

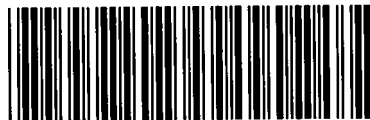
Registered number: 03203966

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



\*A7IC89VR\*

A22

09/11/2018

#273

COMPANIES HOUSE

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	AMEC Nominees Limited MN Plant
<b>Company secretary</b>	I A Jones
<b>Registered number</b>	03203966
<b>Registered office</b>	Booths Park Chelford Road Cheshire WA16 8QZ
<b>Independent auditor</b>	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**CONTENTS**

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 5
<b>Independent Auditor's Report</b>	6 - 7
<b>Income Statement</b>	8
<b>Statement of Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11 - 12
<b>Notes to the Financial Statements</b>	13 - 25

## AMEC FOSTER WHEELER INTERNATIONAL LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

#### Introduction

The Directors present their Strategic Report for the year ended 31 December 2017.

#### Business review

The Company is a focused supplier of project management services in the Middle East. This is expected to remain the case for the foreseeable future.

The key financial and other performance indicators of the Company during the year were as follows:

	2017	2016
	£'000	£'000
Revenue	82,331	87,145
Operating loss	(3,977)	(3,593)
Operating margin %	(4.8)	(4.1)
Loss before tax	(4,598)	(9,393)

Revenue of £82,331,000 was 6% lower than 2016 (2016: £87,145,000) with ongoing difficult market conditions in the United Arab Emirates as a result of the continued low oil price.

The company incurred a charge of £1,793,000 (2016: £5,118,000) from Amec Foster Wheeler Group Limited for the rights to use an integrated package of intellectual property and related value-added services. In addition, there were one off costs associated with business restructuring which resulted in an operating loss of £3,977,000 (2016: £3,593,000).

There was an impairment charge of £444,000 related to amounts owed from group undertakings and an interest charge of £177,000 resulting in a pre-tax loss for the year of £4,598,000 (2016: £9,393,000).

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Principal risks and uncertainties**

The principal general risks faced by the Company are as follows:

**General Risks**

*Health, safety, security and environment*

John Wood Group PLC is involved in activities and environments that have the potential to cause serious injury to personnel or damage to property or the environment and damage to our reputation.

These activities may involve operations such as design, construction, commissioning and decommissioning, which have potential to cause serious environmental damage, pollution and habitat destruction.

**Financial risk management**

The Company's operations expose it to a variety of financial risks, primarily foreign currency exchange risk and credit risk. To minimise risk, John Wood Group PLC, operates a system of globally applied policies and procedures. These, combined with comprehensive management oversight, the risk management process, project reviews, internal audit, peer reviews and customer feedback, mitigate the Company's risk.

*Foreign currency exchange risk*

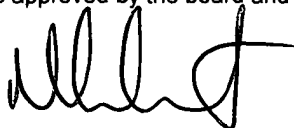
A significant proportion of the Company's foreign currency trading income is denominated in the local currency of the business operations which provides a natural hedge against the currency of its cost base. Where commercial contracts are undertaken, which are denominated in foreign currencies, the Company seeks to mitigate the foreign exchange risk, when the cash flow giving rise to such exposure becomes certain or highly probable, through the use of forward currency arrangements, which may include the purchase of currency options. There are currently no material transactional exposures which have been identified and remain unhedged. There is no reason to believe that any material outstanding forward contract will not be able to be settled from the underlying commercial transactions.

*Credit risk*

The Company is exposed to credit risk in relation to its customers. The credit risk associated with customers is considered as part of the tender review process and is addressed initially via contract payment terms. Where appropriate, payment security is sought. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts.

This report was approved by the board and signed on its behalf by:

**MN Plant**  
Director



Date:

5 November 2018

## AMEC FOSTER WHEELER INTERNATIONAL LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

#### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

#### Results and dividends

The loss for the year, after taxation, amounted to £3,560,000 (2016 - loss £9,523,000).

The Directors do not recommend the payment of a dividend (2016: £nil).

#### Directors

The Directors who served during the year were:

AMEC Nominees Limited  
MN Plant

#### Branches outside the UK

The Company has branches in Abu Dhabi, Sharjah (United Arab Emirates) and Libya.

#### Future developments

The Company will continue to trade and develop long term customer relationships, seek to bid and look to secure new work which will bolster future revenues.

## AMEC FOSTER WHEELER INTERNATIONAL LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

#### **Employee involvement**

The Company employed on average 483 people in 2017 (2016: 575). These employees do not have contracts of service with this Company as they are employees of Amec Global Resources Pte Limited. Details of the average staff numbers are disclosed in these financial statements to provide a true and fair view of the Company's affairs.

The Company gives high priority to the development of employees, to ensure that they have the necessary skills and behaviours to deliver its strategic business objectives and to provide for management succession.

Processes are in place across the John Wood group for the regular and consistent review of employee performance, development and management succession.

It is of key importance to the Company that it engages with employees to ensure they understand the direction in which the Company is going, are committed to its values, and are empowered to propose and make changes to improve how it operates. The Company's employees embody its knowledge, brand and reputation and it is through their activities, day by day, that it delivers on its business objectives and commitments to shareholders, customers and the wider community. Surveys of employee opinion are regularly conducted and the Company is committed to sharing and acting on the outcomes. John Wood Group provides a wide range of mechanisms for employees to share knowledge, to be kept informed of developments within John Wood Group and to raise issues and discuss matters of concern.

Respect for cultural diversity and commitment to equal opportunities are included in John Wood Group's values and code of business conduct. John Wood Group's policy is to recruit from the widest labour market, to determine the careers of all employees solely on merit and to make judgements about employees free from the effects of bias and prejudice.

As part of John Wood Group's equal opportunities policy, procedures are in place that are designed to provide for full and fair consideration and selection of disabled applicants to ensure they are properly trained to perform safely and effectively, and to provide career opportunities that allow them to fulfil their potential. Where an employee becomes disabled in the course of their employment, the Company will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

#### **Going concern**

The accounts are prepared on a going concern basis on the grounds that Amec Foster Wheeler Limited has confirmed to the Directors that its present intention is to provide financial support for at least twelve months from the date of these accounts to enable the Company to continue to meet its financial obligations.

#### **Qualifying third party indemnity provisions**

The Company maintains Directors' and Officers' liability insurance cover. In addition, throughout the financial year and at the date of this report, qualifying third party indemnity provisions within the meaning of Sections 232-234 of the Companies Act 2006 were in place for all of the Directors.

#### **Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Auditor**

The term as auditor for Ernst & Young LLP ceased with effect from the end of the 2017 financial year. Following a tender process, the firm of KPMG LLP has been appointed as auditor for 2018.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the board and signed on its behalf.

**MN Plant  
Director**

A handwritten signature in black ink, appearing to be 'M. J. ...', written over the printed name 'MN Plant Director'.

Date: 5 November 2018



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

### **Opinion**

We have audited the financial statements of Amec Foster Wheeler International Limited for the year ended 31 December 2017 which comprise the Income Statement, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 19, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMEC FOSTER WHEELER INTERNATIONAL LIMITED

- 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 Directors' report have been prepared in accordance with applicable legal requirements.

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

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 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 Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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.

*Ernst & Young LLP*

Mark Morrill (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP, Statutory Auditor**  
Manchester

Date: *5<sup>th</sup> November 2018*

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
Revenue		<b>82,331</b>	87,145
Cost of sales		<b>(79,764)</b>	(85,875)
<b>Gross profit</b>		<b>2,567</b>	1,270
Administrative expenses		<b>(6,544)</b>	(4,863)
<b>Operating loss</b>	6	<b>(3,977)</b>	(3,593)
Impairment of amounts owed by group undertakings	7	<b>(444)</b>	(5,587)
Interest payable and similar expenses	9	<b>(177)</b>	(213)
<b>Loss before tax</b>		<b>(4,598)</b>	(9,393)
Tax on loss	10	<b>1,038</b>	(130)
<b>Loss for the financial year</b>		<b>(3,560)</b>	(9,523)

All amounts relate to continuing operations.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Loss for the financial year	<b>(3,560)</b>	<b>(9,523)</b>
	<hr/>	<hr/>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Currency translation differences	<b>(352)</b>	<b>3,287</b>
	<hr/>	<hr/>
	<b>(352)</b>	<b>3,287</b>
	<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>	<b>(3,912)</b>	<b>(6,236)</b>
	<hr/> <hr/>	<hr/> <hr/>

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**  
**REGISTERED NUMBER:03203966**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	<b>Note</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	11	<b>210</b>	431
		<hr/>	<hr/>
		<b>210</b>	431
<b>Current assets</b>			
Debtors (including amounts falling due after more than one year of £1,206,000 (2016: £2,770,000))	12	<b>16,362</b>	23,589
Cash at bank and in hand		<b>10,332</b>	2,562
		<hr/>	<hr/>
		<b>26,694</b>	26,151
Creditors: amounts falling due within one year	13	<b>(24,366)</b>	(26,263)
		<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		<b>2,328</b>	(112)
<b>Total assets less current liabilities</b>		<hr/> <b>2,538</b>	<hr/> 319
Creditors: amounts falling due after more than one year	14	<b>(6,131)</b>	-
		<hr/>	<hr/>
<b>Net (liabilities)/assets</b>		<b>(3,593)</b>	319
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	16	<b>100</b>	100
Profit and loss account		<b>(3,693)</b>	219
		<hr/>	<hr/>
		<b>(3,593)</b>	319
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**MN Plant**  
Director

Date: 5 November 2018 .

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Share capital</b>	<b>Retained loss</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2017	100	219	319
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(3,560)	(3,560)
Currency translation differences	-	(352)	(352)
<b>At 31 December 2017</b>	<b>100</b>	<b>(3,693)</b>	<b>(3,593)</b>

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2016	100	6,455	6,555
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(9,523)	(9,523)
Currency translation differences	-	3,287	3,287
<b>At 31 December 2016</b>	<b>100</b>	<b>219</b>	<b>319</b>

The notes on pages 13 to 25 form part of these financial statements.

## AMEC FOSTER WHEELER INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

Amec Foster Wheeler International Limited is a private company, limited by shares and is incorporated and domiciled in England and Wales.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The results of the Company are included in the consolidated accounts of John Wood Group PLC which are available from 15 Justice Mill Lane, Aberdeen, AB11 6EQ.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

##### 1.3 Going concern

The accounts are prepared on a going concern basis on the grounds that Amec Foster Wheeler Limited has confirmed to the directors that its present intention is to provide financial support for at least twelve months from the date of these accounts to enable the Company to continue to meet its financial obligations.



## AMEC FOSTER WHEELER INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Accounting policies (continued)

##### 1.4 Revenue

Revenue represents the amount received or receivable, excluding value added tax, for goods and services supplied by the Company to its customers.

Revenue is derived principally from service and construction-type contracts. Contract revenue is recognised over the term of the contract by reference to the stage of completion of the contract activity at the end of each reporting period.

Revenue from cost reimbursable contracts is based on the services provided, typically represented by man-hours worked, and is measured by reference to agreed charge-out rates or to the estimated total contract revenue. Flow-through costs on cost reimbursable contracts, typically consisting of materials, equipment or subcontractor services, are included as both contract revenue and contract costs.

Revenue from fixed price contracts is recognised using the percentage-of-completion method, measured by reference to physical completion or the ratio of costs incurred to total estimated contract costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion of the contract, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable. If a contract is expected to be loss-making, the expected amount of the loss is recognised immediately in the Income Statement.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. Variations are included in contract revenue when it is probable that the customer will approve the variation and the related adjustment to the contract price can be measured reliably. A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are included in contract revenue when negotiations with the customer have reached an advanced stage such that it is probable that the customer will accept the claim and the amount of the claim can be measured reliably.

Incentive payments are additional amounts payable to the contractor if specified performance standards are met or exceeded. Incentive payments are recognised when the contract is sufficiently far advanced that it is probable that the required performance standards will be met and the amount of the payment can be measured reliably.

The gross amounts due from customers included in debtors represent the costs incurred plus recognised profits, less provision for recognised losses and progress billings. Progress billings that have not been settled by customers (including retentions related to contracts in progress) are included in debtors where they are stated after allowance for any doubtful debts.

Payments on account in excess of the gross amounts due from customers are included in creditors and represent payments on account received from customers in excess of the amounts recoverable on contracts and advances. Advances are amounts received by the customer before the related work is performed.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. Accounting policies (continued)**

**1.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and equipment - mainly 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

**1.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## AMEC FOSTER WHEELER INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1. Accounting policies (continued)

##### 1.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

##### **Financial assets**

The Company classifies all of its financial assets as loans and receivables.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### **Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

##### **At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. Accounting policies (continued)**

**1.8 Foreign currency translation**

**Functional and presentation currency**

The Company's functional currency is United Arab Emirates Dirham. This differs from the presentational currency which is Sterling. The Company's results are translated from functional currency into the presentational currency using a monthly average exchange rate, and the net assets are translated at the closing exchange rate.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

**1.9 Finance costs**

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.10 Pensions**

Obligations for contributions to defined contribution pension plans are recognised in the profit and loss account as incurred.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. Accounting policies (continued)**

**1.11 Current and deferred taxation**

Income tax expense comprises the sum of the current tax charge and the movement in deferred tax.

Current tax payable or recoverable is based on taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or deductible.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. Separate provisions for interest and penalties are also recorded if appropriate. Movements in interest and penalty amounts in respect of tax provisions are not included in the tax charge, but are disclosed within profit/(loss) before income tax.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted to apply when the deferred tax asset is realised or the liability is settled.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The Directors believe the most significant areas of judgement and estimation arise from:

*Revenue recognition and long term contracts*

A significant amount of the Company's activities are undertaken via long-term contracts. Management bases its judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of incentive payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

Principally, there are two types of long-term contracts being cost reimbursable contracts and fixed price contracts. Due to the nature of these contracts the significant estimates tend to arise on fixed price contracts rather than cost reimbursable contracts.

*Determination of functional currency*

IAS 21 The Effects of Changes in Foreign Exchange Rates required an entity to determine its functional currency and measure its results and financial position in that currency. Functional currency is the currency of the primary economic environment in which the entity operates. IAS 21 lists indicators that may provide evidence of an entity's functional currency. Where these indicators are mixed and the functional currency is not obvious, judgement is required in determining the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

*Recoverability of intercompany receivables*

Determining whether any intercompany receivables are recoverable requires judgement concerning the counterparty's ability to settle these balances. Determining whether any intercompany receivables are recoverable requires judgements.

**3. Analysis of revenue**

Revenue principally relates to project management services within the Middle East.

**4. Auditor's remuneration**

Auditor's remuneration for the audit of the financial statements of £2,000 (2016: £2,000) was borne by another group company.

**5. Directors' remuneration**

None of the Directors received any remuneration in respect of their services to the Company during the current or preceding financial year.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. Operating loss**

The operating loss is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>187</b>	255
Loss on disposal of fixed assets	-	5
	<u><u>187</u></u>	<u><u>260</u></u>

**7. Impairment of amounts owed by group undertakings**

The impairment charge relates to a group loan owed by AMEC Growth Regions FZ LLC of £444,000 which is not considered to be recoverable (2016: £5,587,000).

**8. Employees**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>37,336</b>	48,207
Social security costs	12	15
Pension costs	<b>187</b>	606
	<u><u>37,535</u></u>	<u><u>48,828</u></u>

The average monthly number of employees, including the Directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Average monthly number of employees during the year including Directors	<b>483</b>	575
	<u><u>483</u></u>	<u><u>575</u></u>

**9. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Group interest payable	<b>177</b>	213
	<u><u>177</u></u>	<u><u>213</u></u>

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Tax on loss on ordinary activities**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax:</b>		
Current tax on loss for the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences:		
Current year	255	89
Prior year	(1,340)	35
Effect of changes in tax rates	47	6
<b>Total deferred tax</b>	<u>(1,038)</u>	<u>130</u>
<b>Taxation on loss on ordinary activities</b>	<u><u>(1,038)</u></u>	<u><u>130</u></u>

**Factors affecting tax credit/charge for the year**

The tax provision for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	<u>(4,598)</u>	<u>(9,393)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	(885)	(1,879)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	(1,340)	35
Expenses not deductible for tax purposes	202	1,447
Deferred tax rate difference	47	6
Group relief for nil consideration	938	521
<b>Total tax credit/(charge) for the year</b>	<u><u>(1,038)</u></u>	<u><u>130</u></u>

**Factors that may affect future tax charges/(credits)**

As at 31 December 2017 the reduction in the rate of corporation tax to 17% on 1 April 2020 had been substantively enacted. The reduction in the rate of corporation tax to 17% is forecast not to have a significant impact on future charges to the Income Statement.



**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. Tangible fixed assets**

	Office equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	804	455	1,259
Transfers intra group	-	(16)	(16)
Exchange adjustments	(79)	(38)	(117)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	725	401	1,126
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2017	428	400	828
Charge for the year on owned assets	152	35	187
Transfers intra group	-	(10)	(10)
Exchange adjustments	(53)	(36)	(89)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	527	389	916
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2017	198	12	210
	<hr/>	<hr/>	<hr/>
At 31 December 2016	376	55	431
	<hr/>	<hr/>	<hr/>

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. Debtors**

	2017 £000	2016 £000
<b>Due after more than one year</b>		
Trade debtors	115	-
Amounts owed by group undertakings	-	2,717
Deferred tax asset (note 15)	1,091	53
	<hr/>	<hr/>
	1,206	2,770
<b>Due within one year</b>		
Trade debtors	6,662	9,855
Amounts owed by group undertakings	1,037	1,347
Amounts owed by joint ventures and associated undertakings	214	2
Gross amounts due from customers	6,361	7,852
Prepayments and accrued income	882	1,763
	<hr/>	<hr/>
	16,362	23,589
	<hr/> <hr/>	<hr/> <hr/>

**13. Creditors: Amounts falling due within one year**

	2017 £000	2016 £000
Trade creditors	4,013	5,524
Amounts owed to group undertakings	1,840	1,602
Corporation tax	88	98
Other creditors	5,757	7,862
Accruals and deferred income	12,668	11,177
	<hr/>	<hr/>
	24,366	26,263
	<hr/> <hr/>	<hr/> <hr/>

**14. Creditors: Amounts falling due after more than one year**

	2017 £000	2016 £000
Amounts owed to group undertakings	6,131	-
	<hr/> <hr/>	<hr/> <hr/>

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. Deferred taxation**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2017	53	183
Credit/(charge) to the income statement	1,038	(130)
<b>At 31 December 2017</b>	<b>1,091</b>	<b>53</b>

The deferred tax asset is made up as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	164	53
Short term timing differences	927	-
	<b>1,091</b>	<b>53</b>

**16. Share capital**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised, allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	100	100

**17. Related party transactions**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by joint ventures	214	2
<b>Value of transactions in the year</b>		
Services rendered	127	4
Services received	15	15

These transactions and amounts owed by joint ventures are with FW Kentz Energy services and Amec FW Eng & Con-Shanghai. Services rendered consist of various legal and other charges to Amec Blackcat LLC.

Services received consist of an employee salary for three months and various visa and other charges recharged to Amec Foster Wheeler International Limited.

**AMEC FOSTER WHEELER INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**18. Contingent liabilities**

At 31 December 2017 the company was party to a cross-guarantee arrangements relating to a £400 million multi-currency revolving credit facility, a £611 million multi-currency term loan and a £650 million multi-currency term loan entered by Amec Foster Wheeler plc. The maximum exposure at 31 December 2016 of the group's potential liability was £1,361 million. This arrangement ceased during 2017.

**19. Controlling party**

The Company is a subsidiary undertaking of Amec Foster Wheeler Property and Overseas Investments Limited, which is incorporated in England and Wales.

On the 9 October 2017, Amec Foster Wheeler Limited (formerly Amec foster Wheeler plc) and its subsidiaries were acquired by John Wood Group PLC and as of that date the Directors consider the Company's ultimate parent company to be John Wood Group PLC, a company incorporated in Scotland.

The largest group in which the results of the Company were consolidated for the year ended 31 December 2017 was John Wood Group PLC, a company incorporated in Scotland.