Investigation (CMI) 2021 improvements with an initial additional parameter of 0.2%, a standard smoothing parameter with a default weighting parameter of 0% for 2020 and 2021).

The components of the pension cost are as follows:

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2023	£m	£m	£m	£m	£m
Included in operating profit					
Current and past service cost	-	0.5	0.1	-	0.6
Administrative expenses	-	0.4	-	-	0.4
Total charge	-	0.9	0.1	-	1.0
Finance costs/(income)					
Interest cost	57.2	11.3	1.7	-	70.2
Expected return on plan assets	(57.9)	(12.0)	(2.0)	-	(71.9)
Net interest income	(0.7)	(0.7)	(0.3)	-	(1.7)
Total charge/(income) to Income Statement for defined benefit schemes	(0.7)	0.2	(0.2)	-	(0.7)
Charge for defined contribution schemes	-	-	-	46.2	46.2
Total charge/(income) to Income Statement	(0.7)	0.2	(0.2)	46.2	45.5
Statement of comprehensive income					
Gain/(loss) on pension scheme assets	13.0	(9.0)	(0.1)	-	3.9
Change in assumptions	(12.7)	(6.9)	(1.4)	-	(21.0)
Remeasurement gain/(loss) recognised in other comprehensive income	0.3	(15.9)	(1.5)	-	(17.1)
Net deferred and income tax (charged)/credited to equity	-	3.6	0.3	-	3.9
Remeasurement gain/(loss) (net of deferred tax)	0.3	(12.3)	(1.2)	-	(13.2)

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19 Post-employment benefit assets/(liabilities) (continued)

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

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 £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2023					
Defined benefit obligation	(1,215.2)	(247.6)	(36.7)	(1.0)	(1,500.5)
Fair value of plan assets	1,228.9	248.9	43.1	-	1,520.9
Net retirement benefit assets/(liabilities)	13.7	1.3	6.4	(1.0)	20.4

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19 Post-employment benefit assets/(liabilities) (continued)

	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
Net retirement benefit (liabilities)/assets	(10.3)	13.0	7.6	(1.0)	9.3

Other includes an unfunded pension obligation in relation to a former director for £1.0m (December 2022: £1.0m).

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

	Atkins Pension Plan		Railways Pension Scheme		ESPS	
31 December 2023	%	£m	%	£m	%	£m
Equities - quoted in an active market	-	-	36.6	91.0	-	-
Equities - unquoted	12.8	157.8	2.6	6.4	-	-
Government bonds - quoted in an active market	49.6	609.0	22.2	55.5	46.2	19.9
Government bonds - unquoted swaps and repos	-	-	-	-	-	-
Corporate bonds - quoted in an active market	-	-	4.8	11.9	-	-
Corporate bonds - unquoted	20.5	252.2	-	-	-	-
Property	4.1	51.6	21.7	54.0	-	-
Cash	3.2	39.6	3.7	9.3	0.2	0.1
Other - quoted in an active market	-	-	8.4	20.8	-	-
Other - unquoted	9.7	118.7	-	-	53.6	23.1
	100.0	1,228.9	100.0	248.9	100.0	43.1

	Atkins Pension Plan		Railways Pension Scheme		ESPS	
31 December 2022	%	£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

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.

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19 Post-employment benefit assets/(liabilities) (continued)

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

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2023	£m	£m	£m	£m	£m
Defined benefit obligations at beginning of year	1,206.7	239.7	35.0	1.0	1,482.4
Current and past service cost	-	0.5	0.1	-	0.6
Interest cost	57.2	11.3	1.7	-	70.2
Remeasurement loss recognised in other comprehensive income	12.7	6.9	1.4	-	21.0
Employee contributions	-	0.2	-	-	0.2
Benefit payments	(61.4)	(11.0)	(1.5)	-	(73.9)
Defined benefit obligations at end of year	1,215.2	247.6	36.7	1.0	1,500.5

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2022	£m	£m	£m	£m	£m
Defined benefit obligations at beginning of year	1,810.0	353.9	55.1	1.4	2,220.4
Current service cost	0.1	1.7	0.1	-	1.9
Interest cost	34.6	6.7	1.1	-	42.4
Remeasurement gain 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

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

	Atkins Pension Plan	Railways Pension Scheme	ESPS	Other	Total
31 December 2023	£m	£m	£m	£m	£m
Fair value of plan assets at beginning of year	1,196.4	252.7	42.6	-	1,491.7
Administrative expenses	-	(0.4)	-	-	(0.4)
Interest return on plan assets	57.9	12.0	2.0	-	71.9
Employer contributions	23.0	4.4	0.1	-	27.5
Employee contributions	-	0.2	-	-	0.2
Benefits paid	(61.4)	(11.0)	(1.5)	-	(73.9)
Remeasurement gain/(loss) recognised in other comprehensive income	13.0	(9.0)	(0.1)	-	3.9
Fair value of plan assets at end of year	1,228.9	248.9	43.1	-	1,520.9

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19 Post-employment benefit assets/(liabilities) (continued)

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2022					
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 loss 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

Movements in the net retirement benefit assets/(liabilities) are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2023					
Net retirement benefit (liabilities)/assets at beginning of year	(10.3)	13.0	7.6	(1.0)	9.3
Service cost	-	(0.5)	(0.1)	-	(0.6)
Administrative expenses	-	(0.4)	-	-	(0.4)
Net finance costs	0.7	0.7	0.3	-	1.7
Employer contributions	23.0	4.4	0.1	-	27.5
Remeasurement gain/(loss) recognised in other comprehensive income	0.3	(15.9)	(1.5)	-	(17.1)
Net retirement benefit assets/(liabilities) at end of year	13.7	1.3	6.4	(1.0)	20.4

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2022					
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
Employer contributions	48.5	4.4	0.1	-	53.0
Remeasurement gain/(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

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19 Post-employment benefit assets/(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
31 December 2023					
(Losses)/gains at beginning of year	(274.1)	50.7	(8.8)	(0.5)	(232.7)
Net remeasurement gains/(losses) recognised in the year	0.3	(15.9)	(1.5)	-	(17.1)
- Losses from change in financial assumptions	(25.6)	(3.4)	(0.6)		(29.6)
- Gains from change in demographic assumptions	25.4	4.6	0.5	-	30.5
- Experience losses	(12.5)	(8.1)	(1.3)	-	(21.9)
Actuarial losses on defined benefit obligation arising during the year	(12.7)	(6.9)	(1.4)	-	(21.0)
Return on plan assets more/(less) than discount rate	13.0	(9.0)	(0.1)	-	3.9
(Losses)/gains at end of year	(273.8)	34.8	(10.3)	(0.5)	(249.8)

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2022					
(Losses)/gains at beginning of year	(81.0)	(31.7)	(10.0)	(0.9)	(123.6)
Net remeasurement gains/(losses) recognised in the year	(193.1)	82.4	1.2	0.4	(109.1)
- Gains 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 losses	(118.8)	(24.1)	(4.8)	-	(147.7)
Actuarial gains on defined benefit obligation arising during the year	587.1	110.4	20.1	0.4	718.0
Return on plan assets more/(less) than discount rate	(780.2)	(28.0)	(18.9)	-	(827.1)
(Losses)/gains at end of year	(274.1)	50.7	(8.8)	(0.5)	(232.7)

The return on plan assets is as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2023					
Expected return on plan assets	57.9	12.0	2.0	-	71.9
Experience gain/(loss) on plan assets	13.0	(9.0)	(0.1)	-	3.9
Actual return on plan assets	70.9	3.0	1.9	-	75.8

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19 Post-employment benefit assets/(liabilities) (continued)

	Atkins Pension Plan £m	Railways Pension Scheme £m	ESPS £m	Other £m	Total £m
31 December 2022					
Expected return on plan assets	37.5	5.4	1.2	-	44.1
Experience loss on plan assets	(780.2)	(28.0)	(18.9)	-	(827.1)
Actual return on plan assets	(742.7)	(22.6)	(17.7)	-	(783.0)
History of experience gains and losses:					
	December 2023 Total	December 2022 Total	December 2021 Total	December 2020 Total	December 2019 Total
Experience gain/(loss) on scheme assets	£3.9 m	£(827.1)m	£104.3 m	£208.4 m	£210.0 m
Percentage of scheme assets	0.3 %	(55.4)%	4.6 %	9.5 %	10.6 %
Experience gain/(loss) on scheme liabilities	£(21.9)m	£(147.7)m	£(27.8)m	£50.3 m	£(41.4)m
Percentage of defined benefit obligation	1.5 %	10.0 %	1.3 %	(2.1)%	1.9 %
Defined benefit obligation	£(1,500.5)m	£(1,482.4)m	£(2,220.4)m	£(2,406.4)m	£(2,184.4)m
Fair value of plan assets	£1,520.9 m	£1,491.7 m	£2,286.6 m	£2,187.5 m	£1,981.0 m
Net retirement benefit assets/(liabilities)	£20.4 m	£9.3 m	£66.2 m	£(218.9)m	£(203.4)m

The most recent valuation of the APP was at 31 March 2022, completed by David Evans, Fellow of the Institute and Faculty of Actuaries, Towers Watson Limited, and revealed 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 improving the funding of the Plan and meeting the costs of administering the Plan and any PFF levies due in full by 31 December 2027. The Company was expected to pay contributions of around £10.0m during 2024, but has paid these in advance.

The most recent completed valuation of the Atkins section of the RPS was at 31 December 2022, completed by James Mason, Fellow of the Institute and Faculty of Actuaries, Towers Watson Limited, and revealed a funding deficit of £1.5. In the Recovery Plan agreed for this valuation the Company has agreed to pay contributions with a view to eliminating the shortfall by 1 January 2024. The Company paid contributions of around £1.0m in 2024, prior to the finalisation of the valuation.

The most recent valuation of the ESPS was as at 31 March 2022, completed by Chris Vaughan-Williams, Fellow of the Institute and Faculty of Actuaries, Aon Solutions UK Limited, 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 2024.

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 2024 to be around £1.1m of which £1.0m 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 £1.0m. Benefit payments made directly by the Group to pensioners in the financial year to 31 December 2024 are expected to be £nil.

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19 Post-employment benefit assets/(liabilities) (continued)

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

		Effect on plan liabilities	
		31 December 2023	
	Change in assumption	Atkins Pension Plan	Railways Pension Scheme
		£m	£m
Discount rate	increase/decrease 1.0%	- / + 143.0	- / + 27.0
Inflation	increase/decrease 1.0%	+ / - 78.0	+ / - 26.0
Real rate of increase in salaries	increase/decrease 1.0%	+ / - 0.0	+ / - 1.0
Longevity	increase/decrease 1 year	+ / - 70.0	+ / - 8.0

		Effect on plan liabilities	
		31 December 2022	
	Change in assumption	Atkins Pension Plan	Railways Pension Scheme
		£m	£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

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.

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19 Post-employment benefit assets/(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 2023	31 December 2022	31 December 2023	31 December 2022
	%	%	%	%
Proportion relating to active members	0.0	0.0	15.0	20.0
Proportion relating to deferred members	50.0	45.0	20.0	20.0
Proportion relating to pensioners	50.0	55.0	65.0	60.0
Total	100.0	100.0	100.0	100.0

The weighted average duration of the defined benefit obligation is 14 years (31 December 2022: 14 years) for the APP, 13 years (31 December 2022: 13 years) for the RPS and 15 years (31 December 2022: 17 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 2024 to be approximately £69m.

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20 Ordinary shares, share premium and reserves

	31 December 2023		31 December 2022	
	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 account contains the premium arising on issue of equity shares, net of issue expenses.

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

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

21 Share-based payments

Since the acquisition, the Company has adopted the AtkinsRéalis Long Term Incentive (LTI) Plan (formerly the SNC-Lavalin Long Term Incentive Plan) and for the year ended 31 December 2023, LTI awards were made to senior staff in accordance with the terms of AtkinsRéalis'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 AtkinsRéalis Group Inc. Annual Report for the year ended 31 December 2023 (note 27).

The Company participates in a share option scheme for senior employees. Options are exercisable on the shares of the ultimate parent company at a price equal to the greater of the average closing price for the five trading days preceding the grant date and the closing price on the first trading day immediately preceding the grant date. The options vest in three equal tranches of two, three and four years after the grant date and expire if they remain unexercised after a period of six years from the grant date. Unvested options are forfeited in the event of cessation of employment, except in the event of death or if the optionee is eligible to retire.

No share options were exercised during the year. The weighted average exercise price of the options outstanding at 31 December 2023 was CAD \$31.09, and the options had a weighted average remaining contractual life of five years. The aggregate of the estimated fair values of the options granted in 2023 was £1.0m (2022: £0.4m). Further details are set out in the AtkinsRéalis Group Inc. Annual Report for the year ended 31 December 2023 (note 27).

The Company's share-based payments charge for the year of £13.7m (year ended 31 December 2022: £1.4m) 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 2023	31 December 2022
	£m	£m
Total expense recognised for equity settled share-based payment transactions	0.8	-
Total expense recognised for cash settled share-based payment transactions	12.9	1.4
	13.7	1.4
Closing balance of liability for cash settled share-based payment transactions	16.9	6.8

22 Cash generated from continuing operations

		31 December 2023	31 December 2022
	Note	£m	£m
Operating profit for the year		92.1	71.8
Depreciation charge	10	21.5	22.7
Amortisation charge	9	6.3	5.0
Foreign exchange losses/(gains)		2.2	(0.3)
Impairment of Investments	12	-	0.4
Capitalisation of development costs	9	-	(7.6)
Loss on disposal of subsidiaries	12	0.8	7.2
Movement in provisions	18	0.1	(0.2)
Movement in trade and other receivables		(49.0)	91.6
Movement in trade and other payables		70.0	(68.4)
Pension funding contributions	19	(27.4)	(50.5)
Cash generated from continuing operations		116.6	71.7

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23 Contingent liabilities

The Company is a guarantor under:

(a) the Credit Agreement, dated as of 13 May 2022 and as further amended from time to time, between AtkinsRéalis 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 series of debentures remain issued thereunder and there have been six series 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 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.

24 Capital and other financial commitments

	31 December 2023	31 December 2022
	£m	£m
Capital expenditure contracted for but not incurred - intangible assets	0.7	-
Capital expenditure contracted for but not incurred - property, plant and equipment	3.1	0.3
	3.8	0.3

25 Related party transactions

Details of the Company's subsidiary undertakings and significant holdings are shown in note 12.

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 2022: £nil).

a) Sales and purchases of goods and services

	31 December 2023	31 December 2022
	£m	£m
Sales of goods and services to related parties	25.1	39.2
	25.1	39.2

The sales total is made up as follows:

EDP JV (HS2)	19.9	30.2
Connect Plus Services	4.6	8.4
Linxon UK Limited	0.4	0.5
Linxon Pvt Limited	0.2	0.1

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

	31 December 2023	31 December 2022
	£m	£m
Receivables from related parties	1.0	1.4

The receivables total is made up as follows:

Connect Plus Services	1.0	1.4
Nuclear Atkins Assystem Alliance SNC	-	-
Linxon UK Limited	-	-

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26 Events occurring after the reporting period

On 21 March 2024, AtkinsRéalis Transport Advisory Limited was acquired at fair market value from a fellow Group undertaking for a consideration of £0.2m.

An interim dividend in respect of the year ending 31 December 2024 of the GBP equivalent of USD 142,213,998 converted at the prevailing exchange rate was paid to the Company's parent on 20 June 2024.

27 Ultimate parent undertaking and controlling party

AtkinsRéalis Group Inc. was the Company's ultimate parent undertaking and controlling party at 31 December 2023. The immediate parent undertaking is AtkinsRéalis Investments UK Limited. AtkinsRéalis 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.

AtkinsRéalis 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 AtkinsRéalis Group Inc. are available at www.atkinsrealis.com/en/investors.

AtkinsRéalis 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 AtkinsRéalis Investments UK Limited, are available from the company secretary at the address above.