

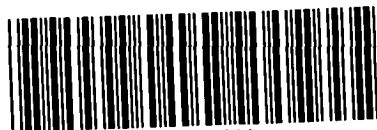
Registered number: 03203966

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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AMEC FOSTER WHEELER INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors AMEC Nominees Limited
MN Plant

Company secretary I A Jones

Registered number 03203966

Registered office Booths Park
Chelford Road
Cheshire
WA16 8QZ

Independent auditor KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditor's Report	6 - 8
Income Statement	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12 - 13
Notes to the Financial Statements	14 - 28

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors present their Strategic Report for the year ended 31 December 2018.

Principal activities and 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:

	2018 £000	2017 £000
Revenue	60,168	82,331
Operating loss	(1,147)	(3,977)
Operating margin %	(2)	(5)
Loss before tax	(1,461)	(4,598)

Revenue of £60,168,000 was 27% lower than 2017 (2017: £82,331,000) 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 £1,427,000 (2017: £1,793,000) from a fellow group company 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 £1,147,000 (2017: £3,977,000).

There was an impairment charge of £447,000 (2017: £444,000) related to amounts owed from group undertakings and net interest income of £133,000 (2017: net interest charge £177,000) resulting in a pre-tax loss for the year of £1,461,000 (2017: £4,598,000).

Principal risks and uncertainties

The principal 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.

Oil and gas price fluctuation

Demand for the Company's services is dependent upon the capital and operational plans of the oil and gas industry which may fluctuate in accordance with the market price of oil and gas. Further discussion on industry risks in the context of John Wood Group PLC ("the Group") as a whole is provided in the Group's annual report and accounts.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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: 12 December 2019

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £1,480,000 (2017 - loss £3,560,000).

The Directors do not recommend the payment of a dividend (2017: *£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 and Libya. No revenue was earned in Libya in the current or prior year. The Company closed its branch in Sharjah (United Arab Emirates) in July 2019.

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 2018

Employee involvement

The Company employed on average 445 people in 2017 (2017: 483). 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

As the company has net current liabilities and net liabilities, this creates a risk that the Company may not be able to meet its obligations as they fall due. As set out in note 1 to the financial statements, John Wood Group PLC has confirmed in writing to the Directors its present intention to provide financial support for at least twelve months from the date of these financial statements to enable the Company to continue its operations and meet its financial obligations. On this basis, the financial statements have been prepared on a going concern basis.

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.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after the circulation of these financial statements to the Company's shareholders or 28 days after the latest date allowed for sending out copies of these financial statements, whichever is earlier. The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



MN Plant
Director

Date: 12 December 2019

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 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statements of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as the recoverability of debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

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

Strategic Report and Director's Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.



David Derbyshire (Senior statutory auditor)

for and on behalf of

KPMG LLP

Aberdeen, UK

Date: 16 December 2019

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Revenue	3	60,168	82,331
Cost of sales		<u>(58,524)</u>	<u>(79,764)</u>
Gross profit		1,644	2,567
Administrative expenses		<u>(2,791)</u>	<u>(6,544)</u>
Operating loss	6	<u>(1,147)</u>	<u>(3,977)</u>
Impairment of amounts owed by group undertakings	7	(447)	(444)
Interest receivable and similar income	9	188	-
Interest payable and similar expenses	10	<u>(55)</u>	<u>(177)</u>
Loss before tax		<u>(1,461)</u>	<u>(4,598)</u>
Tax on loss	11	(19)	1,038
Loss for the financial year		<u><u>(1,480)</u></u>	<u><u>(3,560)</u></u>

All amounts relate to continuing operations.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000	2017 £000
Loss for the financial year	(1,480)	(3,560)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Currency translation differences	30	(352)
	<u>30</u>	<u>(352)</u>
Total comprehensive loss for the year	<u><u>(1,450)</u></u>	<u><u>(3,912)</u></u>

AMEC FOSTER WHEELER INTERNATIONAL LIMITED
REGISTERED NUMBER:03203966

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible Fixed Assets	12	3	210
		<u>3</u>	<u>210</u>
Current assets			
Debtors (including amounts falling due after more than one year of £1,072,000 (2017: £1,206,000))	13	19,005	16,362
Cash at bank and in hand		2,435	10,332
		<u>21,440</u>	<u>26,694</u>
Creditors: amounts falling due within one year	14	(26,486)	(24,366)
Net current (liabilities)/assets		<u>(5,046)</u>	<u>2,328</u>
Total assets less current liabilities		<u>(5,043)</u>	<u>2,538</u>
Creditors: amounts falling due after more than one year	15	-	(6,131)
Net liabilities		<u>(5,043)</u>	<u>(3,593)</u>
Capital and reserves			
Called up share capital	17	100	100
Retained loss		(5,143)	(3,693)
		<u>(5,043)</u>	<u>(3,593)</u>

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



MN Plant
 Director

Date: 12 December 2019

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £000	Retained loss £000	Total equity £000
At 1 January 2018	100	(3,693)	(3,593)
Comprehensive loss for the year			
Loss for the year	-	(1,480)	(1,480)
Currency translation differences	-	30	30
At 31 December 2018	100	(5,143)	(5,043)

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

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

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

The notes on pages 14 to 28 form part of these financial statements.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 potential impact of forthcoming changes in accounting standards
- 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

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.3 Going concern

Notwithstanding net current liabilities and net liabilities of £5,046,000 and £5,043,000 respectively as at 31 December 2018 and a loss for the year then ended of £1,480,000, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' report on pages 3 to 5. The Directors' have considered the Company's financial commitments for the next twelve months and have taken account of the present and future trading performance. These forecasts indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through financial support from its ultimate parent company, John Wood Group PLC, to meet its liabilities as they fall due for that period. Those forecasts are dependent on John Wood Group PLC providing future funding where required and not seeking repayment of the amounts currently due by the Company to John Wood Group PLC subsidiaries (including amounts owed through the group cash pool, which at 31 December 2018 amounted to £4,080,000, note 14). The Directors of John Wood Group PLC have indicated that it intends to provide further financial support and not seek repayment from the Company of amounts that may fall due during the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Revenue

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts.

The Company provides reimbursable engineering services to customers.

The Company's contracts with customers for the provision of reimbursable engineering services include distinct performance obligations based on the assessment that the service is capable of being distinct both individually and within the context of the contract. The Company concluded that the revenue from such services should be recognised over time given that the customer simultaneously receives and consumes the benefits provided by the Company.

Transition approach

The Company has adopted IFRS 15 using the cumulative effect method from 1 January 2018. Accordingly, the information presented for 2017 has not been restated. Adoption of IFRS 15 has had no impact on the Company's financial statements in the current financial year or as at 1 January 2018.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 the Income Statement 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
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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 2018

1. Accounting policies (continued)

1.7 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.

All foreign exchange gains and losses are presented in the Income Statement within 'administrative expenses'.

1.8 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.

1.9 Pensions

Obligations for contributions to defined contribution pension plans are recognised in the Income Statement as incurred.

1.10 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2018

1. Accounting policies (continued)

1.12 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 are explained below:

Financial assets

The company classifies all of its financial assets, except for cash and cash equivalents, 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 (eg 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.

The Company has adopted IFRS 9: Financial Instruments (IFRS 9) with a date of initial application of 1 January 2018 using the cumulative effect method, by recognising the cumulative effect by initially applying IFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. On transition to IFRS 9, comparative periods have not been restated and no restatement of the opening balance sheet at 1 January 2018 has been required.

Under IFRS 9, for trade and other receivables and other non-current assets, the Company applies a simplified approach in calculating Estimated Credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date, based on its historical credit loss experience.

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 transactions 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 2018**

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.

The Company's activities in the year related to reimbursable engineering services 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.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Analysis of revenue

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Project management services	57,401	81,958
Intercompany revenue	2,767	373
	<u>60,168</u>	<u>82,331</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	2,767	373
Middle East	57,401	81,958
	<u>60,168</u>	<u>82,331</u>

The Company's revenue is largely derived from the provision of services over time.

Revenue in 2018 is derived entirely from reimbursable contracts.

Contract assets and liabilities

	2018 £000	2017 £000
Trade debtors	7,287	6,662
Gross amounts due from customers	5,802	6,361
	<u>13,089</u>	<u>13,023</u>

The above table provides a summary of contract assets and liabilities arising from the Company's contracts with customers.

The contract asset balances include amounts the Company has invoiced to customers (trade debtors) as well as amounts where the Company has the right to receive consideration for work completed which has not been billed at the reporting date (gross amounts due from customers). Gross amounts due from customers are transferred to trade debtors when the rights become unconditional which usually occurs when the customer is invoiced.

4. Auditor's remuneration

Auditor's remuneration for the audit of the financial statements of £25,000 (2017: £2,000) was borne by another group company.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

6. Operating loss

The operating loss is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets	117	187
Impairment of amounts owed by group undertakings	447	444
Management services charge	1,427	1,793
Restructuring costs	1,147	3,977
	<u>1,738</u>	<u>6,398</u>

7. Impairment of amount owed by group undertakings

The impairment charge of £447,000 relates to a group loan owed by AMEC Growth Regions FZ LLC which is not considered to be recoverable (2017: £444,000).

8. Employees

	2018	2017
	£000	£000
Staff costs were as follows:		
Wages and salaries	46,878	37,336
Social security costs	9	12
Pension costs	93	187
	<u>46,980</u>	<u>37,535</u>

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

	2018	2017
	No.	No.
Average monthly number of employees during the year including Directors	445	483
	<u>445</u>	<u>483</u>

These employees do not have contracts of service with this Company as they are employees of Amec Global Resources Pte Limited. Staff related disclosures are provided in these financial statements to provide a true and fair view of the Company's affairs.

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Interest receivable

	2018	2017
	£000	£000
Interest receivable from group companies	188	-
	<hr/> <hr/>	<hr/> <hr/>

10. Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable to group companies	55	177
	<hr/> <hr/>	<hr/> <hr/>

11. Tax on loss on ordinary activities

	2018	2017
	£000	£000
Current tax:		
Current tax on loss for the year	-	-
Deferred tax		
Origination and reversal of timing differences:		
Current year	(21)	255
Prior year	37	(1,340)
Effect of changes in tax rates	3	47
Total deferred tax	<hr/> 19 <hr/>	<hr/> (1,038) <hr/>
Taxation on loss on ordinary activities	<hr/> 19 <hr/>	<hr/> (1,038) <hr/>

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Tax on loss on ordinary activities (continued)

Factors affecting tax charge/(credit) for the year

The tax provision for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018	2017
	£000	£000
Loss on ordinary activities before tax	<u>(1,461)</u>	<u>(4,598)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(278)	(885)
Effects of:		
Adjustments to tax charge in respect of prior periods	37	(1,340)
Expenses not deductible for tax purposes	106	202
Deferred tax rate difference	3	47
Group relief for nil consideration	176	938
Transfer pricing adjustments	(25)	-
Total tax charge/(credit) for the year	<u><u>19</u></u>	<u><u>(1,038)</u></u>

Factors that may affect future tax charges/(credits)

As at 31 December 2018 the reduction in the rate of corporation tax to 17% on 1 April 2020 had been 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 2018

12. Tangible fixed assets

	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation			
At 1 January 2018	725	401	1,126
Additions	138	5	143
Disposals	(876)	(409)	(1,285)
Exchange adjustments	13	6	19
At 31 December 2018	-	3	3
At 1 January 2018	527	389	916
Charge for the year on owned assets	106	11	117
Disposals	(643)	(406)	(1,049)
Exchange adjustments	10	6	16
At 31 December 2018	-	-	-
Net book value			
At 31 December 2018	-	3	3
At 31 December 2017	198	12	210

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Debtors

	2018	2017
	£000	£000
Due after more than one year		
Trade debtors	-	115
Deferred tax asset (note 16)	1,072	1,091
	<u>1,072</u>	<u>1,206</u>
Due within one year		
Trade debtors	7,287	6,662
Amounts owed by group undertakings	4,096	1,037
Amounts owed by joint ventures and associated undertakings	-	214
Prepayments and accrued income	748	882
Gross amounts due from customers	5,802	6,361
	<u>19,005</u>	<u>16,362</u>

14. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	4,086	4,013
Amounts owed to group undertakings	4,080	1,840
Corporation tax	94	88
Other taxation and social security	247	-
Other creditors	5,944	5,757
Accruals and deferred income	12,035	12,668
	<u>26,486</u>	<u>24,366</u>

15. Creditors: Amounts falling due after more than one year

	2018	2017
	£000	£000
Amounts owed to group undertakings	-	6,131
	<u>-</u>	<u>6,131</u>

AMEC FOSTER WHEELER INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Deferred taxation

	2018	2017
	£000	£000
At 1 January	1,091	53
(Debit)/Credit to the Income Statement	(19)	1,038
At 31 December	1,072	1,091

The deferred tax asset is made up as follows:

	2018	2017
	£000	£000
Accelerated capital allowances	216	164
Short term timing differences	856	927
	1,072	1,091

17. Share capital

	2018	2017
	£000	£000
Authorised, allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100	100

18. Related party transactions

	2018	2017
	£000	£000
Amounts owed by joint ventures	-	214
Value of transactions in the year		
Services rendered	149	127
Services received	62	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 2018**

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.

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 2018 was John Wood Group PLC, a company incorporated in Scotland.

20. Lease commitments

At 31 December 2018, the Company had operating lease commitments in respect of buildings of £0.8m within one year; £1.0m within 1 to 2 years; and £0.5m after more than two years.

An operating lease expense for property of £0.7m was charged in the year ended 31 December 2018.