Mott MacDonald Limited

REPORT AND FINANCIAL STATEMENTS

31 December
2024

Mott MacDonald Limited

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Cathy Travers
Managing Director – welcome

As the Managing Director of Mott MacDonald Limited, it is my pleasure to present our 2024 annual report.

This year marks another year of good performance. We continue to win work and grow a high-performing, profitable and resilient business. With around 9,000 people in over 10 countries, we are moving forward together and with confidence.

In January 2024, Mike Brown CBE MVO became independent chair of the Shareholders' Committee of our parent company following the invaluable contribution he made in his previous role as an independent member. Mike's industry leadership means that he is ideally placed to serve as the committee's chair, ensuring we are taking the right decisions for the right reasons as we pursue our strategy for growth.

We have significantly invested in digital tools to enhance productivity and quality, and we have reinforced our digital capability with new Chief Digital Officers in every region. As we continue to explore new technologies, we remain certain that our expertise and leadership will enable us to adapt swiftly, providing genuine value for our clients.

In the UK, we were appointed to support National Grid in the design of two high-voltage links to increase renewable energy connectivity, part of an extensive endeavour to integrate power generated by offshore wind into local infrastructure by 2030.

The business also signed a memorandum of understanding with Holtec Britain and Hyundai Engineering & Construction to further explore the delivery of small modular reactor technology in the UK, and we have already completed the first step of the Generic Design Assessment (GDA) for its small modular reactor SMR-300 in record time. Not only that, Rolls-Royce selected us as design partners for its major nuclear submarine site expansion work.

We showed our strength in the water sector by completing crucial schemes including a major project to protect Leeds from extreme flood risk and have been appointed to multiple AMP8 frameworks including Wessex Water, Anglian Water and United Utilities.

A consortium, including Mott MacDonald, was appointed as the Design Development Partner by the West Yorkshire Combined Authority in the next phase of the West Yorkshire Mass Transit Programme; an advanced, high-capacity public transport system to be integrated with cycling, walking and rail, to connect communities across the region. With a population of 2.3 million and an economic output of nearly £70 billion gross value added, West Yorkshire is currently Europe's largest metropolitan area without an urban transit system.

In 2024, we were awarded the Social Value Management Certificate Level 2 by Social Value International (SVI) just six months after becoming the first engineering, management and development consultancy to achieve Level 1.

We opened or expanded into larger offices in Edinburgh, Cardiff, London and Plymouth; strengthening our commitment to clients, projects and communities across the country.

On behalf of the Board, I thank our clients and partners for their valuable opportunities, and our committed colleagues for their dedication, innovative spirit, and pursuit of excellence. They bring together diverse skills, experience and insight that make a real difference to our projects and the communities they serve.

Strategic report

Corporate responsibility

We recognise our responsibility as a business to consider the impacts that our operations and projects have on the environment and society. Our corporate responsibility is managed at the highest level of the company, with the Executive Board having overall accountability for setting our commitments and ensuring these are delivered upon.

Mott MacDonald Limited is a subsidiary undertaking of Mott MacDonald Group Limited. Mott MacDonald Group Limited and all of its subsidiary undertakings are collectively referred to as ‘the Group’. A detailed overview of the Group’s corporate governance arrangements is provided on pages 15 to 24.

The commentary on corporate responsibility reflects the Group’s activity of which Mott MacDonald Limited is approximately 45% by revenue and headcount.

Our approach is informed by the United Nations Global Compact and incorporates its principles into our code of conduct (Our Code), strategy, policy and procedures covering human rights, labour, environment and anti-corruption. In 2024, we published our Group sustainability policy statement, which sets out our commitments on climate, environment and society.

Through our business, we seek to make a positive difference by delivering sustainable outcomes for society and the environment through our projects and operations in the communities in which we work. Some of the ways we deliver on that commitment are described below.

With our clients

We recognise the increasing emphasis our clients place on pursuing environmental and social outcomes. We promote a culture of excellence, and make sure that we have the right technical capabilities to deliver our clients’ complex needs. We do this by continually investing to grow our knowledge, services and deep domain expertise for the benefit of our clients and their end users.

Through our internal communities of practitioners, our subject matter experts share and shape best practice and innovation. Our certification to PAS 2080:2023, the carbon management specification for buildings and infrastructure that we co-authored in 2016 and updated in 2023, is an illustration of our own ability to support our clients with embedding carbon management systems into their work in the built environment.

In our projects and operations

At project level, an assessment tool is deployed to determine the complexity of a project, including for health and safety, ethics and sustainability, as well as its potential risks, impacts and opportunities with the aim of developing appropriate treatment strategies through the project life cycle.

We implement and maintain an Environmental Management System (EMS) which drives continual improvement across our organisation to protect the environment and reduce our impacts, including from our greenhouse gas (GHG) emissions and energy consumption. The steps we are taking to address climate-related impacts and risks are detailed in the climate disclosures section on pages 4 and 5.

The relationship we build with our suppliers is also key. We continue to integrate sustainability considerations into our due diligence and procurement processes, ensuring that our business partners share our values and seek to improve their performance in their dealings with us and within their own supply chains. We are transparent in our approach to tackling slavery and human trafficking in our own operations and supply chains, which is described in our slavery and human trafficking statement[1].

[1] www.mottmac.com/legal/slavery-and-human-trafficking-statement

Strategic report

With our people

Our aim is to achieve zero harm for our people, clients, partners and supply chain – both from physical and psychosocial harm. Our strong safety reporting culture enables us to identify unsafe conditions and behaviours and to take corrective action to create a safe working environment with high levels of trust. In 2024, we undertook a global safety culture survey to better understand how we can continue to improve this. We also launched a new wellbeing risk tool to identify and manage psychosocial risks within our project delivery. Our management system has been verified as meeting the requirements of ISO 45003: managing psychological health in the workplace, and we have also been instrumental in creating industry guidance for managing wellbeing risks in the engineering consultancy industry.

In 2024, we have updated our global equality, diversity and inclusion (EDI) plan, ensuring that our approach keeps evolving in line with the changing needs of our workforce and society. This focuses on three key areas: improving representation across all levels of the organisation, delivering policies that promote equity and fairness in the workplace, and fostering deeper engagement and accountability at all levels.

We are making progress in our diversity representation. In 2024, we have seen improvements in gender diversity across the organisation. In regions where we have had the ability to track ethnicity data – UK and North America – we have seen an increase in ethnic representation, reinforcing our commitment to creating a more inclusive and representative workforce globally.

In our communities

We are passionate about contributing positively to our communities, everywhere we operate. As well as helping our clients build community benefits into their projects, our reach goes beyond the scope of our commissioned work. We support our staff who volunteer their energy and skill to causes that matter to them and us – for example, by providing them with flexibility, time and financial support.

In 2024, we continued our engagement with Bridges to Prosperity to deliver essential infrastructure for a community in Rwanda, improving the local community's access to education, healthcare, local markets and employment opportunities for women.

In the UK and the EU, we have continued to engage in communities local to our offices and project locations. Through our Brilliant Neighbours programme, we have supported specific local needs through sustainability garden projects and educational centres for children or adults with special needs, providing an inclusive space for everyone to come together to learn about sustainability topics. Alongside this, we have continued to drive initiatives supporting meaningful employment for disadvantaged groups through mentoring, work experience placements and workshops.

In North America, the long-term engagement with the communities where our projects are based helps to introduce students from underrepresented groups to science, technology, engineering and mathematics-related careers through networking events, mentoring and learning programmes. In Singapore, we have partnered with the local charity HealthServe to support the immediate needs of migrant and refugee communities.

Climate disclosures

Streamlined energy and carbon reporting (SECR)

The 2024 report and financial statements for Mott MacDonald Group Limited (MMGL) provides a full statement of carbon and energy performance prepared in compliance with SECR. With multiple subsidiaries in scope, the statement covers the global GHG emissions and efficiency actions undertaken across the Group. A summary of energy use driving the reported GHG emissions for Mott MacDonald Limited (MML) is reported below for information, however the reader is advised to refer to the Group statement for further details, including reduction initiatives.

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The reporting boundary of the information disclosed in table 1 is constrained to our UK business, which comprises of the UK offices of MML. Our inventory methodology aligns with the GHG Protocol Corporate Accounting and Reporting Standard, however for the purpose of SECR we only report on scope 1 and 2 emissions alongside scope 3 business travel emissions from hire vehicles. For a full emissions inventory, refer to the Group statement.

Emissions are measured in tonnes of carbon dioxide equivalent (tCO_2e), using the most recent conversion factors such as from the UK Department for Energy Security and Net Zero. Our methodology is documented within detailed statements for each emission source and these method statements are used to support the verification of our carbon footprint to ISO 14064.

Table 1: MML (UK engineering, management & development consultancy business) for SECR reporting purpose

Current reporting year: Jan-Dec 2024	Quantity (MML) 2024	2023	2019 – Baseline
Total energy consumption (kWh)	**17,292,126**	**14,921,670**	**23,009,247**
Office energy: electricity and gas (kWh)	6,507,236	7,350,528	15,186,184
Business travel: car (kWh)	10,784,890	7,571,142	7,823,063
Total in-scope GHG emissions (tCO_2e)	**3,531**	**2,923**	**6,437**
Scope 1: Office gas and fugitive emissions (tCO_2e)	418	632	1,071
Scope 2: Market-based electricity (tCO_2e)	106	67	2,112
Scope 3: Business travel – car (tCO_2e)	3,007	2,224	3,254
GHG emissions intensity (tCO_2e/employee)	**0.45**	**0.38**	**1.12**
Outside of scopes: biogenic emissions (tCO_2e)	*86*	*77*	–

Climate-related financial disclosures

GHG emissions constitute the key performance indicator used to assess progress against our identified climate-related risks and opportunities. As the Group falls in scope of the UK Government's Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022, the full climate-related financial disclosure is included in the 2024 report and financial statements for MMGL and describes our governance, strategy, risk management, metrics and targets in relation to climate change across the Group.

Business and financial review

Business environment

Geopolitical disruption and economic uncertainty continued to impact our business environment in 2024.

Although inflation and interest rates fell during the year, public sector funding and private sector investment remained tight. This impacted the markets we operate in and reduced opportunities for growth. Our clients also delayed the commencement of many projects as a means of managing spend, which further slowed growth across our markets.

The threat of a global recession receded, but business confidence and market sentiment remain on balance sufficiently negative, that they have created uncertainty in our markets with a further slowdown in infrastructure investment as we head into 2025.

Business response

Our business continued to focus on target markets and key clients, and increased project win rates and project profits. However, overhead management was more challenging given the uncertainty and unpredictability with volumes and the order book.

Strategic report

We continued to use selective focus to develop our plans and deliver value to our clients, and we sought reduction or exit from markets where growth, profit or cash returns continued to fall below expectations.

Our strategy, together with our accelerated growth pathways embedded in it, has helped us meet our clients' objectives and priorities, enabling them to deliver to their stakeholders.

Strategic review

We will continue to embed this strategy further in 2025 to respond to where our incumbency gives us the best opportunity to win market share.

The strategy will continue to evolve and be assessed and tailored through the Executive Board working with the regional boards in workshops and meetings to maintain focus and speed of delivery.

The S172 statement on pages 10 to 14 sets out some more detail of the strategic review and accelerated growth pathways.

Financial review

Revenue and operating profit

The financial metrics that are used to monitor business performance are revenue growth, operating profit growth and operating profit margin.

Geopolitical and economic uncertainties continued to impact markets. In 2024, the UK and other countries the business operates in were impacted by political elections which slowed markets down due to the inevitable fiscal pause that occurs as markets reflect on likely political change and how it might affect funding, trading and decision making nationally and internationally.

The rate of growth has also been impacted by weaker infrastructure markets, with projects being deferred or cancelled, and markets generally slowing down. The Executive Board remains comfortable with the level of growth and profitability in the business against the backdrop of the economic headwinds that appear to be developing more widely across its markets.

Gross revenue of £1,036.1m was 4% up on 2023. This was mostly organic growth with insignificant currency impact. The modest increase in gross revenue was partly down to inflation and partly market driven, with 5% growth across Europe (mainly the UK), the Middle East and Africa. Americas showed good growth but Asia was down, both on modest volumes.

Operating profit of £44.1m was 55% up on 2023, with the operating margin up from 2.8% to 4.3%. The profit before tax margin was up from 6.5% to 8.2%. The business produced good profit and double-digit trading margins across its core markets, a solid set of results given these challenging trading circumstances.

The Group uses natural hedging as its main approach to currency management. The company's foreign exchange losses on trading at £2.7m were similar to 2023.

Non-operating income from the research and development expenditure credit scheme, dividends from subsidiaries, net interest received on intercompany, cash deposits and money market placements, and other finance income from pension accounting was £42.9m (2023 – £35.4m). The improvement this year is spread across the various categories. Provision for impairment of £3.0m was made for the UK Health business which had a slower year in 2024, having been a good profit contributor to the Group over the years.

As we enter 2025, most of the UK businesses have reasonable visibility of their markets. The Group's refreshed strategy, the discipline from its purpose and selective focus, and the development of its accelerated growth pathways are all providing insight and clarity on choice of markets, clients and projects.

Strategic report

There continues to be focus on reviewing lead indicators of workload and the resources required to deliver it. The order book, win rates, prospects and staff utilisation are all reported to the Executive Board.

Finally, special projects and initiatives with significant costs for business improvement continue to be reviewed and controlled to ensure that cost suitably enhances our capability and efficiency.

Cash
Cash balances increased from £251.1m to £287.5m as the company continued its excellent progress in building cash to a reasonable level for improved resilience, investment in the business, and higher levels of free cash for strategic opportunities and initiatives in the market. Over the past five years, the business has improved its net cash position from £44.2m to £287.5m. We will continue to put focus on working capital in 2025 to further improve liquidity from operational efficiencies and better productivity.

UK pension scheme
The scheme was in surplus on an FRS 102 accounting valuation basis at 31 December 2024 and also in each of the previous three years. The accounting surplus in the 2024 financial statements is £45.5m (111% funded). In the first four months of 2024, £6.5m of pension contributions were paid into the scheme. These contributions were a requirement that followed from the 2021 actuarial valuation and were included in the 2021 scheme funding agreement.

A full actuarial valuation was carried out as at 1 January 2024 and the outcome was that the scheme was fully funded on a technical provisions basis at that date. The surplus was £14.5m (103% funded).

The 2024 actuarial valuation was signed on 26 April 2024, with the trustee and the company agreeing that full funding had been reached and that from 1 May 2024 no further deficit contributions were required to be paid by the company to the scheme. The company will continue to pay a contribution to cover the costs of administering the scheme. Periodic actuarial valuations of the scheme will be carried out to monitor scheme progress and ensure that full funding is maintained. At 31 December 2024, the surplus was £22.2m on a technical provisions basis (105% funded).

The FRS 102 pension scheme asset has not been recognised in the financial statements as access to the surplus is not unconditional and is only with trustee agreement.

In October 2023, the trustees took steps to incorporate the trust, removing the individual trustees and then appointing them formally as directors of the newly formed Mott MacDonald Pension Trustee Limited (MMPTL). Capital Cranfield Pension Trustees Limited was appointed as a trustee director and provides the services of a professionally qualified independent employee as their representative on the MMPTL Board.

The corporate trust and their advisers are currently working together with the company on preparations for a decision anticipated in 2027 as to whether it would be in the overall best interest of scheme members to secure liabilities and agree a company proposal (assuming circumstances remain financially attractive), to negotiate a buy-out arrangement with an insurer in 2028/2029. A necessary precursor to any decision by the company and subsequently the trustee is for the scheme to reach solvency. As at 31 December 2024, the scheme was estimated to be 97.8% funded on the solvency basis, with a forecast deficit of £10.5m.

Bank facilities
The parent company, Mott MacDonald Group Limited, has a five-year multi-currency revolving credit facility of £125m in place with two banks until 17 December 2026, with an accordion of £25m in the main facility agreement to take capacity potentially up to £150m.

The company is able to borrow using this facility and is also a guarantor under a Group cross-guarantee arrangement. The parent company also has facilities in place for Group companies, like Mott MacDonald Limited, to use to provide tender bonds, performance bonds and advance payment bonds in the normal course of business.

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Covenants
The covenants for the £125m credit facility assess the Group's debt and interest in relation to its earnings. These covenants have been comfortably met during 2024 as the Group has an insignificant amount of debt currently drawn down and it has a strong earnings position.

Covenants are reported to the banks four times a year within 60 days of each quarter end.

As the pension scheme is fully funded and further contributions to it are no longer required from the company, there are no covenants for it to comply with.

At the time of signing the financial statements, the directors are of the view that the covenant position for the banks and pension scheme will not change significantly during 2025.

Dividend
The directors declared an interim dividend of £13.5m in December 2024 (2023 – £12.8m) and decided not to declare a final dividend.

Shareholders' equity
Shareholders' equity increased from £474.3m to £507.0m. The increase mainly came from profit transferred to reserves of £69.0m less the impacts of cancellation of shares following a bonus issue £15.0m and FRS 102 pension accounting in the statement of comprehensive income of £6.3m, and the dividend of £13.5m.

Going concern
The directors have a reasonable expectation that the Group and company have adequate resources to continue in operational existence for the foreseeable future. Details of the basis for this are outlined in the basis of preparation section on page 38.

Other items
The effective tax rate of 18.5% is 1.1% lower than December 2023. This decrease can be explained by the impact of non-UK branch profits (at lower tax rates) compared to losses in prior year and increase in group reliefs which more than offset the impact of the rise in the average rate of UK corporation tax from 23.5% to 25%.

There are two key non-financial KPIs (key performance indicators) that we use to manage the business. Average annual sickness across the company increased from 35.3 to 38.9 hours per person. Voluntary staff turnover increased from 7.9% to 8.7%.

Managing risk and uncertainty

The Group's approach to risk management is set out below which is a framework for all business operations to follow in principal but to shape and tailor to their own requirements given the business environment, risks and control environment they work with.

Risk is inherent in our business, and we recognise that to deliver our business strategy, we must maintain a careful balance between risk and reward to create the outcomes and value that we seek.

Our risk management framework
The Group's Enterprise Risk Management (ERM) framework enables a consistent and robust approach to the management of risk across the business. It is embedded in the culture, strategy and business planning processes to safeguard our staff and assets, protect and enhance our reputation, and improve our overall performance. The process filters out the material risks that require focused management, monitoring and oversight to enable them to be effectively managed within risk appetites and tolerances of the Group.

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Governance

The Executive Board, Risk Committee and Audit and Risk Assurance Sub-committee comprise the Group's governance framework to manage our risks.

The Executive Board has overall accountability and responsibility for the management of risks in the Group.

The oversight and management of risk are delegated to the Risk Committee. The Risk Committee is chaired by the Strategy Director and is responsible for the implementation of the risk management framework in the business and for overseeing the effectiveness of the risk treatments applied in the regions and throughout the Group.

The regional risk committees report into the Risk Committee and are comprised of representatives from each of the regions. Quarterly reports on risks against risk appetite, emerging risks and the effectiveness of risk treatment plans are made by the regions to the Risk Committee. Emerging risks are identified and assessed on their proximation and degree of potential impact to the business.

Group principal risks

In recognition of the non-static nature of risks, the Risk Committee undertakes an annual comprehensive review of the material risks to the organisation. This review is informed by the regional risk committees' risk profiles, business intelligence, external factors and our assurance processes. The Group has identified six risk categories which are characterised by 13 principal risks. These risks underpin the Group's delivery of its business strategy and their treatment strategies are embedded into our Business Management Systems (BMS) requirements and procedures. These elements all support and carefully manage the risks within the risk appetites set out by the Executive Board.

The annual review of the Group principal risks in 2024 led to no change in the principal risks as all the risks were deemed to still be the core risks facing the organisation, our business model and strategy. A comprehensive review of the risk treatment plans for the Group principal risks was undertaken which led to the development of detailed controls, key risk indicators and defined roles and responsibilities for managing the risks.

The risk treatment plans act as a control guidance and are used to communicate a clear understanding of the nature of the risk, the risk appetite, metrics to track and monitor the risks, and roles and responsibilities to enable the risk to be managed adequately and appropriate to the risk appetite. The risk treatment plans are disseminated and embedded into the organisation through the governance and control framework and the STEP process, ensuring that the appropriate roles execute the required actions to manage the critical business risks.

The Group uses a series of tools to analyse its risks and facilitate discussions with the Executive Board and Risk Committee. The Group risk summary on page 66 shows the relative status of the residual risks (post mitigation) and the change in perceived risk from the previous year.

Regional risk engagement

The Group's approach to risk management is modelled upon global standards and adopts The Three Lines Model.

The ERM team, led by the Chief Risk Officer, works closely with the first line – regions and their business units – to integrate risk management tools into commercial decision making and business planning. Regional risk frameworks containing tools and templates assist the regions in adopting standardised and consistent methodologies to assess and report their risks.

The second line – the risk management functions, such as privacy and data protection, information security, ethics and compliance, and health, safety and wellbeing including all the Group enabling functions – work together to collaborate, align, and develop policies and procedures to assist the regions and the Group to manage risks holistically.

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The third line is a crucial piece of the risk management framework and is performed by the Group's internal auditors. The internal audit function provides assurance that the controls and treatments designed to manage the risks are as effective as intended. The audit programme comprises a blend of operational and financial audits that are agreed annually using a risk-based approach and reported to the Risk Committee and Audit and Risk Assurance Sub-committee.

The responsibility for tracking the open items rests with the Business Management Systems (BMS) auditors and the internal audit team, while the responsibility for their remediation and closure remains with the business. Internal audit reports are presented to the Risk Committee and Audit and Risk Assurance Sub-committee three times a year, highlighting deficiencies discovered, reporting on recommendations and the effectiveness of risk mitigation measures across the Group.

S172 Companies Act 2006 – directors' duties to promote the long-term success of the company

This statement sets out how the directors have satisfied the expectations of S172 Companies Act 2006. The narrative is consistent with the size and complexity of the business covering matters of strategic significance. The disclosures are set out as S172 expects of the directors in promoting the success of the company.

The governance of the Group is managed and coordinated by the parent Mott MacDonald Group Limited. The matters referred to below relate to those matters relevant to the agenda of the company's directors.

The directors pursue success through strategic thinking and decision making that put the long-term success of the company and its stakeholders above short-term expediency. The Shareholders' Committee provides oversight of the directors following these principles.

The principles are focused on maintaining a strong and sustainable business for those who follow in the business after us. This needs to be evident in the company's reputation, its standing with clients and stakeholders, and its financial strength.

The likely consequences of any decisions in the long term

In pursuing growth, the directors' strategic thinking and decision making embrace a wider social purpose. We seek to embed this thinking and the principles of corporate responsibility in all aspects of the business.

Our strategy is delivered by the capabilities we have in our core sectors and the world-class technical leadership of our teams. We continue to invest in our digital capabilities and are accelerating the application of artificial intelligence (AI) across the business.

During 2024, through Executive Board meeting reviews, and in workshops with senior members of the regional executive teams, we continued to drive our growth by being focused in markets where we can make a difference and recognising those where we cannot. This is delivering benefit in our robustness, the quality of our market portfolio and the projects we deliver.

Our strategy of selective sector focus has enabled us to build greater scale in our incumbent core business markets of Water, Transport and Advisory services across the UK, North America and Australasia with our global reputation in complex underground tunnelling remaining a key differentiator. Our clients and services in these markets are of utmost importance to the Group.

In addition, through 2025 we will continue to invest in selected markets where we see the opportunity for accelerated growth as we continue to develop our portfolio, build capabilities and create further resilience across Defence, Health, Energy and flagship infrastructure opportunities around the world.

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We are a business that continues to be multi-sector, focusing on resilient markets rather than fragile emerging ones. The strategy also continues to reflect a decision to maintain high investment in technical excellence and our focus to build a raised profile based on excellence and delivery, not absolute scale or global coverage.

The strategy will continue to evolve and be assessed and tailored through the Executive Board working with the regional boards in special strategy-focused workshops and meetings. Long-term success is the imperative that guides our decisions.

Acting in the best interests of employees – creating a safe space – wellbeing and mental health

The directors have continued to focus on the importance of wellbeing and mental health as long-term factors to benefit employees' welfare and ensure a resilient and successful business. The board meetings offer an opportunity to review wellbeing data and trends, and receive briefings on current issues and priorities, so that the Executive Board can develop its wellbeing strategy for delivering better outcomes for staff.

Our vision in the strategy is to create and maintain a wellbeing culture where our people are happy, healthy and safe, enabling everyone to thrive and achieve their full potential. Our key aims are to:

- reduce wellbeing and mental health risks resulting in reduced sickness and absence; and
- provide a comprehensive wellbeing framework with access to specialist support and resources.

A key focus over the last few years has been around personal wellbeing – encouraging staff to focus on their own wellbeing and providing tools and resources to increase resilience and support.

In 2024, in collaboration with the Association for Consultancy and Engineering, and International SOS, we launched the first wellbeing industry guidance for the engineering consultancy sector. Whilst it recognises there is always more to be done, this guide focuses on how we can all manage wellbeing risk across our projects and pave the way for a happier, healthier and safer industry. We also participated in a webinar to talk more about the topic, to mark World Mental Health Day on 10 October 2024 (https://www.acenet.co.uk/campaigns/managing-wellbeing-risks).

Business relationships with suppliers, customers and others

The corporate governance report on pages 22 to 24 sets out the directors' approach to regular engagement with stakeholders that is supportive of informed decision making.

Artificial intelligence

Use of digital and AI in developing and shaping how we work with all our suppliers, customers and business partners remains key in delivering strategy to stakeholders and value to shareholders. Connected thinking and continuous engagement with them is also key to our long-term success.

We are committed to leveraging AI to enhance our business operations and client project delivery. The board meetings and special executive meetings are key to discussing, developing and rolling out new ideas and initiatives. In 2024, the Executive Board took the decision to establish a new, responsible AI policy and appoint key leadership and governance roles in AI. Our new Head of AI is responsible for ensuring our projects are innovative and aligned with business strategy, while our AI Governance Lead oversees AI activities to ensure compliance with ethical standards and regulations.

We also introduced our first organisation-wide generative AI assistant, designed to enhance information accessibility, and we expanded our digital solutions platform, enabling us to explore new AI solutions with our clients safely.

Finally, in 2024 the Executive Board has continued to evolve our digital operating model, scaling our global digital hub and bringing digital solutions and expertise closer to our projects and clients.

Strategic report

These initiatives and outcomes come from a senior leadership team who are engaged with the business and the market to understand how the landscape is evolving and how we need to respond by being proactive and agile and ready to make informed decisions quickly under the direction of the Executive Board. The pace of development in AI is such that regular engagement with and by the Executive Board is essential and reflected both in that interaction and the matters being progressed by the Executive Board at board meetings during the year.

Technical excellence
A key differentiator for the business in terms of reputation in the market and relevance to customers and employees is **excellence**. It focuses our minds on the quality of delivery and innovation, with **technical excellence** the main catalyst in driving excellence in everything we do.

Technical excellence remains firmly on the Executive Board's agenda to ensure that sufficient focus, funding and priority is given to it in all aspects of project management and project delivery.

The Group's Technical Leader reports to the Group Managing Director and the person in that role attends board meetings as required during the year to report on strategy and discuss ongoing and new initiatives to evolve and develop excellence across the business.

Our excellence programmes are designed to provide our entire workforce with the resources and knowledge they need to excel in their roles, ensuring we continually challenge ourselves to stay ahead of the curve in an ever-evolving technical landscape.

Our practices continue to help us add to our knowledge and expertise, with Global Practice Leaders driving effective competence management, assuring the quality of what we deliver for our clients and the sharing of knowledge within their practice communities. The Executive Board's decision to introduce Project Technical Leads contributes to mitigating risk and to building trust with our clients.

During 2024, the Executive Board also announced the second cohort of Mott MacDonald Fellows to promote excellence inside and outside the business. The Fellows are our trailblazers, helping colleagues stay connected to the forefront of innovation. They have a voice at the very heart of the business, influencing what we do and how we do things. The critical importance we attach to technical excellence not only differentiates us, but also helps build and maintain an industry-leading reputation.

Impact of the company's operations on the community and environment – climate

The Executive Board is taking steps to address climate change mitigation and resilience across the business.

As a large unquoted company, we fall in the scope of the UK Government's Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

The Executive Board's decisions on governance, strategy, risk management, metrics and targets in relation to climate change, and the Group's progress in reducing carbon and energy consumption is set out in the climate disclosures on pages 4 and 5. The content of the statement is structured according to the reporting requirements set out in the above-mentioned regulations and non-binding guidance.

Maintaining a progressive business with a high level of governance

During 2024, the Chief Governance Officer (CGO) has continued to evaluate and develop the effectiveness of our business infrastructure, specifically the need to remain abreast of statutory requirements, good business practice and a business architecture able to deliver our strategic objectives.

Strategic report

The activities promoted through the year have continued to enhance our functional capabilities, streamline systems and processes for greater effectiveness, and initiate multi-year projects for enhanced information security, client centricity and enterprise-wide productivity.

Strong governance is an essential foundation for the future success of the business and will consume more time and focus from the Executive Board going forward.

The importance of the role to the future success of the business is highlighted by the fact that the CGO attends all board meetings to be a part of the review and decision-making process as governance across the business evolves and responds to changes in the evolution of our business, the responsibilities of the Executive Board and the changing governance landscape.

Maintaining a reputation for high standards of business conduct

The Executive Board is committed to promoting the highest standards of ethical behaviour through its Ethics and Compliance programme. This helps ensure that the Group meets our regulatory requirements and stakeholder expectations in relation to management of our ethics and compliance risks.

The Ethics and Compliance programme at Mott MacDonald is constantly developing and maturing. This year analysis of data has formed a key part of our approach to managing disclosures of gifts and hospitality, and conflicts of interest. This analysis has allowed us to develop targeted training and awareness to address recurring themes and improve our processes and understanding of the importance of disclosure.

With the introduction of the Economic Crime and Corporate Transparency Act and a new corporate offence of Failure to Prevent Fraud, we have taken the opportunity to review the risks of economic crime and our Ethics and Compliance programme's controls to safeguard against fraud, money laundering and financing of terrorist activities. This work will continue into 2025 to ensure we are compliant with the legal requirements.

The Executive Board continues to be active in monitoring and guiding the Ethics and Compliance programme through regular meetings between the Ethics and Compliance Steering Group and the Group Ethics and Compliance Officer. The Executive Board's role is vital to achieving the high standards of ethical conduct we expect from all who work for and on behalf of Mott MacDonald.

Maintaining a progressive business with an effective risk management strategy and risk management programme

The Executive Board is committed to an effective risk management strategy and has over the past four years been effectively guided by a new risk team and has worked with it to develop the Group's approach for using risk as a critical part of the strategy, governance and operational management for the business.

The Executive Board has been fully engaged through its board meetings and through the Risk Committee in the development of the Group's Enterprise Risk Management programme and in using risk appetite principles to evaluate the risks judged to be most appropriate and relevant to the business.

The Executive Board has been involved in the annual evaluation and choosing of the Group's principal risks for the coming year, linking in with business planning and the annual strategic update to make sure it is aligned to the direction and pace of the business and its focus for the coming year.

Having the Group's Chief Risk Officer report to the Group's Strategy Director has led to a step change in the evolution of risk management across the business and the annual update of the ERM programme.
The current year has focused on the development of key risk indicators for each principal risk to inform on those risks. These are then used across the business to further enhance the quality and effectiveness of our risk management programme.

Strategic report

At the Institute of Risk Management's official recognition ceremony, the CIR Awards, the Group has recently won awards in three categories:

- ERM Strategy
- Risk Team
- Risk Newcomer

This is testament to the real change and progress across the business.

Looking forward

The company successfully navigated its way through a challenging year in 2024 with uncertainties from geopolitical pressures continuing to disrupt markets. Volumes were also impacted by governments across the UK and certain other countries we operate in being focused on political elections or on transition of government following elections. This created a further drag on infrastructure spend across our markets.

Notwithstanding those pressures, we delivered solid organic revenue growth, albeit well down from the high growth rates seen in 2022 and 2023. The business responded well to market uncertainties and competitive pressures, with profit and margins up on 2023 levels.

We finished the year with a positive set of lead indicators for winning work, order book, business prospects and profitability of projects recently bid and/or won. At this stage, there appears to be a more optimistic market picture for 2025 as evidenced by those lead indicators and market sentiment.

Geopolitical uncertainty will continue to be a significant disrupter for government focus and for government finances across the world. However, we are confident with our judgement on markets, clients and opportunities and that we can progress successfully with the agility required to shape the business and keep it focused on delivering profitable growth.

We are optimistic with the prospects and opportunities that digital, AI, energy, defence and health will bring to our business. Overall, we anticipate a positive growth environment for 2025, with markets operating above 2024 levels.

We have the right strategy, right focus and right people to capitalise on those opportunities in 2025 and deliver another year of success, progress and profitable growth. At the same time, we are cognisant of the risk and threats that need to be managed to deliver that success.

Approved by the Board of Directors and signed on its behalf by:

Cathy Travers, Managing Director
28 March 2025

Ed Roud, Finance Director
28 March 2025

Corporate governance report

Governance

Mott MacDonald Group Limited, the parent company, sets the governance framework for its subsidiaries to comply with when conducting business.

Some of that governance is designed and delivered through directives, processes and systems that are rolled out across the Group for use by the business operations in the Group's trading subsidiaries, like Mott MacDonald Limited.

The Executive Board of Mott MacDonald Group Limited has formally adopted a corporate governance framework for large private companies, appropriate for the size and purpose of the company. The Wates Principles are voluntary principles for large private companies that demonstrate an 'apply and explain' approach over six pillars of corporate governance:

1. Purpose and leadership
2. Board composition
3. Director responsibilities
4. Opportunity and risk
5. Remuneration
6. Stakeholder relationships and engagement

As a large private company and in line with Mott MacDonald Group Limited's direction, Mott MacDonald Limited is also following the Wates Principles as described in the Group's principles set out below:

Principle 1 – Purpose and leadership

An effective board develops and promotes the purpose of the company and ensures that its values, strategy and culture align with that purpose.

We are one of the world's largest employee-owned companies. Belonging only to the colleagues who work for us, we have a shared purpose – to contribute positively to society through our projects, focusing on technical excellence and digital innovation to transform our clients' businesses, our communities and employee opportunities.

Our employee ownership allows us to put the long-term interests of clients, employees, external stakeholders and employee shareholders above short-term expediency.

It also means that we are firmly guided by our purpose and our values. This enables us to keep taking the right decisions, for the right reasons. Our values of **Progress**, **Respect**, **Integrity**, **Drive** and **Excellence** (PRIDE) guide our behaviours, shape our culture, and inform our relationships with our clients, our stakeholders and each other. They are the platform from which we deliver our purpose and underpin our employee-ownership model.

Our Code (Delivering with PRIDE) sets out our standards and expectations on the issues that matter to us including respecting our people, conducting our business with integrity, protecting our assets and reputation, and delivering value to society. Our Code explains a number of individual responsibilities for each of us, such as doing our best for each other, our clients, communities and society. It also includes some additional expectations of leaders and managers including being positive role models for Our Code and PRIDE values.

We put into practice our values and demonstrate leadership through our actions and behaviours. These, together with health and safety and wellbeing, are embedded in how we conduct ourselves in running and managing the business and how we value our employees.

Corporate governance report

The reputation and future success of our business are built on integrity and trust. We provide training on ethical and compliance behaviour to all staff and enhanced training for staff most at risk of encountering ethical issues. Employees are encouraged to report any behaviours that are not in line with our values through their HR representatives, management or through our independent whistleblowing hotline. These are all investigated and then acted on where necessary.

We seek feedback from staff through a biennial survey which allows our leadership to monitor trends, gauge how well policies are being implemented and collect employee views. We put in place action plans to address common issues.

We seek feedback from our clients and wider stakeholders on our impact, behaviours and effectiveness. We have various forms of interactive communication channels and thought leadership to share ideas and opinions, promote knowledge and innovation, focus on social outcomes in our project delivery and promote technical and professional excellence.

Principle 2 – Board composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of the board should be guided by the scale and complexity of the company.

Board composition in 2024

The Executive Board comprised of:
James Harris – Executive Chair
Cathy Travers – Managing Director
Ian Galbraith – Strategy Director
Ed Roud – Finance Director
David Johnson – Development Director

The directors have a broad range of skills and experience with differential as well as complementary skill sets. The blend of skills is a key feature in determining the Executive Board's effectiveness. Biographies can be found on the company's website (mottmac.com).

Appointments to the Executive Board follow a formal process. The Executive Board decides what components of the process to use, given the appointment. Applicants can be required to prepare a written submission, attend interviews, make presentations and respond to a formal set of questions.

The process also involves a scoring assessment of applicants' attributes and skills, based on their knowledge, skills and experience, using criteria that are reviewed from time to time to reflect changes in the external business environment and changes in the needs of the Executive Board.

The Executive Board's final decision on an appointment is then ratified by the Shareholders' Committee.

Diversity

The Executive Board is committed to diversity and is taking steps to improve practices and processes across the Group. Significant progress on gender has already been made across the business up to senior management and leadership positions. Our approach is being developed to deliver a sustainable model for diversity of representation in key senior positions up to and including Executive Board and Shareholders' Committee level, the latter already having a broad range of nationalities, cultures and gender. At Shareholders' Committee level, six out of 18 members are women and eight are based outside of the United Kingdom.

The Executive Board is diverse in terms of knowledge, skills, experience and age. One of the five Executive Board members during 2024 is a woman. We recognise the Executive Board's lack of racial diversity. Changes in our own corporate culture, as well as in the wider industry, are slowly improving the retention and career

Corporate governance report

progression of a more diverse workforce. The Group Board recognises its role in improving opportunity and outcomes for all staff within Mott MacDonald, and for leading change in the markets within which it operates.

Board composition in 2025

The Executive Board of Mott MacDonald Group Limited now has six directors following the appointment of Richard Risdon in January 2025. Richard will retain his role as General Manager of the UK and European business as well as being an Executive Board director. The roles of the other directors and the board of Mott MacDonald Limited are unchanged from 2024.

Principle 3 – Director responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.

As with principle 2 above, the governance structure reflects the governance in place for the Executive Board of the parent company who carry out roles and responsibilities as directors of the parent company and certain material trading subsidiaries, of which Mott MacDonald Limited is one.

Accountability and effective decision making

The Executive Chair is responsible for leading the Executive Board, ensuring that it discharges its duties efficiently and that it delivers the strategy agreed by the Executive Board. The Group Managing Director is responsible for directing and controlling operations, managing the day-to-day business, and ensuring it is aligned to the strategy. This distinction in the respective roles of the Executive Chair (strategy) and Managing Director (business operations) is key to governance and accountability.

Significant decisions are generally made by reaching a consensus of the Executive Board. Some decisions require the approval of the Shareholders' Committee of the parent company, as documented in the company's Articles of Association. There is a protocol for voting at board meetings and by the Shareholders' Committee, where voting is required on matters of strategic importance.

Information and advice

The Executive Board and its committees are provided with information in a timely manner on matters that are to be considered at board and committee meetings. Directors have access to the advice of the Group General Counsel who, in his capacity as Company Secretary of Mott MacDonald Group Limited, is responsible for advising the Executive Board on all governance matters and ensuring that board procedures are complied with. Directors can seek independent advice on the performance of their duties if necessary.

The Executive Board also receives assurances from various in-house technical specialists that the company's financial reporting, risk management, governance and internal control processes, including policies mandating procedural requirements and standards, are operating effectively. It is the Executive Board's responsibility to make sure that this assurance is delivered and that the means to deliver it is adequately resourced and effectively managed.

Discharging responsibilities

The directors delegate day-to-day management and decision making to senior management. However, delegation is subject to financial limits and other restrictions, above which, matters must be referred back to the Executive Board. The directors maintain oversight of performance and ensure that management acts in line with the strategy and plans agreed by the Executive Board and its delegated authorities.

Policies and processes embrace the Group's operating practices. Managers have the authority to make decisions and that authority is delegated as far as is practicable – but with clear accountabilities. Some matters involving risk are escalated in accordance with clear guidelines on evaluation and authority to approve.

Corporate governance report

The Group operates a business management system, STEP, that sets out the policies and procedures of the Group and the decision-making and authority framework. This determines our levels of delegated authority and operated workflows.

Committees of the Executive Board

The Executive Board delegates responsibilities and activities to its committees to support the Executive Board in meeting its responsibilities effectively, efficiently and on a timely basis. These committees are Management, Investment and Finance, and Risk. The terms of reference and composition of each committee are reviewed annually, agreed by the Executive Board and ratified by the Shareholders' Committee.

The committees monitor and report to the Executive Board on their remits, making recommendations on policies, strategies and initiatives, with the Executive Board retaining ultimate responsibility for any decisions made.

The Shareholders' Committee of the parent company

The Shareholders' Committee is responsible for reviewing reports from the Executive Board and contributing to discussion on strategic or operational matters to improve management of the business. It reviews and approves recommendations made by its sub-committees and by the Executive Board when such approvals are required.

It consists mainly of senior employee shareholders selected with the aim of providing a balanced representation from different parts of the global business. It also typically includes two independent members whose role is to enhance discussion and decision making and is currently chaired by one of these independent members. Executive Board directors are not members of the Shareholders' Committee or its sub-committees. They attend meetings to explain principles, deliver information and provide context to discussion.

The Shareholders' Committee delegates responsibilities and activities to its sub-committees, which support the Shareholders' Committee in meeting its agenda effectively, efficiently and on a timely basis. Its sub-committees are Audit and Risk Assurance, Nominations, and Remuneration and Equity.

The terms of reference and composition of each sub-committee are reviewed annually and agreed by the Executive Board and the Shareholders' Committee.

Principle 4 – Opportunity and risk

The board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and by establishing oversight to identify and mitigate risks.

As noted in the introduction to governance above, Mott MacDonald Group Limited, the parent company, sets the governance framework for the Group's business operations to comply with when conducting business through the trading subsidiaries of the Group.

The narrative set out below is a summary of the Group's general risk management process that is used by Mott MacDonald Limited.

Opportunity and value

The Group creates value through developing information for our clients. The processes for developing information are maintained in our business management system. The information we develop takes many forms but typically we generate reports, models and designs, together with supporting clients by managing programmes of work and providing assurance with respect to the work of others.

The Group chooses the markets we seek to work in through selective focus and where we assess we can build long-term value.

Corporate governance report

Our approach is to focus on clients that offer sustained addressable opportunity in our chosen markets. We assign client account leaders to have oversight of the clients' development plans and to maintain high levels of client satisfaction through our services.

The Executive Board has responsibility for determining the nature and extent of the risk that the Group is willing to take. This is recorded in the Group risk appetite. It is also responsible for ensuring that risks are managed effectively.

Managing business risk

Business risks are considered by the Executive Board's Risk Committee. Where business risks are considered to be material, they are treated by an individual risk treatment plan, which consists of a three lines of defence model. The Group's principal risk themes are noted on page 9.

The Executive Board considers risk related to health, safety, wellbeing and ethics at each Executive Board meeting. The Executive Board's Group Risk Committee and regional risk sub-committees meet tri-annually to consider material risk exposure and receive and consider Group risk reporting from the Chief Risk Officer.

The Group Senior Ethics and Compliance Officer, a direct report of the Group General Counsel to the Executive Chair, has oversight of investigations into alleged breaches of our code of conduct and any significant process failure.

The ethics and compliance capability allows the Group to manage ethical and legal compliance risks in accordance with our anti-bribery management system certified to ISO 37001. This includes processes to declare gifts, hospitality and conflicts of interest, ethics training for all senior managers, counterparty due diligence, screening, confidential whistleblowing line and case management system. Investigation cases are substantiated, actions are agreed, any corrective measures needed and process improvements required are implemented, with any lessons learned disseminated.

The Shareholders' Committee's Audit and Risk Assurance Sub-committee meets tri-annually to discharge its purpose of:

- gaining assurance that the Group has appropriate policies, procedures, controls and systems in place governing operations, finance, risk, ethics and compliance. Such governance policies, procedures, controls and systems need to be compliant with all applicable covenants, regulations, laws and what the Group considers to be elective recommended/good practice or mandatory best practice; and
- reviewing evidence that those governance policies, procedures, controls and systems are being implemented by appropriately qualified and experienced parties (including where independence is required) and that any findings reported are being appropriately acted upon.

Managing project risks before entering into contracts

Managing project risk starts at the work-winning stage. Achieving the appropriate balance between risk and opportunity is first assessed at the decision to invest in a client relationship stage; secondly at the decision to pursue a potential client prospect and finally at the point of a decision to submit a client proposal for a specific opportunity. These judgements are based upon assessments by client account leaders who build a good understanding of clients' business plans, culture and likely fit with our own risk appetite.

Each prospect is assessed for its complexity to identify the level of control that is required for project delivery and the required competence of the project leadership team. This determines the right mix of capability needed in the team to support the project manager and project principal. For more complex projects, the project principal is supported by an oversight board.

The Group identifies attributes related to material technical and commercial risks for which formal approvals are required to accept the risk before a tender can be submitted.

Corporate governance report

Managing project risk during contract delivery
Project risk is managed through our risk process contained in our Business Management Systems which are ISO 9001:2015 compliant. The systems define our approach to project delivery and are mandated for all projects. Our Business Management Systems are compliant with ISO standards for health and safety, environment, anti-bribery management, risk, information security and collaborative working.

Our enterprise resource planning systems and associated risk tools support improved risk management, providing an integrated risk register for each project. The risk register is live during delivery, giving improved visibility of current risks and enabling improved project management.

Monthly project control meetings together with annual project reviews are carried out by the project teams. They monitor risk and uncertainty and update the risk register, project budget and project delivery plan as required.

Performance is monitored at management levels through exception reports, which identify anomalies that need to be investigated, evaluated and followed up.

Compliance with our quality systems is managed through our quality specialists, who carry out audits and reviews of the application of our Business Management Systems, and through our globally-appointed external quality assurance auditors, DNV.

External and internal auditors consider the effectiveness of our governance controls, with matters arising for improvement reported to the Executive Board and the Shareholders' Committee's Audit and Risk Assurance Sub-committee.

Managing supply chain risk
Due diligence is undertaken on our supply chain before contracting with them. Where material risks related to technical competence, business ethics, modern slavery, sanctions, export controls, environmental, social or safeguarding are identified, further work is carried out to seek to ensure that the association with the supplier will enhance our reputation.

Principle 5 – Remuneration
The board should promote executive remuneration structures aligned to the long-term sustainable success of the company, taking into account pay and conditions elsewhere in the company.

As noted in the introduction to governance above, Mott MacDonald Group Limited, the parent company, sets the governance framework for the Group's business operations to comply with when conducting business through the trading subsidiaries of the Group.

The narrative set out below is a summary of the Group's governance framework and principles in managing processes and controls in the area of reward across the Group of which Mott MacDonald Limited is the principal trading company in the UK in consulting engineering.

Consistency and control
We operate a consistent and equitable approach to remuneration, which is aligned to our values as an employee-owned organisation. We reward our employees fairly and participate in industry benchmarking activities to ensure individuals are paid competitively and that their reward progresses fairly and in line with peers, our markets, and our locations, as their careers advance.

Approvals for the annual pay review, bonus proposals and share scheme sit with the Executive Board. The Remuneration and Equity Sub-committee which reports to the Shareholders' Committee reviews and approves Executive Board proposals on remuneration.

Corporate governance report

Remuneration governance and oversight is managed through our regional structures with central advice, counsel and coordination provided by our Group Head of Reward. In 2024, the Group has strengthened regional expertise through the recruitment of compensation professionals in key markets.

Our benchmarking approach means we stay aligned to the market and minimise/mitigate retention risks. As well as retention, this also helps ensure we can provide attractive and competitive offerings for new recruits.

The Executive Board regularly reviews remuneration plans to ensure they remain fit for purpose.

Remuneration and Equity Sub-committee

The Remuneration and Equity Sub-committee approves Executive Board proposals on remuneration and equity, including:

- percentage pay review amounts;
- the size and allocation of the discretionary bonus pool for employees;
- compensation proposals for the directors of the Executive Board;
- annual share allocation to business units to use to offer shares for purchase by their employees;
- annual share offers for purchase by the executive directors of the company; and
- the annual share dividend and the size and allocation of the discretionary bonus pool to distribute to employee shareholders.

All such proposals are based on the performance of the Group, the business segment, and the individual. Performance is defined with agreed goals and targets, and measured via metrics such as revenue growth, profit growth, profitability, working capital, ethics and collaboration, as well as the development and demonstration of professional and technical excellence. Individual goals are reviewed via a quarterly process called 'Connected Conversations'.

Directors and independent members

The sub-committee reviews the remuneration of executive directors, as well as the allocation of shares for them to buy. This provides an effective control over their remuneration and equity holding, ensuring a measured and justified value proposition. Their remuneration and share allocation are based on the same performance principles as those used for staff.

The sub-committee also reviews and appraises the Executive Board's current policies and mechanisms for reward and considers proposals by the Executive Board to change them for the better interests of the Group, its employees and stakeholders.

Independent members are remunerated for the services they perform. In line with recommended practice, an important pillar of corporate governance is that they are not given the opportunity to buy shares. This helps to ensure that they are independent and objective.

Equality, diversity and inclusion (EDI)

We support the principles of equality and inclusion in remuneration, actively adhering to legislation that promotes pay equity and pay gap reporting, to ensure our people are paid equally for doing the same jobs across relevant locations. We recognise the need to address any inequality or gaps in pay and are resolute in doing so.

Our ambition is to create a diverse and inclusive workplace and culture and to attract and retain a wide diversity of talent across the Group. We also provide support and counsel to our leaders and managers so they can support EDI via our regional EDI managers who possess regional EDI subject-matter expertise.

Corporate governance report

Principle 6 – Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The narrative set out below is a summary of the Group's general approach to stakeholder engagement that is used across Mott MacDonald Limited, either as an imperative for its operations or as a member of the Mott MacDonald Group.

Regular engagement with stakeholders ensures that our strategy, plans and initiatives continue to work in the best interest of the Group and the clients, communities and individuals it serves.

In addition to the engagement planned and delivered locally, there is a structured engagement process across the Group run through the governance of the parent company.

With our employees

The directors have regular engagement with employees to ensure that they are informed of the Group's strategic direction, plans, initiatives and general news. It also keeps them informed and kept up to date on the Group's financial performance.

In 2024, this included regional employee surveys informed by 2023's global survey outputs on the current state of engagement and work experiences.

A 2025 strategic statement has been shared with all employees to increase awareness of the Group's strategic objectives, key priorities and actions.

We also communicated our people commitments with all employees to further foster our inclusive, fair and collaborative culture, and communicate the commitment to investing in our people's growth.

An expanded narrative covering details of employee engagement is set out in the directors' report on page 27.

With our employee shareholders

The Executive Board maintains a schedule of engagement with shareholders who, apart from the Employee Trust, are all employees and the only shareholders in the business. There are no external shareholders and there is no external funding from indirect ownership or influence. We are an independent employee-owned company.

The purpose of engagement with shareholders is to align their interests with the Group's interests, and to keep them briefed on the Group's performance, the delivery of strategy, material initiatives and Group news. It also helps to ensure that the directors take their views into account in making decisions to act in the best interests of the company, its shareholders and wider stakeholders, promoting its long-term success in doing so.

This includes the directors providing:

- quarterly and annual business performance reviews;
- a summarised strategy to shareholders to increase awareness of the company's strategic objectives and value proposition;
- two shareholder meetings every year covering the annual results and business review, strategy and major initiatives – each including a 'question and answer' session with the Executive Board; and
- regional forums for shareholders as senior employees to promote meaningful dialogue around recent developments for the Group or their business, and drive performance improvement and unity.

Corporate governance report

With our clients

Our ability to understand and respond to the needs of our clients and our clients' clients is core to our business. The directors' strategic and integrated approach to external engagement ensures that we are proactively managing our relationships with the outside world and using the knowledge gained to inform decision making and enable excellence.

In support of this, the senior leadership across the business maintains a diverse programme of engagement with our clients for productive, long-term relationships. This includes but is not limited to:

- visits to key business locations to meet clients and build an informed view of local markets, the local business, and the quality of our brand;
- media communication and thought leadership across areas that matter to our clients and to Mott MacDonald;
- a requirement for the issuance of client satisfaction questionnaires for individual clients so that their view on service provision can be incorporated into our learning and development plans: and
- participation in the pursuit of major prospects and the management of key clients via board sponsorship or special interest groups and client-facing activity.

With our partners

The directors maintain regular engagement with partners such as peers, suppliers, other market and industry players, and academic bodies to discuss specific issues with them. This enables all parties to better understand common interests and differences to improve decision making on routine business matters and key issues to achieve better quality outcomes.

This includes the directors:

- maintaining a portfolio of public engagement activity such as meeting with key government bodies, business networks, briefings and roundtables to help steer our business to help inform future strategy;
- meeting with our key joint venture partners to ensure open and informative relationships are maintained;
- meeting with larger suppliers on a regular basis to ensure that there is a fair value proposition for both parties while maintaining quality and rigour in our working arrangements;
- meeting with our relationship banks during the year to brief them on strategy, performance and relevant business matters;
- meeting with the advisors and trustees of our pension schemes to share updates on pension funding and to brief the trustees on the Group's performance and prospects;
- engaging with the broader industry through business networks, briefings and roundtables to help steer our business and test our positions on key issues; and
- participating in the activities of academic institutions through governing and advisory boards and staying in touch with academics relevant to the activities of the business.

Corporate governance report

With wider stakeholders

The directors maintain regular engagement with wider stakeholders to enhance market focus and promote the Group effectively. They do this through:

- our annual review, reflecting changes in global trends, providing commentary on our performance and our progress against business commitments;
- participating in steering, chairing or speaking at global or multi-region events, such as a chamber of commerce; and
- sponsorship of Mott MacDonald's digital presence that communicates with clients, stakeholders and wider society.

Further specific examples of how the directors have engaged with employees, clients and wider stakeholders in the course of their duties, and having regard to this engagement and their views in making decisions to ensure the success of the Group, are set out in the S172 statement in the strategic report on pages 10 to 14.

Approved by the Board of Directors and signed on its behalf by:

Cathy Travers, Managing Director
28 March 2025

Ed Roud, Finance Director
28 March 2025

Directors' report

The directors present their report, together with the audited financial statements of the company for the year ended 31 December 2024.

Registration

Mott MacDonald Limited is a company registered in England and Wales, registered number 01243967.

Principal activities

Mott MacDonald is one of the world's leading engineering, management and development consultancies. Our core business markets are Buildings, Defence & Security, Energy, Environment & Society, Transport and Water. We are an independent employee-owned company engaged in public and private sector development worldwide.

Our drivers are to add value and deliver benefits for our customers, which include national and local governments, health and education bodies, transport operators, industry, utilities, developers, contractors, banks, commercial companies, funding agencies and non-governmental organisations.

Results and dividends

The profit for the year after taxation amounts to £69.0m (2023 – £51.8m).

An interim dividend of £13.5m (2023 – £12.8m) was paid to Mott MacDonald Group Limited on 16 December 2024. The directors do not recommend the payment of a final dividend.

Directors

The following were directors of the company during the year ended 31 December 2024.

Ian Galbraith
James Harris
David Johnson
Ed Roud
Cathy Travers

David Johnson was appointed as a director on 1 January 2024.

Directors' and officers' indemnity and liability insurance

The directors continue to have the benefit of an indemnity under the Articles of Association of the company to the extent permitted by law in respect of liability incurred as a result of their office with the company. The ultimate parent company of the Group, Mott MacDonald Group Limited, has purchased and maintained directors' and officers' liability insurance during the year which excludes dishonest or fraudulent acts or omissions.

Post balance sheet events

There are no post balance sheet events requiring disclosure.

Future developments

The various markets of the company are likely to continue to be impacted by economic and geopolitical uncertainty, which has created a more unsettled business environment over the past few years. The main potential impact is likely to come from any implications for government funding for infrastructure programmes. Business activity levels continue to be sustained at present. Management continues to focus on lead indicators of business activity, such as business confidence, business prospects and the order book, to anticipate market trends and to be ready to respond to growth or contraction as it occurs.

Directors' report

Statement of corporate governance arrangements

During 2024, Mott MacDonald Limited continued its strong commitment to our existing corporate governance framework adopted by the Executive Board of Mott MacDonald Group Limited. Our detailed governance framework is applied throughout the Group and sets out how the company conducts business across the Group. It captures our values, policies and processes together with clear levels of delegated responsibility aimed at ensuring that our employees and businesses act in a clear, accountable and consistent manner. The adopted framework is in line with the legislative requirements under the Companies (Miscellaneous Reporting) Regulations 2018 and Section 172 of the Companies Act 2006.

The corporate governance report on pages 15 to 24 demonstrates how we have satisfied the requirements for governance under the Companies (Miscellaneous Reporting) Regulations 2018 throughout the year ended 31 December 2024.

For more information, please see the financial statements of Mott MacDonald Group Limited or visit our website: mottmac.com/corporate-governance.

Shareholder engagement

Mott MacDonald Limited is the main trading entity of the Mott MacDonald group and is controlled by the ultimate parent company Mott MacDonald Group Limited. Different ways of engagement with shareholders of the ultimate parent company, who are also employees of the company, are disclosed in the corporate governance report on page 22.

Employees

We ended the year with over 8,500 employees and a total workforce of around 9,000, including agency and contract workers.

Employment policies

The company actively encourages employees to play a part in developing the company's business and in enhancing its performance. Increasing share ownership worldwide in the ultimate parent undertaking, Mott MacDonald Group Limited, is a key element of this policy. In addition, the company recognises individual contributions through performance bonuses and annual awards.

We recognise exemplary work in responding to societal issues, by considering social outcomes and sustainability in everything we do, through our Environment and Society Awards. We celebrate excellence through our Milne Innovation, Thought Leadership and Digital Delivery Awards. The importance of great project management and global teamwork is celebrated by our Project Manager of the Year and One Mott MacDonald Awards, respectively.

We recognise the achievements of colleagues who bring all of this to life for our clients through our Excellence in Client Engagement Award.

Equal opportunities

Company policy is to employ, develop and promote staff based solely on aptitude, ability and work ethic. As a result, our staff come from a wide diversity of backgrounds. The company wishes to ensure that no discrimination occurs, either directly or indirectly, against individuals with a disability on the grounds of that disability in relation to recruitment, promotion, training, benefits, terms and conditions of employment, and dismissal. Wherever possible, reasonable adjustments will be made to either the workplace, workstation or working environment to help employees cope with their disabilities.

We apply the same standards and protocols to other areas where discrimination may exist in the workplace and our current initiatives in equality, diversity and inclusion (EDI) are set out in the corporate responsibility statement on page 4.

Directors' report

Engagement with employees
The directors deliver a structured programme of engagement with employees. The purpose is to ensure that they are informed of the Group's strategy and plans and are aware of its performance. They are engaged to share their views and ideas on initiatives, work practices, behaviours, the workplace and policies. This also extends to external themes relevant to the Group and its employees.

The aim of the engagement is to ensure that the directors listen to employees on matters which impact them and listen to their views, opinions and ideas in making decisions. This helps to ensure that they act in the best interests of the Group and promote its long-term success. It also aligns employees to that success and encourages them to contribute to it.

This includes the directors:

- creating a mechanism for employees who do not hold shares to benefit from the company's success by using bonus schemes to distribute profit to them based on performance and behaviours;
- using corporate emails or presentations to brief employees on important matters impacting the company and using their feedback to improve policy or decisions;
- briefing employees on other matters of importance that impact on them, their jobs, the company or society;
- issuing quarterly performance reports to employees setting out key metrics on financial performance to make them aware of how they can play their part in replicating success and improving performance;
- using the intranet or social media to access employee opinions on matters affecting them in the workplace and impacting their employment; the directors can use these views in decisions to improve the quality of the workplace or work practices;
- using the intranet or social media to make employees aware of significant operational matters and strategic plans to engage them to respond to the challenges;
- running 'town hall' sessions with employees in offices the directors visit, to give them an understanding of what is happening elsewhere in the business with an opportunity for Q&A sessions;
- running staff councils in local offices for management and staff to discuss issues in the Group or the workplace, with the aim that the company and employees can benefit from a better and more productive work environment;
- providing 'Speak Up' hotlines for anonymous reporting of concerns over ethical/behavioural matters, allowing the business to formally investigate any issues; and
- running staff engagement surveys, enabling the directors to understand and focus on matters needing change, development or improvement.

Statement of engagement with suppliers, customers and others in a business relationship with the company
Details of how the directors have engaged with employee shareholders, clients, partners and wider stakeholders are set out in the corporate governance report on pages 22 to 24.

Energy consumption and carbon information
The relevant information on energy and carbon is set out in the strategic report on pages 4 and 5.

Principal risks and uncertainties
Business risks and measures to mitigate these risks are described in the strategic report on pages 8 to 10. The financial risks and mitigation measures are set out below.

The company is exposed to liquidity risk, credit risk and exchange risk and has a variety of controls and processes in place to manage these risks to minimise financial loss. Key aspects are:

- investments – where viable, counterparties must meet a minimum credit rating of A-1 long term and P-1 short term;
- investment limits are assigned to counterparties based on their ratings and reviewed regularly;

Directors' report

- the company does not undertake any speculative trades;
- transactional exchange rate risk – the net exposure would be hedged with foreign exchange forward contracts, where necessary, but only after using natural hedging;
- translational exchange rate risk – the company does not use hedging instruments;
- credit control procedures are carried out on prospective clients during the bidding period and for the duration of the contracts and longer-term relationships;
- working capital and cash flow targets are monitored and managed daily, with weekly and monthly reporting to the Executive Board; and
- mitigating controls are in place to prevent a credit downgrade or a material reduction of our bank facilities to avoid or minimise business disruption.

Any material transaction and translation exposure after matching is monitored by management with action taken as necessary. There is no material interest rate risk at the year end. Interest rate exposures are hedged where necessary.

Mott MacDonald Limited branches outside of the UK

The company has registered branch operations in a number of international territories.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, which includes the strategic report, corporate governance report, directors' report and the financial statements, in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

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 and profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Directors’ report

Auditor and disclosure of information to the auditor

In accordance with Section 418 of the Companies Act 2006, each of the directors as at 28 March 2025 confirms that:

- so far as each director is aware, there is no relevant audit information of which the company’s auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

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.

BDO LLP offer themselves for reappointment as auditor in accordance with Section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

Ed Roud, Finance Director
28 March 2025

Independent auditor's report

to the members of Mott MacDonald Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mott MacDonald Limited ('the company') for the year ended 31 December 2024 which comprise the Income statement and Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the company's operations and financial statements included:

- enquiries and challenge of management and the Climate, Environment and Social ('CES') Steering Group to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and to adequately disclose climate-related risks within the annual report;
- our own qualitative risk assessment taking into consideration the sector in which the company operates and how climate change affects this particular sector; and
- review of the minutes of Board, Audit and Risk Assurance Sub-committee and the CES Steering Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the company's commitment as set out in the company's Carbon Reduction Plan may affect the financial statements and our audit.

Independent auditor's report

to the members of Mott MacDonald Limited

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the directors' going concern assessment.

We also assessed the consistency of management's disclosures included as 'other information' on pages 4 and 5 with the financial statements and with our knowledge obtained from the audit.

Other information

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

Other Companies Act 2006 reporting

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 material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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.

Independent auditor's report

to the members of Mott MacDonald Limited

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.

Extent to which the audit was 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:

Non-compliance with laws and regulations

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations.

We considered the most significant laws and regulations to be the financial reporting framework, including:

- the Financial Reporting Standard 102;
- the Companies Act 2006; and
- the Wates Principles for Corporate Governance.

The company is also subject to laws and regulations where the consequences of non-compliance could have a material effect on the amount of disclosures in the financial statements, for example through the imposition of fines or litigations.

We identified such laws and regulations to be:

- UK and international corporate and sales tax regulations;
- employee-related regulations including health and safety and equality; and
- anti-bribery and corruption guidance.

Our procedures in respect of the above include:

- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- enquiries with management, those charged with governance, legal counsel and internal audit to identify any known, suspected or alleged instances of non-compliance with laws and regulations;
- review of correspondence with tax authorities and other regulatory bodies for any instances of non-compliance with laws and regulations;
- involvement of tax specialists in the audit;
- review of financial statement disclosures and agreement to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Independent auditor's report

to the members of Mott MacDonald Limited

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining and understanding of the company's policies and procedures relating to:
  - detecting and responding to the risk of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of control within the financial reporting close process and revenue recognition related to judgements and estimates in the timing of revenue earned.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- assessing significant estimates made by management for bias in revenue recognition, including percentage completion based on estimated costs to complete and profitability of projects; and
- assessing other significant estimates and judgements made by management for bias within the revenue cycle, including completeness of provisions for contract assets, trade receivables and contracts losses and contract liabilities.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the FRC's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor’s report

to the members of Mott MacDonald Limited

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.

Lucie Kingdom (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 March 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income statement and statement of comprehensive income

for the year ended 31 December 2024

Income statement	Notes	2024 £000	2023 £000
Gross revenue	5	**1,036,128**	997,014
Cost of sales		**(574,438)**	(574,950)
Gross profit		**461,690**	422,064
Administrative expenses		**(417,628)**	(393,704)
Operating profit	6(a)	**44,062**	28,360
Other income	6(b)	**7,362**	5,015
Provision for impairment of investments	14	**(3,000)**	–
Fair value adjustments on investment in parent undertaking	14	**731**	594
Dividends received from subsidiary undertakings		**4,000**	1,012
Profit on ordinary activities before interest		**53,155**	34,981
Net interest receivable	9	**29,654**	27,622
Other finance income	23	**1,900**	1,800
Profit on ordinary activities before taxation		**84,709**	64,403
Tax on profit on ordinary activities	10(a)	**(15,703)**	(12,591)
Profit on ordinary activities after taxation		**69,006**	51,812

The company's gross revenue and operating profit relate to continuing operations.

Statement of comprehensive income	Notes	2024 £000	2023 £000
Profit for the financial year	20	**69,006**	51,812
Other comprehensive (expense)/income			
Net actuarial loss on pension scheme	20, 23	**(900)**	(10,400)
Tax on net actuarial loss	10(c), 20	**225**	2,444
Change in restriction of pension asset recognised – gross	20	**(7,500)**	(10,901)
Change in restriction of pension asset recognised – tax thereon	10(c), 20	**1,875**	2,562
Total other comprehensive expense		**(6,300)**	(16,295)
Total comprehensive income for the year		**62,706**	35,517

Statement of financial position

at 31 December 2024

Registered No. 01243967	Notes	2024 £000	2023 £000
Fixed assets			
Intangible assets	12	**1,436**	3,102
Tangible assets	13	**17,214**	12,903
Investments	14	**80,754**	81,122
		99,404	97,127
Current assets			
Debtors	15	**501,676**	545,526
Cash at bank and in hand		**287,485**	251,084
		789,161	796,610
Creditors: amounts falling due within one year	16	**(360,916)**	(397,308)
Net current assets		**428,245**	399,302
Total assets less current liabilities		**527,649**	496,429
Provisions for liabilities	18	**(20,623)**	(22,102)
Net assets		**507,026**	474,327
Capital and reserves			
Called up share capital	19	**10,000**	10,000
Profit and loss account	20	**497,026**	464,327
Shareholders' equity		**507,026**	474,327

The financial statements on pages 35 to 64 were approved and authorised for issue by the Board of Directors on 28 March 2025 and signed on its behalf by:

James Harris, Executive Chair

Statement of changes in equity

for the year ended 31 December 2024

	Notes	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 2023		10,000	441,560	451,560
Profit for the year	20	–	51,812	51,812
Other comprehensive (expense)/income:				
Net actuarial loss on pension scheme	20, 23	–	(10,400)	(10,400)
Tax on net actuarial loss	10(c), 20	–	2,444	2,444
Change in restriction of pension asset recognised – gross	20	–	(10,901)	(10,901)
Change in restriction of pension asset recognised – tax thereon	10(c), 20	–	2,562	2,562
Total other comprehensive expense for the year		–	(16,295)	(16,295)
Dividends paid	11, 20	–	(12,750)	(12,750)
At 31 December 2023/1 January 2024		**10,000**	**464,327**	**474,327**
Bonus issue of shares	19, 20	**15,000**	**(15,000)**	**–**
Cancellation of shares	19	**(15,000)**	**–**	**(15,000)**
Profit for the year	20	**–**	**69,006**	**69,006**
Other comprehensive (expense)/income:				
Net actuarial loss on pension scheme	20, 23	**–**	**(900)**	**(900)**
Tax on net actuarial loss	10(c), 20	**–**	**225**	**225**
Change in restriction of pension asset recognised – gross	20	**–**	**(7,500)**	**(7,500)**
Change in restriction of pension asset recognised – tax thereon	10(c), 20	**–**	**1,875**	**1,875**
Total other comprehensive expense for the year		**–**	**(6,300)**	**(6,300)**
Dividends paid	11, 20	**–**	**(13,500)**	**(13,500)**
Distributions to fellow subsidiary undertakings	20	**–**	**(1,507)**	**(1,507)**
At 31 December 2024		**10,000**	**497,026**	**507,026**

Notes to the financial statements

at 31 December 2024

1. Company information

Mott MacDonald Limited is a company limited by shares registered in England and Wales with registered number 01243967. The registered office is: 10 Fleet Place, London EC4M 7RB, United Kingdom.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The company is exempt from preparing consolidated financial statements on the grounds that it qualifies as an intermediate parent company under Section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company has adopted the exemption from disclosing a statement of cash flows and the related notes in accordance with Section 1.11 of FRS 102. The equivalent disclosure is included in the consolidated financial statements of the company's ultimate parent undertaking, Mott MacDonald Group Limited.

Mott MacDonald Employee Trust

Mott MacDonald Limited is the sponsoring entity for the Mott MacDonald Employee Trust ('Employee Trust').

The Employee Trust has been in place since 1986. Its purpose is to support the framework of employee share ownership in the ultimate parent company, Mott MacDonald Group Limited. The Employee Trust acts as a warehouse to ensure that the internal market for shares in the parent company, Mott MacDonald Group Limited, can operate fluidly during the year. The Employee Trust sells shares to employees when they are given the opportunity to buy shares at fair value in the parent company and the Employee Trust buys shares in the parent company at fair value when they are sold by employee shareholders.

The results, assets and liabilities of the Employee Trust have been included in these financial statements on the basis that the company has control of the trust.

Going concern

The directors have a reasonable expectation that the Group and company have adequate resources to continue in operational existence for the foreseeable future, and at least for a period of 12 months from the date the financial statements are signed.

The Group has performed detailed analysis on future cash flow projections up to 31 December 2026, including both a base case and hypothetical downside scenarios that may result from the negative impact of events, such as a severe global recession, on future trading and cash flow. The analysis demonstrates that there would be sufficient headroom within the banking covenants and liquidity even if revenue and cash receipts reduced substantially. The scenario analysis allows for measures that would be implemented as part of a response plan to preserve cash, many of which were implemented effectively during 2020 in response to the global pandemic.

The directors are therefore satisfied that the Group and the company have sufficient financial resources and a robust response plan in the event of a severe economic downturn. The company also has a strong cash position at the statement of financial position date and a bank facility in place up until December 2026 for £125m, of which only £10m utilised at the year end (2023 – £10m) by a fellow Group subsidiary undertaking, with an accordion of £25m available to use as part of the main facility agreement. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements

at 31 December 2024

2. Basis of preparation (continued)

Ultimate parent undertaking

The company's ultimate parent undertaking is Mott MacDonald Group Limited, a company registered in England and Wales. Copies of the Group financial statements can be obtained from the company's website, mottmac.com.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Mott MacDonald Group Limited.

3. Significant judgements and estimates

When preparing the financial statements, management makes a number of estimates, judgements and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses. Management bases its assessment for estimates and judgements on historical experience, market insights and other factors, including expectations of future events that are believed to be reasonable in light of known circumstances. Those which have the most significant effect are summarised below.

Critical accounting judgements in applying the company's accounting policies that have the most significant effect on amounts recognised in these financial statements are as follows:

Revenue from contracts

Where a change in the scope of work occurs, judgement is exercised on a contract-to-contract basis to determine whether the criteria for revenue recognition are met. The most important criteria are that the revenue and costs can be measured reliably and that it is probable that billings associated with the change in scope will be collected.

Provisions

From time to time, the company receives claims from clients or other third parties with regards to work performed on projects. The company insures itself against such claims through policies written by the Group's captive insurance subsidiary and through the external insurance market. Significant judgement is required to determine whether a provision should be put in place for these claims, including considering their merits.

Defined benefit pension scheme

Section 28 of FRS 102 permits an entity to recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. In the opinion of the directors, the company does not have an unconditional right to the surplus and therefore no surplus has been recognised.

Notes to the financial statements

at 31 December 2024

3. Significant judgements and estimates (continued)

Estimates that may carry a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are considered as follows:

Revenue from contracts

The company's revenue accounting policy is central to how the company values the work it has carried out in each financial year. This policy requires forecasts to be made on the current percentage of completion and the projected outcomes of projects. The key estimates relating to determining the revenue and profitability of projects and related assets or liabilities within the company's financial statements are:

- percentage of completion – calculated by taking actual cost incurred as a percentage of forecast total cost. Estimation is required in determining the forecast cost;
- profitability of a project – project teams use their judgement to estimate the costs to complete a project. These include an assessment of the cost of anticipated potential future expenses; and
- pain/gain share – should contracts contain clauses that give rise to reductions in the amounts billable (pain) or additional upside fees billable (gain), project teams use their judgement to estimate their share of any pain/gain and include the impact of such in the percentage of completion assessment, which therefore impacts revenues recognised.

Projects may contain contingencies in their accounting estimates. The contingencies can be for potential additional costs to complete the project (cost contingencies) and for potential clawback or disallowance of fees where work has been done or is planned to be done (revenue contingencies).

Such cost and revenue contingencies are only included in the estimates in project budgets if they are deemed 'more likely than not to occur' when the financial statements are prepared. Management has reviewed project budgets at 31 December 2024 and is satisfied that contingencies that are included in project budgets reflect this methodology and the criteria set out above. There is however uncertainty in respect of the extent and magnitude of the contingencies, most notably whether the amounts recognised will fully crystallise. Due to their nature, revenue contingencies tend to require more judgement than cost contingencies. Revenue contingencies totalled c£71m at 31 December 2024 (2023 – c£61m), the majority of which relates to 19 projects (2023 – 14 projects).

The classifications in the statement of financial position impacted by the above factors are contract assets £75.0m (2023 – £68.2m) and contract liabilities £101.9m (2023 – £102.0m).

Based on the information available as at 31 December 2024, management does not consider there to be any significant risk of a material change to the estimates and contingencies that feed into contract accounting on projects within the next financial year. However, future events and circumstances which cannot be foreseen at this stage may require significant changes to these estimates and contingencies at some future point.

Management is content that its project budgeting, contract management and risk management processes will reasonably result in any such future changes to a project being absorbed in future project budgets without creating a specific material unfunded project loss.

The company considers that the level of estimation uncertainty in the financial statements as a whole is mitigated by the size of the company's portfolio of contracts, which are of various types and at different stages of completion at any point in time.

Notes to the financial statements

at 31 December 2024

3. Significant judgements and estimates (continued)

Defined benefit pension scheme

The cost of defined benefit pension plans is determined annually using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, inflation, mortality rates and future pension increases. Due to the complexity of the valuation, the assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty, with the valuation being most sensitive to the life expectancy, discount and inflation rate actuarial assumptions used. There is a range of possible values for the assumptions and small changes in these may have a significant impact on the valuation of the defined benefit pension obligations. The assumptions in relation to the scheme are set out in note 23, including sensitivity analysis on the three most critical estimates.

4. Principal accounting policies

Business combinations

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeded the cost of the business combination, the excess would be recognised separately on the face of the statement of financial position immediately below intangible assets as negative goodwill.

Goodwill and intangible assets

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its estimated useful life.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in determining the profit or loss on sale or closure.

Intangible assets, including software, acquired separately from a business are capitalised at cost where they meet the capitalisation criteria of FRS 102.

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill only if they meet the following three conditions:

- future economic benefits are probable and the cost or value of the asset can be reliably measured;
- the intangible asset arises from contractual or other legal rights; and
- the intangible asset is separable.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred, unless the asset will generate future economic benefits and the costs can be reliably measured.

Notes to the financial statements

at 31 December 2024

4. Principal accounting policies (continued)

Goodwill and intangible assets (continued)

Goodwill and intangible assets are amortised on a straight line basis over their estimated useful lives with the amortisation being charged to administrative expenses in the income statement. The net book values of goodwill and intangible assets are reviewed for impairment if events or changes in circumstances indicate the net book value may not be recoverable. The useful economic lives of goodwill and intangible assets are as follows:

Goodwill	5 to 10 years
Software	2 to 10 years

Tangible fixed assets

Tangible fixed assets are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the straight line method. The useful economic lives of tangible fixed assets are as follows:

Fixtures, fittings and equipment	3 to 10 years
Motor vehicles	3 to 4 years
Leased assets	duration of lease (3 to 10 years)

Gross revenue

The term ‘gross revenue’ used in these financial statements is the same as the statutory definition of turnover contained in Section 474 of the Companies Act 2006.

Gross revenue represents the fair value of the consideration receivable in respect of services provided during the year, inclusive of direct expenses incurred but excluding Value Added Tax. In recognising revenue, consideration is given to the contractual terms within individual contracts to determine whether the company is engaging in the arrangement as a principal or as an agent. Determining whether the company is acting as a principal or as an agent is based on an assessment of the contract in line with the factors set out in Section 23 of FRS 102, being, primary responsibility for delivery of goods or services, inventory risk, credit risk and latitude to establish prices. In addition to these factors, consideration is also given to any other relevant facts specific to the circumstances of the contract to decide whether the company has exposure to the significant risks and rewards associated with the transaction.

Where it is determined that the company is acting as an agent, the related revenue and costs are offset with each other leaving only the company’s fee as revenue in the financial statements. Principal versus agency considerations are typically applied to contracts where a significant portion of the contract relates to funds that are disbursed by the company on behalf of the client.

Gross revenue on fixed price or lump sum contracts is recognised in the income statement by reference to the stage of completion of the contract at the statement of financial position date, provided that a right to consideration has been obtained through performance.

Consideration accrues as contract activity progresses by reference to the value of work performed, which coincides with costs incurred, and this is estimated by reference to costs incurred to date compared to expected lifetime costs. Hence the proportion of revenue recognised in the year equates to the proportion of costs incurred to total anticipated contract costs less amounts recognised in previous years where relevant.

Gross revenue for time and materials contracts is recorded over time in the income statement based on the value of the company’s work performed for the client.

Notes to the financial statements

at 31 December 2024

4. Principal accounting policies (continued)

Gross revenue (continued)

Contract variations and claims are included in revenue where it is probable that the amount, which can be measured reliably, will be recovered from the client.

Full provision is made for losses on all contracts in the year in which they are first foreseen.

Contract assets represent the excess of revenue earned by reference to work done over the amounts invoiced at the year end. Where the progress payments received and receivable exceed the value of revenue earned to date, the excess is shown within creditors as contract liabilities.

Jointly controlled operations

The company has certain contractual arrangements with other participants to engage in joint activities that do not give rise to a jointly controlled entity. The company includes its share of the assets in such joint ventures, together with the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such agreements are measured in accordance with the terms of each arrangement.

Research and development

Research and development costs required to complete projects during the normal course of business are immediately expensed to the income statement. Development costs incurred in developing assets for ongoing use in the business are assessed for capitalisation against the criteria of FRS 102. Where such assets meet the required criteria, they are capitalised and amortised over their estimated useful lives.

Fixed asset investments

Investments in subsidiary undertakings are recognised initially at fair value which is normally the transaction price (including transaction costs). Subsequently, they are measured at cost less any provision for impairment.

Investment in the parent undertaking, Mott MacDonald Group Limited, is measured at fair value with changes in fair value recognised in the income statement.

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.

Financial assets

Basic financial assets, including trade debtors, other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Notes to the financial statements

at 31 December 2024

4. Principal accounting policies (continued)

Financial assets (continued)

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and any changes in fair value are recognised in the income statement, except for investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably which are measured at cost less impairment.

Financial assets are derecognised when:

- the contractual rights to the cash flows from the asset expire or are settled; or
- substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade creditors, other payables, bank loans and loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. Provisions are measured as the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Provisions are discounted to their present values, where the time value of money is material. No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Taxation

Current tax, including UK corporation tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Notes to the financial statements

at 31 December 2024

4. Principal accounting policies (continued)

Deferred taxation (continued)

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in the income statement, the statement of comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Where additional pension contributions paid relate to past actuarial losses, the deferred tax movement thereon is recorded in other comprehensive income.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Dividends

Dividends are only reflected in the financial statements to the extent that at the statement of financial position date, they have been declared and paid or declared as a final dividend in a general meeting.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Foreign operations which are conducted through foreign branches are accounted for in accordance with the nature of the business operations concerned. Where such a branch operates as a separate business with local finance, it is accounted for using the closing rate method. Where the foreign branch operates as an extension of the company's trade and its cash flows have direct impact upon those of the company, the temporal method is used.

Notes to the financial statements
at 31 December 2024

4. Principal accounting policies (continued)

Leasing commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the statement of financial position and depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability in the statement of financial position and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Employee benefits
Short-term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

Pensions
The company has operated a number of pension schemes in the UK which are described more fully in note 23. Pension costs charged against operating profit for the defined contribution scheme are the contributions payable in respect of the accounting period. The defined benefit scheme is now closed to future accrual of benefits and the surplus or deficit is determined by the actuary.

Scheme assets are measured at fair value. Fair value is based on market price information and in the case of quoted securities is the published bid price. Scheme liabilities are measured on an actuarial basis using the 'Projected Unit' method and are discounted at appropriate high-quality corporate bond rates. The surplus or deficit is presented separately from other assets and liabilities in the statement of financial position, with the corresponding deferred tax asset or liability disclosed within debtors or provisions for liabilities. A surplus is recognised only to the extent that it is recoverable by the company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occurs, the changes in the present value of the scheme liabilities and the fair value of the plan assets reflect the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate at the start of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income statement as other finance income or cost. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income or expense in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

Notes to the financial statements

at 31 December 2024

5. Gross revenue

Gross revenue is attributable to one continuing activity, the provision of consulting services.

Gross revenue by destination:	2024 £000	2023 £000
Europe	**849,593**	808,846
Middle East and Africa	**149,677**	142,753
Americas	**21,873**	18,289
Asia	**13,944**	25,335
Australia and New Zealand	**1,041**	1,791
	1,036,128	997,014

6. Operating profit and other income

(a) Operating profit

This is stated after charging:	2024 £000	2023 £000
Auditors' remuneration – audit services:		
– principal auditor for audit of company	**692**	658
– principal auditor of UK-based subsidiary investments	**42**	40
– principal auditor prior year	**–**	319
– associates of principal auditor for audit of branches	**96**	97
	830	1,114

There were no non-audit services provided during the year (2023 – £nil).

Foreign exchange losses	**2,667**	2,597
Depreciation (note 13)	**5,301**	4,079
Amortisation of software (note 12)	**1,666**	4,505
Operating lease rentals – land and buildings	**13,594**	11,949

(b) Other income

	2024 £000	2023 £000
Research and Development Expenditure Credit (RDEC)	**7,362**	5,015

Notes to the financial statements

at 31 December 2024

7. Directors' remuneration

	2024 £000	2023 £000
Emoluments (excluding pension contributions)	**3,860**	3,860

The emoluments above relate to 4 directors in the year ended 31 December 2024 (2023 – 5).

The emoluments (excluding pension contributions) of the highest paid director were £1,099,419 (2023 – £1,008,025).

During the year, £66,583 (2023 – £83,160) of contributions were paid to the Master Trust in respect of 3 directors (2023 – 4), of which £8,952 (2023 – £nil) related to the highest paid director. Some of these directors also have benefits under the closed defined benefit section of the Mott MacDonald Pension Scheme ('MMPS'). The accrued annual pension at 31 December 2024 of the highest paid director was £12,528 (2023 – £4,516).

MMPS provides an option to commute part of this pension for a lump sum, which amounted to £64,410 at 31 December 2024 (2023 – £22,895) for the highest paid director. The lump sum is calculated in accordance with HM Revenue & Customs rules using a scheme-specific formula.

8. Staff costs

	2024 £000	2023 £000
Salaries	**492,830**	476,507
Social security costs	**55,155**	51,604
Other pension costs (defined contribution schemes)	**76,361**	68,249
	624,346	596,360

The average number of persons employed by the company (including directors) during the year was made up as follows:

	No.	No.
Management	**912**	897
Technical staff	**6,637**	6,612
Administrative staff	**1,004**	901
	8,553	8,410
The actual number of permanent staff at 31 December was:	**8,554**	8,593

Notes to the financial statements

at 31 December 2024

9. Net interest receivable

	2024 £000	2023 £000
Interest receivable:		
Interest due from parent undertaking	**19,342**	18,041
Interest due from fellow subsidiary undertakings	**5,403**	4,273
Bank interest	**9,387**	9,518
	34,132	31,832
Interest payable:		
Interest due to parent undertaking	**(3,270)**	(2,643)
Interest due to fellow subsidiary undertakings	**(1,200)**	(1,425)
Other interest	**(8)**	(142)
	(4,478)	(4,210)
Net interest receivable	**29,654**	27,622

10. Tax

(a) Tax on profit on ordinary activities

	2024 £000	2023 £000
The taxation charge is made up as follows:		
Current tax:		
UK corporation tax	**10,780**	9,710
Non-UK tax	**2,179**	329
Capital gains tax – Mott MacDonald Employee Trust	**74**	66
	13,033	10,105
Adjustments in respect of previous years:		
UK corporation tax	**151**	753
Non-UK tax	**(173)**	41
Capital gains tax – Mott MacDonald Employee Trust	**1**	(1)
Total current tax	**13,012**	10,898
Deferred tax:		
Origination and reversal of timing differences	**2,772**	1,700
Adjustments in respect of previous years	**(81)**	(7)
Total deferred tax charge (note 10(c))	**2,691**	1,693
Tax on profit on ordinary activities (note 10(b))	**15,703**	12,591

The aggregate current and deferred tax relating to items that are recognised in the statement of comprehensive income is a credit of £2,100,000 (2023 – £5,006,000 credit).

Notes to the financial statements

at 31 December 2024

10. Tax (continued)

(b) Factors affecting tax charge for the year

The tax provided for the year is lower (2023 – lower) than the amount computed at the average rate of corporation tax in the UK of 25% (2023 – 23.5%). The differences are explained below.

The average rate of corporation tax in the UK of 23.5% in 2023 was due to an increase in the UK corporation tax from 19% to 25% with effect from 1 April 2023.

	2024 £000	2023 £000
Profit on ordinary activities before taxation	**84,709**	64,403
Profit on ordinary activities before taxation multiplied by the average rate of corporation tax in the UK of 25% (2023 – 23.5%).	**21,177**	15,135
Effects of:		
Net (lower)/higher tax on non-UK branch earnings	**(717)**	765
Adjustments in respect of previous years	**(102)**	786
Non-taxable (income)/expense (foreign exchange on non-UK branches)	**(3)**	218
Non-taxable income (UK dividends received)	**(1,000)**	(238)
Expenses not deductible for tax purposes	**1,197**	310
Tax rate changes	**–**	77
Group reliefs	**(6,952)**	(6,000)
Tax attributable to Mott MacDonald Employee Trust	**74**	66
Other permanent differences	**2,029**	1,472
Tax on profit on ordinary activities (note 10(a))	**15,703**	12,591

Adjustments in respect of previous years include the effects of changes in tax legislation or interpretations and revisions of estimates used in establishing prior year tax provisions.

Other permanent differences include permanent tax reliefs and non-deductible items.

The items listed above, which explain why the tax charge for the current year is lower than the average corporation tax rate in the UK, are likely to impact on tax charges of future years as well, although their exact quantum will vary with time and circumstances.

The company has no tax losses (2023 – £nil) that are available indefinitely for offset against future taxable profits in those countries in which the losses arose.

Notes to the financial statements

at 31 December 2024

10. Tax (continued)

(c) Deferred tax

	2024 £000	2023 £000
The deferred tax included in the statement of financial position is as follows:		
Included in debtors (note 15)	**2,437**	6,033
Included in provisions (note 18)	**(112)**	–
	2,325	6,033
The elements of deferred taxation are as follows:		
Excess of tax allowances on fixed assets over book depreciation	**1,671**	2,845
Pension spreading	**–**	2,897
Other timing differences	**654**	291
	2,325	6,033
The movement in the year was:		
At 1 January	**6,033**	10,033
Deferred tax charge recognised in the income statement (note 10(a))	**(2,691)**	(1,693)
Deferred tax credit/(charge) recognised in the statement of comprehensive income		
– on net actuarial loss on pension scheme (note 20)	**225**	2,444
– on defined benefit pension contributions made during the year	**(3,122)**	(7,306)
– on change in restriction of pension asset recognised (note 20)	**1,875**	2,562
Exchange and other adjustments	**5**	(7)
At 31 December	**2,325**	6,033

The amount of the net reversal of deferred tax expected to occur next year is £1,230,000 (2023 – £4,174,000).

(d) International tax reform – Pillar Two model rules

The company monitors income tax developments in all jurisdictions in which it operates, including the OECD Base Erosion and Profit Shifting (BEPS) initiative (Pillar Two), which may impact the company's future tax liabilities. The UK has introduced a global minimum corporation tax in line with the OECD Inclusive Framework on BEPS, which requires a minimum corporation tax rate of 15% in each jurisdiction in which the company operates. The first accounting period to which the rules apply to the company in the UK is the year ended 31 December 2024. The company does not expect its tax liabilities to be materially increased as a result of the UK's implementation of the Pillar Two rules. The company is continuing to assess their detailed impact and for the year ended 31 December 2024, Kuwait and the UAE are the only jurisdictions that are likely to be affected. The impact on the company's total tax charge based on the profits earned in the year ended 31 December 2024 would be less than 1% and therefore no material tax liabilities are expected to arise.

The company has applied the exception under the Amendments to FRS 102, issued by the FRC in July 2023, to not disclose information about deferred tax assets and liabilities related to the OECD Pillar Two Income Taxes.

Notes to the financial statements
at 31 December 2024

11. Dividends

The following dividends were paid during the year:	**2024 £000**	2023 £000
Interim dividend paid	**13,500**	12,750

12. Intangible fixed assets

2024	**Goodwill £000**	**Software £000**	**Total £000**
Cost:			
At 1 January and 31 December	**2,496**	**24,749**	**27,245**
Amortisation:			
At 1 January	**2,496**	**21,647**	**24,143**
Provided during the year	**–**	**1,666**	**1,666**
At 31 December	**2,496**	**23,313**	**25,809**
Net book value:			
At 31 December	**–**	**1,436**	**1,436**
At 1 January	–	3,102	3,102

Notes to the financial statements

at 31 December 2024

13. Tangible fixed assets

2024	Motor vehicles £000	Fixtures, fittings & equipment £000	Total £000
Cost:			
At 1 January	**98**	**47,519**	**47,617**
Exchange adjustments	**2**	**74**	**76**
Additions	**–**	**9,599**	**9,599**
Disposals	**(17)**	**(9,957)**	**(9,974)**
At 31 December	**83**	**47,235**	**47,318**
Depreciation:			
At 1 January	**90**	**34,624**	**34,714**
Exchange adjustments	**1**	**62**	**63**
Provided during the year	**9**	**5,292**	**5,301**
Disposals	**(17)**	**(9,957)**	**(9,974)**
At 31 December	**83**	**30,021**	**30,104**
Net book value:			
At 31 December	**–**	**17,214**	**17,214**
At 1 January	8	12,895	12,903

Notes to the financial statements

at 31 December 2024

14. Investments

2024	**Investment in parent undertaking at fair value £000**	**Investments in subsidiary undertakings at cost £000**	**Other fixed asset investments at cost £000**	**Total £000**
At 1 January	**15,421**	**66,075**	**275**	**81,771**
Additions	**18,522**	**–**	**–**	**18,522**
Disposals	**(16,621)**	**–**	**–**	**(16,621)**
Fair value adjustments	**731**	**–**	**–**	**731**
At 31 December	**18,053**	**66,075**	**275**	**84,403**
Amounts provided:				
At 1 January	**–**	**374**	**275**	**649**
Provided	**–**	**3,000**	**–**	**3,000**
At 31 December	**–**	**3,374**	**275**	**3,649**
Net book value:				
At 31 December	**18,053**	**62,701**	**–**	**80,754**
At 1 January	15,421	65,701	–	81,122

Other fixed asset investments are those assets which do not meet the criteria for being accounted as subsidiary undertakings, associates or joint ventures. The principal activity of the businesses comprising other fixed asset investments is that of consulting engineers.

The profit on disposal of shares in the parent undertaking was £nil (2023 – £nil).

The historical cost of the investment in the parent undertaking is £17,113,000 (2023 – £14,695,000).

Notes to the financial statements

at 31 December 2024

14. Investments (continued)

Subsidiary undertakings and other fixed asset investments

A full list of undertakings is given below:

Name of undertaking	% held of ordinary share capital 2024	Registered office key
Subsidiary undertakings		
Bentley Holdings Limited	100	A
Cambridge Education Associates Limited	100	B
Courtyard Group UK Limited	100	B
Franklin & Andrews International Limited	100	B
Fulcrum First Limited	100	B
HLSP Limited	100	B
JBA Bentley Limited[1]	75	A
J.N. Bentley Limited[1]	100	A
Mott MacDonald Bentley Limited[1]	100	A
Mott MacDonald Colombia SAS	100	C
Multi Design Consultants Limited	100	B
Osprey PMI Limited	100	B
Schema Associates Limited	100	B
Other fixed asset investments		
BMM JV Limited	50	D
M2 (Water) LLP	50	B

[1] Investment held wholly or partly through subsidiary undertaking.

Registered Office	
Snaygill Industrial Estate, Keighley Road, Skipton, North Yorkshire BD23 2QR, United Kingdom	A
10 Fleet Place, London EC4M 7RB, United Kingdom	B
Carrera 14 No. 89-48, Oficina 403, Edificio Novanta, Bogota D.C., Colombia	C
St James House, Knoll Road, Camberley, Surrey GU15 3XW, United Kingdom	D

Notes to the financial statements

at 31 December 2024

15. Debtors

	2024 £000	2023 £000
Trade debtors	**84,480**	95,649
Contract assets	**75,045**	68,165
Amount owed by parent undertaking	**185,000**	250,000
Amounts owed by fellow subsidiary undertakings	**85,860**	60,899
Deferred taxation (note 10(c))	**2,437**	6,033
Taxation recoverable	**6,573**	8,677
Other debtors	**21,264**	17,954
Prepayments	**41,017**	38,149
	501,676	545,526

Trade debtors are shown net of a provision for impairment of £20,758,000 (2023 – £13,383,000).

Amount owed by parent undertaking of £185,000,000 is a loan from Mott MacDonald Limited to Mott MacDonald Group Limited. Interest on this loan is charged at a rate based on the three-month average SONIA rate plus a margin.

The intention is that amounts owed by parent undertaking and fellow subsidiary undertakings will not be called up at short notice if doing so would mean that the parent or subsidiary undertaking would be unable to meet its liabilities as they fall due.

Deferred taxation recoverable after more than one year amounts to £1,207,000 (2023 – £1,859,000).

16. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Contract liabilities	**101,870**	102,032
Amount due to parent undertaking	**26,997**	70,322
Amounts due to fellow subsidiary undertakings	**27,502**	31,113
Trade creditors	**30,239**	26,790
Current UK corporation tax	**140**	108
Non-UK taxation	**9,314**	8,102
Other taxes	**9,440**	9,906
Social security	**12,293**	11,981
Other creditors	**17,270**	16,617
Accruals	**125,851**	120,337
	360,916	397,308

Interest is paid on amounts owed to parent and fellow subsidiary undertakings, where applicable, based on the three-month average SONIA rate plus a margin or the three-month average reference rate respectively.

Notes to the financial statements

at 31 December 2024

17. Obligations under leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings	
	2024	2023
	£000	£000
Amounts payable:		
Within one year	**7,935**	11,112
In two to five years	**33,685**	27,859
Over five years	**70,068**	67,377
	111,688	106,348

18. Provisions for liabilities

2024	**Provisions for losses on contracts £000**	**Deferred taxation note 10(c) £000**	**Other provisions £000**	**Total £000**
At 1 January	**11,058**	**–**	**11,044**	**22,102**
Exchange adjustments	**131**	**–**	**–**	**131**
Arising during the year	**1,073**	**112**	**4,363**	**5,548**
Reversed during the year	**(1,405)**	**–**	**(4,084)**	**(5,489)**
Utilised	**(1,642)**	**–**	**(27)**	**(1,669)**
At 31 December	**9,215**	**112**	**11,296**	**20,623**

Other provisions are mainly in respect of outstanding claims. These claims generally result from disputes on projects with clients or other parties relating to our work done. These claims are settled, where applicable, via remediation works or by the payment of monetary amounts.

Due to the nature of provisions for losses on contracts and other provisions, the timing of their utilisation varies with the size and complexity of the underlying facts and circumstances. It is not unusual for such matters to take three to five years to be resolved. A reasonable expected range of potential outcomes would not materially impact the provisions.

Notes to the financial statements

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19. Share capital

	2024 **No.**	2023 No.	**2024** **£000**	2023 £000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**10,000,000**	10,000,000	**10,000**	10,000

Pursuant to a board meeting held on 4 December 2024, the company carried out a bonus issue of shares by capitalising £15m from the company's profit and loss reserve (the 'capitalisation'); and applying the sum of the capitalisation to pay up in full 15m ordinary shares of £1 each in the capital of the company.

Pursuant to a board meeting held on 5 December 2024, the company carried out a reduction of capital in the company, in the amount of £15m by reducing the company's issued share capital by £15m from £25m (comprising 25m ordinary shares of £1 each) to £10m (comprising 10m ordinary shares of £1 each) by cancelling and extinguishing 15m of such issued ordinary shares of £1 each; and by returning the amount arising upon the reduction of capital to Mott MacDonald Group Limited ('MMG'), as an aggregate capital repayment of £15m.

20. Reserves

Profit and loss account	**2024** **£000**	2023 £000
At 1 January	**464,327**	441,560
Profit on ordinary activities after taxation	**69,006**	51,812
Dividends (note 11)	**(13,500)**	(12,750)
Distributions to fellow subsidiary undertakings	**(1,507)**	–
Bonus issue of shares (note 19)	**(15,000)**	–
Net actuarial loss on pension scheme (note 23)	**(900)**	(10,400)
Tax on net actuarial loss (note 10(c))	**225**	2,444
Change in restriction of pension asset recognised – gross	**(7,500)**	(10,901)
Change in restriction of pension asset recognised – tax thereon (note 10(c))	**1,875**	2,562
At 31 December	**497,026**	464,327

Included in this profit and loss account is an undistributable profit of £57,190,000 relating to the profit on transfer of the company's investment in Mott MacDonald International Limited in 2005 to Mott MacDonald Group Limited at market value.

21. Capital commitments

There were no capital commitments contracted and not provided for in the financial statements.

Notes to the financial statements

at 31 December 2024

22. Contingent liabilities

	2024 £000	2023 £000
Guarantee of bank loans and overdrafts in respect of other group companies	**9,981**	9,805

In addition, in the normal course of business, down payment, performance and tender bonds have been given by the company. In the opinion of the directors, these are not expected to give rise to any significant liability. There are no contingent liabilities at year end in relation to bonds (2023 – £nil).

The company is a party to claims and litigation arising in the normal course of operations. Due to the inherent uncertainties of litigation or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of potential losses, if any. The company monitors all claims and takes out appropriate insurance to mitigate its risk. Provisions for such claims made at the statement of financial position date are set out in note 18.

There are no contingent liabilities at the year end in relation to claims where, in the event the company is found liable, material exposure, individually or in aggregate, exists (2023 – £nil). Due to the nature of these matters, the timing of their resolution varies with the size and complexity of the underlying facts and circumstances. It is not unusual for such matters to take three to five years to be resolved.

23. Pensions and other retirement benefits

The company has operated a number of pension schemes in the UK. The Mott MacDonald Pension Scheme ('MMPS') is trust based which, from 1 January 2001 until 31 December 2011, had both defined benefit and defined contribution sections. On 1 May 2000, the defined benefit section was closed to new entrants. From 1 January 2001, all members were transferred to the defined contribution section. This section was contracted into the State Second Pension, formerly known as the State Earnings Related Pension Scheme ('SERPS') and was closed to new members on 31 December 2004.

From 1 January 2005, new employees were entitled to join the Mott MacDonald Stakeholder Pension Scheme, a contract based scheme. From 1 April 2011, all stakeholder members were transferred to the Group Personal Pension Plan ('GPP').

From 1 January 2012, all defined contribution members were transferred to the GPP. Contribution structures in MMPS continued in the GPP. From 1 January 2012, all active defined benefit members were made deferred by removing the salary link and offering sliding scale enhancements to their pensions.

From 1 June 2017, all active GPP members were transferred to a Master Trust and new employees are now contractually enrolled into the Master Trust. The minimum Master Trust employee contribution level is 4.5%.

On 31 December 2021, the J.N. Bentley Pension and Life Assurance Scheme (JNBPS) was merged with MMPS. JNBPS was a defined benefit scheme which was sponsored by J.N. Bentley Limited, a wholly owned subsidiary of the Bentley Holdings Limited group, and which was also closed to new members and future accrual of benefits.

Notes to the financial statements

at 31 December 2024

23. Pensions and other retirement benefits (continued)

The company contributes to the Master Trust, at the rates specified in the rules of the scheme. From 1 January 2014, all new employees are contractually enrolled. To comply with auto-enrolment law, all current employees who were not in the GPP were contractually enrolled in May 2016, and subsequently re-enrolment exercises were carried out in the Master Trust in May 2019 and May 2022. Total pension contributions were £73.4m (2023 – £66.0m).

MMPS is funded by means of assets which are held in trustee-administered funds, separated from the company's own resources. The contributions to MMPS are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the 'Projected Unit' method and a funding agreement between the trustee and the company. Members' pensions were increased during the year according to the rules of MMPS.

The following key assumptions were used to assess the funding level at the last actuarial valuation:

Date of valuation	1 January 2024
Future investment return per annum – pre-retirement	Discount rate yield curve*
– post-retirement	Discount rate yield curve*

* This is equal to the yield on UK Government fixed interest gilts at different terms on the yield curve, with an outperformance allowance of 0.5% for all terms.

At the last actuarial valuation on 1 January 2024, the market value of assets was £508m and the level of funding based on market value of assets was 103%. The level of funding is the value of the assets expressed as a percentage of MMPS liabilities after allowing for revaluation of benefits to normal pension date.

The valuation position of MMPS was updated to 31 December 2024 by a qualified independent actuary for the purpose of producing these financial statements in accordance with FRS 102.

It should be noted that the calculations and methods under FRS 102 are different from those used by the actuary to determine the funding level of MMPS. The company and the trustee regularly review the funding level of MMPS with the advice of the actuary.

During 2024, minimum contributions of £6.5m were paid to MMPS in accordance with the previous recovery plan. Under the current funding plan, minimum contributions will be £nil in 2025.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit pension plans were invalid if they were not accompanied by the correct actuarial confirmation. Whilst the Court of Appeal upheld this ruling in July 2024, there remains material uncertainty in relation to the legal position itself and the application of the ruling. The Group has discussed the ruling with the trustee and its potential implications for the UK pension scheme. The trustee continues to consider this matter together with its professional advisers. The trustee is monitoring developments as further government guidance and/or case law emerges and the Group will maintain a dialogue with the trustee and its advisers on this matter. The trustee will continue to monitor the need for any work that might be necessary in the future as circumstances evolve.

Notes to the financial statements
at 31 December 2024

23. Pensions and other retirement benefits (continued)

The assets and liabilities of MMPS as at 31 December are analysed below:	2024 £m	2023 £m
Change in defined benefit obligation		
Defined benefit obligation at 1 January	**(470.2)**	(466.1)
Interest cost on MMPS liabilities	**(20.9)**	(22.1)
Actuarial gains/(losses) on MMPS liabilities	**43.0**	(11.8)
Benefits paid	**30.1**	29.8
Defined benefit obligation at 31 December	**(418.0)**	(470.2)
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	**(418.0)**	(470.2)
Change in plan assets		
Fair value of plan assets at 1 January	**508.2**	493.2
Interest income on MMPS assets	**22.8**	23.9
Actuarial (losses)/gains on MMPS assets	**(43.9)**	1.4
Employer contributions	**6.5**	19.5
Benefits paid	**(30.1)**	(29.8)
Fair value of plan assets at 31 December	**463.5**	508.2
Pension asset (excluding tax)	**45.5**	38.0
Pension surplus not recognised (excluding tax)**	**(45.5)**	(38.0)
Pension asset recognised in the statement of financial position (excluding tax)	**–**	–

** Since the company does not have an unconditional right to the surplus, it has not been recognised.

Notes to the financial statements

at 31 December 2024

23. Pensions and other retirement benefits (continued)

Components of pension (cost)/income

Year to 31 December	2024 £m	2023 £m
Interest cost on MMPS liabilities	(20.9)	(22.1)
Interest income on MMPS assets	22.8	23.9
Net pension interest recognised as other finance income in the income statement	1.9	1.8
Actuarial gains/(losses) on MMPS liabilities	43.0	(11.8)
Actuarial (losses)/gains on MMPS assets	(43.9)	1.4
Net actuarial losses recognised in other comprehensive expense	(0.9)	(10.4)

Plan assets

The weighted average asset allocation at the year end was as follows:	2024 %	2023 %
Asset category		
Liability driven investment	95	89
Corporate bonds	4	4
Cash and other	1	1
Hedge funds/diversified growth funds	–	6
	100	100

Actual return on plan assets

Year to 31 December	2024 £m	2023 £m
Interest income on MMPS assets	22.8	23.9
Actuarial (losses)/gains on MMPS assets	(43.9)	1.4
Actual return on plan assets	(21.1)	25.3

The key financial assumptions used to determine the pension liability at 31 December are:

	2024 %	2023 %
Discount rate for MMPS liabilities	5.5	4.6
RPI inflation	3.1	3.0
CPI inflation	2.5	2.3
Pension increases (inflationary increases with a maximum of 5% p.a.)	2.5	2.3
Salary increases	n/a	n/a

Notes to the financial statements

at 31 December 2024

23. Pensions and other retirement benefits (continued)

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December:	**2024**		2023	
	Male Years	**Female Years**	Male Years	Female Years
Member age 60 (current life expectancy)	**27.3**	**29.4**	27.4	29.2
Member age 40 (life expectancy at age 60)	**28.0**	**30.4**	28.6	30.4

Sensitivity to the significant actuarial assumptions

Comparatively small changes in the assumptions used for measuring the defined benefit obligations for MMPS may have a significant effect on the company's income statement and statement of financial position.

The following table shows the sensitivity of the defined benefit pension obligations to reasonably possible changes in the key assumptions underlying the valuation, with all other assumptions remaining unchanged.

Change in assumption	Impact on MMPS liabilities
0.1% decrease in discount rate	increase in obligations in the range 0% to 1.0%
0.1% increase in inflation rates	increase in obligations in the range 0% to 0.5%
1 year increase in life expectancy	increase in obligations in the range 4.5% to 5.0%

24. Related party transactions

The company has taken advantage of the provisions in Section 33.1A of FRS 102 which exempts subsidiary undertakings from disclosing transactions with other wholly owned subsidiary undertakings within the Group.

During the year, the company made sales of £1,001,000 (2023 – £1,177,000) to non-wholly owned fellow subsidiary undertakings and purchases of £310,000 (2023 – £411,000) from non-wholly owned fellow subsidiary undertakings. The net balance owed by non-wholly owned fellow subsidiary undertakings at 31 December 2024 was £nil (2023 – £511,000).

During the year, the company made sales of £16,219,000 (2023 – £16,335,000) to joint ventures. The net balance owed by joint ventures at 31 December 2024 was £169,000 (2023 – £941,000).

Notes to the financial statements

at 31 December 2024

25. Financial assets and liabilities

	Notes	2024 £000	2023 £000
Financial assets at fair value through profit or loss			
Investment in parent undertaking	14	**18,053**	15,421
Financial assets that are debt instruments measured at amortised cost[1]			
Trade debtors	15	**84,480**	95,649
Amount owed by parent undertaking	15	**185,000**	250,000
Amounts owed by fellow subsidiary undertakings	15	**85,860**	60,899
Other debtors	15	**21,264**	17,954
Financial liabilities measured at amortised cost[1]			
Trade creditors	16	**30,239**	26,790
Amount due to parent undertaking	16	**26,997**	70,322
Amounts due to fellow subsidiary undertakings	16	**27,502**	31,113
Other creditors	16	**17,270**	16,617

[1] Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount (calculated using the effective interest method).

Five-year summary

Pages 65 and 66 do not form part of the audited financial statements.

Years ended 31 December	**2024** **£000**	2023 £000	2022 £000	2021 £000	2020 £000
Gross revenue	**1,036,128**	997,014	911,028	787,195	799,142
Operating profit	**44,062**	28,360	61,305	52,722	42,758
Profit on ordinary activities before taxation	**84,709**	64,403	79,714	59,730	52,449
Tax on profit on ordinary activities	**(15,703)**	(12,591)	(13,220)	(7,999)	(11,455)
Dividends	**(13,500)**	(12,750)	(7,500)	(5,000)	–
Distributions to fellow subsidiary undertakings	**(1,507)**	–	–	–	–
Bonus issue of shares	**(15,000)**	–	–	–	–
Retained profit	**38,999**	39,062	58,994	46,731	40,994
Statement of financial position					
Fixed assets	**99,404**	97,127	96,248	97,720	104,866
Current assets	**789,161**	796,610	793,030	680,968	660,018
Creditors: amounts falling due within one year	**(360,916)**	(397,308)	(424,990)	(365,498)	(332,284)
Net current assets	**428,245**	399,302	368,040	315,470	327,734
Total assets less current liabilities	**527,649**	496,429	464,288	413,190	432,600
Provisions for liabilities	**(20,623)**	(22,102)	(12,728)	(4,181)	(9,887)
Net assets excluding pension liability	**507,026**	474,327	451,560	409,009	422,713
Pension liability	**–**	–	–	–	(66,194)
Net assets including pension liability	**507,026**	474,327	451,560	409,009	356,519
Capital and reserves					
Called up share capital	**10,000**	10,000	10,000	10,000	10,000
Profit and loss account	**497,026**	464,327	441,560	399,009	346,519
Shareholders' equity	**507,026**	474,327	451,560	409,009	356,519
Net funds					
Cash at bank and in hand	**287,485**	251,084	248,341	187,573	166,075

Group risk summary

↑ Increasing ↓ Decreasing – Stable

Risk category	Principal risks	Risk description	Impact	Risk treatment	Threat perception
Financial	**Financial Health and Economic Uncertainty**	The risk that external economic factors could have a negative impact on financial results and the ability to achieve objectives.	Inability to meet revenue targets and achieve strategic objectives.	Continued engagement with clients about markets and focus on diverse opportunities. Regional recession resilience plans in place and regularly updated.	–
Legal	**Ethics and Regulatory Compliance Risk**	The risk of an ethical breach and a lack of corporate compliance culture.	Reputational damage, fines, claims and loss of business.	Delivery and embedment of Ethics and Compliance Programme, which includes Our Code, policies, declarations, channels for reporting and investigations. These programmes prevent, detect and respond to misconduct, build an ethical culture and ensure compliance with the law.	–
Operations	**Information Governance Risk**	The risk that records and information are not collected, stored and lawfully used, or protected from loss, unauthorised access and release.	Reputational damage, fines, claims and disputes, and a negative impact on the culture of the organisation.	Strengthen data management governance, policy and process with clearly defined data management principles.	–
Strategic	**Portfolio Risk**	The risk of overdependence on specific geographic markets or sectors.	Lack of presence in growth markets and lost business opportunities.	Understanding the trajectories of the market and competitive landscape, and setting in place effective portfolio controls.	–
	Climate Change Risk	The risk of failing to respond effectively to fast-evolving requirements driven by climate change on our projects, markets and operations.	Decline in revenue, loss of growth opportunities and loss of reputation.	Continually enhance climate change competencies and strengthen governance of physical climate risks. Proactively monitor evolving climate-related regulations, standards and best practices. Conduct climate transition and physical risks scenario analysis.	–
	Reputation Risk	The risk of not managing and responding adequately to negative publicity.	Loss of revenue, litigation, brand deterioration or loss of stakeholder confidence.	Review and update of relevant processes, brand and media guidelines and response plans. Increase in listening and benchmarking capability.	↓
	Market Share Risk	The risk of new entrants in the market threatening the organisation's competitive advantage.	Inability to meet revenue targets and loss of market presence.	Scanning of new developments in markets. Maintain close relationships with clients and partners.	–
Talent	**Succession Risk**	The risk of being unable to develop and enhance leadership skills with a sufficient succession pipeline.	Adverse impact on technical excellence, project delivery and organisation culture.	Implementation of Leadership Development Initiatives, Performance Management Programmes and Development Pathways for successors.	–
	Compensation and Reward	The risk of inadequately compensating and not providing rewards and incentives that align with employees' expectations and market environment.	Failure to attract talent, failure to retain talent and employee dissatisfaction.	Regular global benchmarking and review of global reward approach.	–
	Equality, Diversity and Inclusion	The risk of inadequately delivering equality, diversity and inclusion objectives in line with internal and external stakeholder expectations.	Adverse impact on ability to bid for work, loss of reputation, employee dissatisfaction and deteriorating retention.	Improve data gathering capabilities and determine key metrics; communicate key EDI health and safety considerations; develop a global EDI comms plan; and update the Group EDI strategy.	–
	Capacity and Capability Risk	The risk of being unable to attract, develop and retain sufficient talent.	Adverse impact on project delivery, culture, business pipeline and management of business operations.	Strategies that support clear career pathways, strategic resourcing and resource management.	↓
Technology	**New Technology Adoption Risk**	The risk of failing to adopt new technology to be competitive.	Technical obsolescence, erosion in efficiency and inability to bring new digital services to market.	Align digital innovation with security, streamline decision making for digital and innovation processes, and ensure confident and secure governance of AI data use.	↑
	Cyber Security Risk	The risk of network attacks by malicious insiders or outsiders.	Business disruption, reputational damage, loss of data and business.	Effective response plans, strengthening of Group information security procedures, controls and security of data.	↑

Engineering.
Management.
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