

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

***Report of the directors for the year ended 31 December 2012***

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

**1 Statement of directors' responsibilities**

The directors are responsible for preparing the report of the directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent,
- 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 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.

**2 Business review and principal activities**

The principal activity of the company is the sourcing and provision of contract personnel services in support of contracts being performed by other group companies.

The result for the year was a profit before taxation of £559,681 (2011 £776,366) and turnover of £13,052,620 (2011 £14,972,065) as set out in the profit and loss account on page 4. The comparable results over the two years reflect the continued strong demand for agency staff in the mechanical engineering industry.

The directors do not recommend the payment of a dividend for the year (2011 £500,000).

***Future outlook***

The directors believe world demand for energy and chemicals, the main business sectors that are served by the company, will continue to grow over the medium to long term.

***Principal risks and uncertainties***

The management of the company's business is subject to a number of risks. The main risks affecting the company relate to the potential inability to attract and retain sufficient staff with the experience and qualifications necessary to meet the demands of our customers. These risks are reviewed by the directors and processes put in place to monitor and mitigate them.

***Key performance indicators (KPIs)***

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

*Report of the directors for the year ended 31 December 2012 (continued)*

**3 Directors**

The directors who held office during the year and up to the date of signing the financial statements, were as follows

L J Dupagne	(Resigned 1 May 2013)
ST Culshaw	
JA Stacey	
MR Collis	(Appointed 1 May 2013)

**4 Financial risk management**

The company's operations expose it to financial risks that include the effects of changes in credit risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The policies are set by the directors and incorporated into the company's procedures, the implementation of which is subject to compliance and internal audit review.

*Credit risk*

The company's policy is that the credit-worthiness of any prospective contractor, subcontractor or vendor engaging in an economic transaction with the company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract. The credit risk of financial institutions where cash and cash equivalents are held is reviewed on a regular basis. Deposits are generally short term in nature and are only placed with institutions with a credit rating of "A" or better as measured by Standard and Poors.

**5 Qualifying third party indemnity provisions**

During the course of the financial year and at the date of approval of the financial statements a qualifying third party indemnity provision was in place for the directors.

**6 Statement of disclosure to auditors**

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Shinfield Park,  
Reading,  
Berkshire RG2 9FW

M R Collis  
Director

04 June 2013

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

***Independent auditors' report to the members of Process Industries Agency Limited***

We have audited the financial statements of Process Industries Agency Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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.



John Maitland (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

Date 5 June 2013

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**PROCESS INDUSTRIES AGENCY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012*****Profit and loss account for the year ended 31 December 2012***

	Note	2012 £	2011 £
<b>Continuing operations</b>			
Turnover	2	13,052,620	14,972,065
Cost of sales		<u>(12,227,768)</u>	<u>(13,925,901)</u>
<b>Gross profit</b>		824,852	1,046,164
Administrative expenses		(281,816)	(281,015)
Other operating expenses		<u>(1,079)</u>	<u>(750)</u>
<b>Operating profit</b>	3	541,957	764,399
Interest receivable and similar income	6	<u>17,724</u>	<u>11,967</u>
<b>Profit on ordinary activities before taxation</b>		559,681	776,366
Tax on profit on ordinary activities	7	<u>(129,395)</u>	<u>(205,737)</u>
<b>Profit for the financial year</b>	12	<u><u>430,286</u></u>	<u><u>570,629</u></u>

The company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

## ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

## Balance sheet as at 31 December 2012

	Note	2012 £	£	2011 £	£
<b>Current assets</b>					
Debtors	9	1,677,511		1,492,362	
Cash at bank and in hand		<u>334,854</u>		<u>129,735</u>	
		2,012,365		1,622,097	
<b>Creditors - amounts falling due within one year</b>	10	<u>691,390</u>		<u>731,408</u>	
<b>Net assets</b>			<u>1,320,975</u>		<u>890,689</u>
<b>Capital and reserves</b>					
Called up share capital	11		5,000		5,000
Profit and loss account	12		<u>1,315,975</u>		<u>885,689</u>
<b>Total shareholders' funds</b>	13		<u>1,320,975</u>		<u>890,689</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 04 June 2013 and signed on its behalf by



M R Collis  
Director

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012****Notes to the financial statements for the year ended 31 December 2012****1 Accounting policies**

These financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The following are the main accounting policies of the company, which have been applied consistently.

**a) Historical cost convention**

These financial statements have been prepared under the historical cost convention.

**b) Turnover**

Turnover, which excludes value added tax, represents the sales value of contract personnel services provided to clients. Turnover is recognised on the delivery of the service.

**c) Foreign currencies**

Transactions in foreign currencies are translated into sterling at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The exchange differences arising are included in the profit and loss account in the period in which they arise.

**d) Cash flow statement**

The company is a wholly owned subsidiary of Foster Wheeler AG (note 14), a company incorporated in Switzerland, and is included within the consolidated financial statements of this company which are publicly available. Consequently, the company is exempt under the terms of FRS 1 (revised 1996) 'Cash Flow Statements', from publishing a cash flow statement.

**e) Transactions with group companies**

In accordance with the exemption available under FRS 8 'Related Party Disclosures', transactions with other wholly owned group undertakings within the Foster Wheeler AG group have not been disclosed in these financial statements.

**2. Turnover**

Turnover arose entirely from the provision of agency staff, which all originated in the United Kingdom. The geographical analysis of turnover by destination is as follows:

	2012 £	2011 £
United Kingdom	<u>13,052,620</u>	<u>14,972,065</u>

**3 Operating profit**

	2012 £	2011 £
Operating profit is stated after charging		
Auditors' remuneration for audit services	<u>1,000</u>	<u>1,000</u>



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**PROCESS INDUSTRIES AGENCY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

*Notes to the financial statements for the year ended 31 December 2012 (continued)*

**4 Directors' emoluments**

The directors received emoluments from Foster Wheeler Energy Limited, another group company, and their emoluments are included in the financial statements of that company, which makes no recharge to Process Industries Agency Limited. The directors, with the exception of J A Stacey, are directors of Foster Wheeler Energy Limited and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

**5. Employee information**

The average monthly number of persons, including executive directors on service contracts, employed by the company during the year was as follows

	2012 Number	2011 Number
<b>By activity</b>		
Technical	45	49
Non-technical	7	14
	<u>52</u>	<u>63</u>

Employment costs for the company were as follows

	2012 £	2011 £
Wages and salaries	2,086,279	2,706,694
Social security costs	<u>243,933</u>	<u>312,052</u>
	<u>2,330,212</u>	<u>3,018,746</u>

**6 Interest receivable and similar income**

	2012 £	2011 £
Bank interest	380	1,121
Group companies	<u>17,344</u>	<u>10,846</u>
	<u>17,724</u>	<u>11,967</u>

Interest is charged on intercompany loans at rates with suitable margins above the Bank of England base rate or equivalent rate in other currencies or at suitable margins above LIBOR

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**PROCESS INDUSTRIES AGENCY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012***Notes to the financial statements for the year ended 31 December 2012 (continued)***7 Taxation on profit on ordinary activities**

	2012 £	2011 £
UK corporation tax at 24.5% (2011: 26.5%)		
Current year tax charge	137,122	205,737
Over provision in respect of prior years	<u>(7,727)</u>	<u>-</u>
Total tax charge on profit on ordinary activities	<u>129,395</u>	<u>205,737</u>

The tax assessed for the year is lower than (2011: the same as) the standard 24.5% rate of corporation tax in the UK (2011: 26.5%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before taxation	559,681	776,366
Profit on ordinary activities multiplied by standard rate of corporation tax in UK - 24.5% (2011: 26.5%)	137,122	205,737
Effects of: Over provision in respect of prior years	<u>(7,727)</u>	<u>-</u>
Total current tax charge	<u>129,395</u>	<u>205,737</u>

There is no recognised or unrecognised deferred tax asset/liability at 31 December 2012 (2011: £nil).

**8 Dividends**

	2012 £	2011 £
Equity dividends		
Ordinary shares - interim paid £nil (2011: £100) per £1 share	<u>-</u>	<u>500,000</u>

**9 Debtors**

	2012 £	2011 £
Amounts owed by group undertakings	1,500,541	1,387,358
Other debtors	173,427	105,004
Prepayments and accrued income	<u>3,543</u>	<u>-</u>
	<u>1,677,511</u>	<u>1,492,362</u>

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are unsecured and repayable on demand.

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**PROCESS INDUSTRIES AGENCY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012***Notes to the financial statements for the year ended 31 December 2012 (continued)***10 Creditors - amounts falling due within one year**

	2012 £	2011 £
Trade creditors	4,251	-
Amounts owed to group undertakings	163,184	458,010
Other taxes and social security costs	48,717	16,949
Accruals and deferred income	<u>475,238</u>	<u>256,449</u>
	<u>691,390</u>	<u>731,408</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand

**11 Called up share capital**

	2012 £	2011 £
Authorised, allotted, called up and fully paid		
5,000 ordinary £1 shares (2011 5,000 shares)	<u>5,000</u>	<u>5,000</u>

**12 Profit and loss account**

	£
At 1 January 2012	885,689
Profit for the financial year	<u>430,286</u>
At 31 December 2012	<u>1,315,975</u>

**13 Reconciliation of movements in shareholders' funds**

	2012 £	2011 £
Profit for the financial year	430,286	570,629
Dividends (note 8)	<u>-</u>	<u>(500,000)</u>
Net increase in shareholders' funds	430,286	70,629
Opening shareholders' funds	<u>890,689</u>	<u>820,060</u>
Closing shareholders' funds	<u>1,320,975</u>	<u>890,689</u>

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

*Notes to the financial statements for the year ended 31 December 2012 (continued)*

**14. Immediate and ultimate parent companies and controlling party**

The immediate parent company and parent of the smallest group of which the company is a member and for which group financial statements are prepared is Foster Wheeler Limited, which is incorporated in the United Kingdom. Copies of the group financial statements of Foster Wheeler Limited may be obtained from Shinfield Park, Reading, Berkshire RG2 9FW.

The ultimate parent company and controlling party is Foster Wheeler AG, which is incorporated in Switzerland and is the largest company into which these financial statements are consolidated. Copies of the consolidated financial statements of Foster Wheeler AG may be obtained from c/o Baer & Karrer AG, Baarerstrasse 8, 6301 Zug, Switzerland.