

# Directors' report

The Directors present their annual report on the affairs of the Company and the Group, together with the financial statements and independent auditors' report, for the year ended 31 March 2004. These will be laid before shareholders at the Annual General Meeting (AGM) to be held on 7 September 2004.

## Principal activities and business review

WS Atkins plc is a leading provider of professional services with offices in the United Kingdom, Europe, the Middle East, Asia Pacific and the USA. As at 31 March 2004 it employed 13,691 (2003: 15,392) permanent staff worldwide. It reports through the following major segments: Transport; Design and Engineering Solutions; and Management and Project Services, supported by Equity Investments.

The Chairman's statement (pages 14 and 15), the Chief Executive's review of operations (pages 16 to 23) and the Financial review (pages 24 to 27) report on Atkins' performance during the past year and prospects for the future. The reviews are included in this report by reference, together with the list of the principal subsidiary undertakings and the countries in which they operate (Note 31 to the financial statements).

## Results and dividends

The Group Profit after tax for the year of £37.4m (2003: Loss after tax of £38.0m restated) is shown in the Consolidated profit and loss account on page 43.

The Directors recommend a final dividend of 7.0 pence (2003: 3.0 pence) per ordinary share to be paid on 1 October 2004 to ordinary shareholders on the register on 3 September 2004 which, together with the interim dividend of 2.0 pence paid on 30 January 2004, makes a total of 9.0 pence for the year (2003: 3.0 pence).

## Disposals

Disposals made by the Group in the year are described in Note 3 to the financial statements on page 55.

## Directors

Full biographical details of the Company's Directors at the date of this report are given on page 28.

The Company's Articles of Association require that all Directors appointed during the year retire at the AGM and offer themselves for re-election. In addition, one third of Directors must retire and may be re-elected.

Paul Marsh resigned from the Board on 10 April 2003 and Frances Heaton retired from the Board on 16 September 2003. Keith Clarke who was appointed a Director on 1 October 2003, Sir Peter Williams and Lord Boyce who were appointed Directors on 5 May 2004 and Robert MacLeod who was appointed a Director on 23 June 2004 will retire at the 2004 AGM and, being eligible, offer themselves for re-election.

Michael Jeffries and Struan Robertson will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

Stephen Billingham will resign as a Director on 24 August 2004.

The Board considers that the performance of those Directors proposed for re-election continues to be effective and that they demonstrate a strong commitment to their role.

## Directors' interests

Directors' interests in the Company are described in the Remuneration Report on pages 36 to 41.

## Articles of Association

The Directors propose to seek shareholder approval at the AGM to amend the Company's Articles of Association to enable it to benefit from the introduction of the Electronic Communications Act 2000, the Uncertificated Securities Regulations 2001 and the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003. The Directors further propose to amend the Articles to remove the distinction between ordinary and special business, and to permit a proxy to abstain from voting and to vote on matters not specifically referred to in the Notice of Meeting. In addition, it is proposed that the limit on the aggregate amount of fees payable to the Non-Executive Directors be increased from £250,000 to £380,000. This increase is in line with external benchmarking and will enable the Company to appoint additional Non-Executive Directors without exceeding the limit. Detailed explanations of the proposed amendments to the Articles of Association are provided in the Notice of the Meeting accompanying this report.

## Corporate governance

A report on corporate governance is on pages 32 to 35.

## Corporate social responsibility

A separate report on corporate social responsibility, dated 19 July 2004 and including detailed information in respect of social responsibility, health and safety, the environment and human resources, accompanies this report. A copy of the report is also available on the Company's website [www.atkinsglobal.com](http://www.atkinsglobal.com).

## Employees

The Group communicates financial results and significant business issues to all employees via the use of e-mail, the intranet and in-house publications. Feedback from employees is obtained annually via a confidential survey. Where appropriate, consultation with employee and union representatives takes place.

Employee share ownership has been encouraged over a long period. Later this year, UK employees will be offered the opportunity to become shareholders via the Company's Share Incentive Plan.

The Group is committed to the fair and equitable treatment of all its employees irrespective of gender, race, age, religion, disability or sexual orientation. Policies have been implemented across the Group to ensure that this commitment is acted on in practice.

The Group's policy and practice is to encourage the recruitment and subsequent training, career development and promotion of disabled people on the basis of their aptitude and abilities, and the retention and re-training of employees who become disabled.

## Business conduct policy

The Board is responsible for the Group's Business Conduct Policy. The Group believes that integrity is a fundamental prerequisite for successful business relationships, both internally and externally. Reputation, trust and confidence are essential elements which we seek to protect and enhance to the benefit of all with whom we have a relationship. The Group seeks to understand and meet its customers' needs, whilst seeking continuous improvement. Across the Group there are procedures in place which seek to underpin this approach. By so doing the Group aims to meet the needs of customers, shareholders and staff.

### Supplier payment policy

The Company's policy, which is also applied by the Group, is to agree terms and conditions for its business transactions with suppliers and endeavour to make payment to these terms, subject to the terms and conditions being met by suppliers. As at 31 March 2004 the number of days' annual purchases in the Group represented by year end creditors was 20 (2003: 29 days).

### Charitable and political donations

During the year the Group made charitable donations of £101,000 (2003: £115,000), principally to local charities serving the communities in which the Group operates or charities relevant to the Group's activities. It is the Group's policy not to make political donations either in the UK or overseas.

The Group has no intention of making any political donations or incurring such expenditure in the future. However, the Political Parties, Elections and Referendum Act (the PPER Act) defines "EU Political Organisation" widely. There is still some uncertainty over which bodies are covered by the definition and what will be classified as a "Donation". The Board will therefore seek authority at the forthcoming AGM for the Company and its main trading subsidiary Atkins Limited to make such political expenditure up to £100,000 in aggregate over the next year in order to prevent inadvertent breach of the PPER Act.

### The Euro

The impact of the introduction of the Euro on the Group has been minimal reflecting the fact that approximately £16.3m (1.6%) of Atkins' turnover in 2004 was generated in the 12 countries operating the Euro and that the Group's local systems have been appropriately amended. It is not possible to predict whether the UK will adopt the Euro in the future, at what exchange rate it might be adopted or whether any impact on Atkins would be significant. The Group neither anticipates changing its reporting currency nor denominating its share capital in Euros, unless the UK decides to join the European Monetary Union.

### Tax status

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

### Share capital

Full details of the Company's authorised and issued share capital can be found in Note 23 of the financial statements.

### Substantial shareholdings

On 22 June 2004 the Company had been notified, in accordance with Sections 198 to 208 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company:

Name of holder	Number of ordinary shares	Percentage of issued capital
The Atkins (No.4) Employee Benefit Trust <sup>(1)</sup>	4,967,231	4.76%
Aviva plc <sup>(2)</sup>	4,268,403	4.09%
Barclays plc <sup>(1)</sup>	5,060,193	4.84%
Fidelity International Limited <sup>(1)</sup>	4,064,094	3.89%
Legal & General Group plc <sup>(2)</sup>	3,273,110	3.13%

(1) Not a beneficial interest.  
(2) Beneficial interest.

Save as referred to above, the Directors are not aware of any person as at 22 June 2004 who was interested in 3.0% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

### Directors' responsibilities

The Directors are required by UK company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the accounting period and of the profit or loss of the Group for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies framed by reference to reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departure being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for taking reasonable steps to safeguard the assets of the Group and 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 Group's website. Financial information published on the website is based on legislation in the United Kingdom governing the preparation and dissemination of financial statements that may differ from legislation in other jurisdictions.

### Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

### Auditors

The Company's auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and resolutions for their re-appointment and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Approved by the Board of Directors and signed on its behalf



**Amanda Massie**  
Group Company Secretary  
19 July 2004