

# Report of the Directors

The Directors present their report together with the audited financial statements of the Group and the Company for the year ended 31 March 2003. These will be laid before the shareholders at the Annual General Meeting to be held on 16 September 2003.

## Principal activities and business review

WS Atkins plc is a leading provider of technology-based consultancy and support services with offices in the United Kingdom, Europe, the Middle East, Asia Pacific and the USA. As at 31 March 2003 it employed 15,392 (2002: 15,159) permanent staff worldwide. It reports through five segments: Transport, Design and Government Services, Industry, Commercial Services and International (including North America).

The Chairman's statement (pages 4 and 5), and Operating review (pages 6 to 11), Financial review (pages 12 to 15) and the Corporate and social responsibility report (pages 23 and 24) 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 33).

The loss for the year after tax of £54.3m is shown in the consolidated profit and loss account on page 34. A final dividend of 3 pence (2002: 7.56 pence) per ordinary share is proposed making a total dividend for the year of 3 pence (2002: 11.34 pence) if approved. The final dividend will be payable on 1 October 2003 to shareholders on the register at the close of business on 8 August 2003.

## Acquisitions

On 24 June 2002 the Company acquired Hanscomb International Corp, a project management consultancy business with 370 staff. The consideration of £21.7m was met from existing borrowing facilities and the issue of 3,039,617 new shares.

## Share capital

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

## Directors

The Directors of the Company at the date of this report are shown on page 16. On 14 May 2002 Christopher Kemball and Paul Marsh were appointed as Non-Executive Directors. Paul Marsh subsequently resigned on 10 April 2003 due to a significant increase in his other business commitments which meant he was unable to devote sufficient time to the affairs of the Company. On 30 September 2002 Robin Southwell resigned as a Director. On 1 October 2002 Ric Piper resigned as a Director and Roger Umney retired and resigned as a Non-Executive Director.

At every Annual General Meeting (AGM) one third of the Directors must retire by rotation and may be reappointed. At the forthcoming AGM James Morley will retire in accordance with the Articles of Association and being eligible offer himself for re-election. Stephen Billingham, having been appointed to the Board since the last AGM, will retire and being eligible, offer himself for re-election. Frances Heaton, the Deputy Chairman and Senior Non-Executive Director, will also retire and will not be seeking re-election.

Details of Directors of the Company, their remuneration, shareholdings, options and long term incentive entitlements are given in the Remuneration report on pages 25 to 32.

## Subsequent events

On 4 April 2003, the Metronet consortium in which the Group is a 20% shareholder, signed 30 year contracts with London Underground. Further information on these contracts is given on pages 7 and 14.

## Substantial shareholdings

As at 26 June 2003 the Company had been notified in accordance with Sections 198 to 208 of the Companies Act 1985 of the following interests in ordinary shares:

Name	No. of ordinary share shares	% of issued capital
The Atkins (No. 4) Employees' Benefit Trust <sup>(1)</sup>	4,922,371	4.93%
Aviva plc <sup>(1)</sup>	3,602,791	3.61%
BH Caporn and AC Vause <sup>(1)</sup>	3,797,588	3.80%
FMR Corp and Fidelity International Limited <sup>(2)</sup>	10,470,658	10.49%
Legal and General Group plc <sup>(3)</sup>	3,079,802	3.08%

<sup>(1)</sup> Not a beneficial interest.

<sup>(2)</sup> Interest arises in the context of passive investment activities only by the various investment accounts managed on a discretionary basis.

<sup>(3)</sup> Beneficial interest.

Save as referred to above, the Directors are not aware of any person as at 26 June 2003 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 over the Company.

## Corporate governance

A report on corporate governance is on pages 20 to 22.

## Corporate social responsibility

A report on corporate social responsibility is on pages 23 to 24.

## 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.

## Payments to suppliers

The Group agrees terms and conditions for its business transactions with suppliers and endeavours to make payments to these terms, subject to the terms and conditions being met by the suppliers. Although systems issues during the early part of the financial year significantly disrupted the normal payment cycle, as at 31 March 2003, the number of days of annual purchases in the Group represented by year end creditors had returned to a normal level of 29 days (2002: 49).

## Charitable and political contributions

Amounts given by the Group for charitable purposes were £115,000 (2002: £84,900). 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) came into effect during 2001 and defines "EU Political Organisation" widely. There is 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 to make political expenditure up to £100,000 in order to prevent inadvertent breach of the PPER Act.

## European Monetary Union

The impact of the introduction of the Euro on the Group has been minimal reflecting the fact that approximately £21.0m (2.2%) of Atkins' turnover in 2003 was generated in the 12 countries 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.

## Annual General Meeting

The Annual General Meeting will be held on 16 September 2003 at 4.30pm.

## 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 Group and the Company as at the end of the accounting period and of the profit and 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 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

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 25 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Group will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf



**Amanda Massie**  
Company Secretary  
26 June 2003