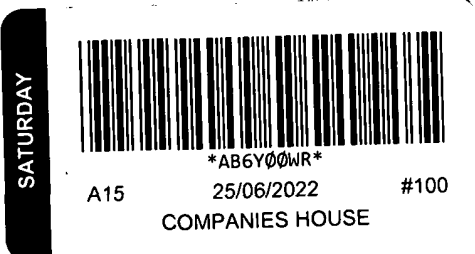


Registration number: 02190074

Wood Environment & Infrastructure Solutions UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Wood Environment & Infrastructure Solutions UK Limited
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Wood Environment & Infrastructure Solutions UK Limited Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

The company is a supplier of environmental and engineering consultancy services primarily in the UK.

Fair review of the business

Revenue has decreased by 25% to £51,015,000 (2019: £67,940,000). The company continued to serve a diverse range of sectors, with a broad based, multi-disciplinary environmental and engineering consultancy offering.

On 1 October 2020 the company sold its trade and assets to a fellow group undertaking, Wood Group UK Limited, recognising consideration of £28,397,000 including a profit on disposal of trade and assets of £10,910,000. Further details of the disposal are detailed in note 21 to the financial statements.

Post year end, the board reached a decision to hive the trade and assets of the company back into this legal entity from a fellow group undertaking, Wood Group UK Limited.

Subsequently, John Wood Group Plc signed an agreement for the sale of its Built Environment consulting business ("Built Environment Consulting") to WSP Global Inc. The company is part of Built Environment Consulting and therefore will be part of that transaction. The transaction is subject to various conditions, including Wood shareholder approval and certain regulatory approvals and completion is expected in the second half of 2022.

The profit for the year, after taxation, amounted to £15,128,000 (2019: £494,000).

Environmental matters

Wood is committed to the highest of standards of health, safety, environmental and security management ("HSSE"). Our aim is to comply with all applicable legislation and relevant industry standards. In the absence of regulatory controls we set our own internal standards.

Our HS&E policy defines our commitment to:

- Protecting the health and safety of our employees and others who may be affected by our business activities;
- Reducing the environmental impact of operations under our control or direct influence; and
- Continually improving our health, safety and environmental performance.

Our goal is to sustain an incident free work environment, as we believe that all incidents are preventable.

Every person working for the company is responsible and accountable for working in a manner consistent with this goal. To achieve this we:

- Create a positive HS&E culture;
- Encourage and support positive intervention;
- Understand and manage HS&E risks;
- Implement an effective HS&E Management System;
- Manage HS&E performance; and
- Integrate HS&E into business planning

Our aim is to comply with all applicable legislation and relevant industry standards. In the absence of such regulatory controls we set standards consistent with this policy.

Wood Environment & Infrastructure Solutions UK Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

We are a socially responsible employer. We work with our customers, contractors, partners and suppliers to improve the efficiency of our operations by conserving resources, reducing waste and emission, and preventing environmental pollution.

We seek sustainable solutions to business needs, balancing environmental, social and economic considerations by engaging with employees, customers, partners, contractors, suppliers and communities where we work.

We have a Safety, Assurance and Business Ethics (SABE) committee that is responsible for providing governance in relation to group-wide and business specific HSSE performance, risk management, assurance and business ethics. The primary focus of the committee is to ensure that HSSE and Business Ethics risks are understood, managed and that our supporting systems and assurance activities are suitable, adequate and effective.

Refer to the John Wood Group PLC 2020 Annual Report and Financial Statements for further details, including activities in 2020.

Company employees

Wood is committed to attracting, retaining, developing and mobilising the right people to the right place at the right cost. We aim to create an environment where people choose to stay with us for the long-term by having excellent leaders, high engagement and development opportunities, supported by fair and competitive remuneration. Our success depends entirely on the strength of our people, their skillset and values. Our ability to identify, promote and mobilise our people is important to the long-term health of the organisation.

Wood aims to achieve a competitive advantage through our workforce planning model, connecting the business strategy with our people strategy, ensuring maximum utilisation and mobility of company talent. We attract and select the best people by ensuring our global and regional resourcing strategies deliver an efficient and cost effective service to our stakeholders.

We provide meaningful performance-based recognition programmes to drive organisational results, recognise high performance among employees and value employee contributions.

The company endorses and supports the principles of equal employment opportunity. To ensure these are adhered to, the People and Organisation department has set down a number of policies, including:

- equal employment opportunities to all qualified individuals;
- disabled persons receive full and fair consideration for employment and subsequent training, career development and promotion on the basis of their attitudes and abilities; and
- all employment decisions are made on a non-discriminatory basis.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Demand for the company's services is dependent, among other things, upon the capital and operational expenditure plans of the environment and infrastructure industries and fluctuations in expenditure.

As described above, during the year, the company sold its trade and assets to fellow group undertaking, Wood Group UK Limited.

Details of the company's financial risk management objectives and policies are included in note 22 to the accounts.

Wood Environment & Infrastructure Solutions UK Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

Section 172(1) statement

a) The likely consequences of any decisions in the long term;

The company is engaged in the supply of environmental and engineering consultancy services primarily in the UK.

The company consistently considers the long term impact of its decisions as can be noted from the following examples:

- Client feedback helps us to continually improve our performance. The insight from client engagement helps to inform company operational, business development and long-term strategic direction;
- Our clearly defined purpose and strategy, underpinned by our culture, is fundamental to sustaining value over the longer-term; and
- Our robust risk governance and operations assurance policies and processes ensure the long term sustainability for all our stakeholders.

b) The interest of the company's employees;

Our employees are fundamental to the delivery of the company's services and therefore to the long-term success of the business. It is important to develop our employees and keep them engaged and motivated. We engage with our workforce so that we can understand and address areas where we need to improve to ensure we deliver rewarding careers and retain our talented people.

Wood Group's leadership plays an important role in establishing and promoting the company's values and culture.

Wood Group has an all employee global survey to ask what we do well and what could be done better.

Wood Group has established a Listening Group Network (LGN) with meetings, attended by non-executive directors and members of the Executive Leadership Team (ELT), held throughout the year.

c) The need to foster the company's business relationships with suppliers, clients and others;

As a wholly owned subsidiary within John Wood Group plc, the company benefits from the Group's approach on client service, supplier service and service towards other stakeholders.

Clients

On the client side the company's long-term success is underpinned by our clients and the delivery of predictable project outcomes that are aligned to our clients' requirements. To deliver a great service, we listen to our clients to make sure we are leveraging our scale, global reach and technical depth.

How we engage

Client engagements are managed through our structured Client Management Framework (CMF) by dedicated account managers with specific account planning and objectives.

Areas of engagement and outcomes

Client feedback helps us to continually improve our performance. The insight from client engagement helps to inform company operational, business development and long-term strategic direction.

Wood Environment & Infrastructure Solutions UK Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Suppliers

Our suppliers are fundamental to our ability to deliver services to our clients safely, on time, within budget and to the quality standards we and our clients expect.

How we engage

Relationships with suppliers are developed at all levels within the organisation through daily business activities and regular meetings, however we engage in Supplier Relationship Management (SRM) with our strategic suppliers.

Areas of engagement and outcomes

Wood Group takes our relationships with our suppliers seriously. We review a number of KPIs/performance measures (e.g. HSSE incidents, quality, delivery, spend) as well as utilising due diligence to identify risks and work with our suppliers to close any gaps. We discuss matters including performance issues, training and innovations and upcoming projects to help us align business goals. In 2020, our environmental incident reporting system will include additional fields to gather information on equipment failure to allow issues to be addressed with suppliers.

Lenders

The company does not have lenders.

d) The impact of the company's operations on the environment and the community;

Environment

Further information on our environmental performance and ongoing strategy is contained in the Wood Group's annual sustainability report which is available at: woodplc.com/sustainability.

Managing, protecting and enhancing our environment is imperative to the sustainability of our business and the standards we set and help shape the performance, profitability and the reputation of the Company.

How we engage

Wood Group has an integrated HSSEA management system which provides the framework for how we manage environmental risks and how we align our business to ISO14001:2015.

Areas of engagement and outcomes

Wood Group engage with regulators throughout the jurisdictions we operate in to ensure a close working relationship on our projects related to operational permits and licences, greenhouse gas emissions, discharges and waste management. Engagement ensures best practice and learning is shared and embedded into the projects we undertake.

Community

Our activities put us at the heart of local communities and we recognise that by actively supporting our local communities we:

- Develop closer ties based on mutual respect, trust and understanding;
- Bring long-term sustainability to the locations where we do business; and
- Form lasting relationships with local communities.

How we engage

We have taken a three-tiered approach to community engagement:

Wood Environment & Infrastructure Solutions UK Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

- (1) Supporting employee personal choice charities;
- (2) Uniting Wood Group's business behind one global cause that demonstrates we are stronger together; and
- (3) Volunteering to support our communities at a local level.

Areas of engagement and outcomes

We recognise that our employees are best placed to understand the needs of the communities we operate in and we support their volunteering efforts to benefit local communities.

e) The desirability of the company maintaining a reputation for high standards of business conduct;

Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2020.

Leaders across the organisation play a key role in delivering Wood's Ethics & Compliance (E&C) programme by emphasising ethical behaviour to our workforce and embedding Wood's E&C policies and procedures into our operations. In 2020, operational leaders across the business sponsored campaigns to raise awareness of behavioural expectations.

The importance of doing the right thing is reinforced in Wood Group's Code of Conduct which sets clear expectations for ethical business practices and guides employees how to respond if faced with ethical decisions. It also provides several "speak up resources" and encourages employees to report anything they feel does not reflect Wood Group's values, policies or the law. A number of E&C training and communication initiatives, including leadership webinars and face to face engagement sessions, both for targeted populations and the wider workforce, were used to further embed key concepts from the Code of Conduct, the importance of speaking up and Wood's zero-tolerance policy on retaliation.

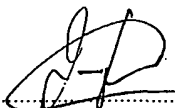
Compliance with the Code of Conduct and supporting policies and procedures is mandatory for all directors, officers and employees as well as contractors, consultants, representatives, intermediaries and agents retained by Wood. Any reports of non-compliance are investigated and appropriate action taken, up to and including termination of the business relationship.

f) The need to act fairly as between members of the company;

The company has only one shareholder, Amec Foster Wheeler Limited. The ultimate parent company is John Wood Group PLC.

Refer to the John Wood Group PLC 2020 Annual Report and Financial Statements for details of how the Group act fairly between members of the company.

Approved by the Board on 22 June 2022 and signed on its behalf by:



.....
IA Jones
Company secretary

Wood Environment & Infrastructure Solutions UK Limited
Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors

The directors, who held office during the year and up to the date of signing this report, were as follows:

D Barrow

RP Brown (resigned 2 August 2021)

SI Cromie

KH Sherrill

ARG Shields (resigned 3 December 2021)

The following director was appointed after the year end:

CE Humphries (appointed 7 April 2022)

Results and dividends

The profit for the year, after taxation, amounted to £15,128,000 (2019: £494,000).

During the year, the company declared a dividend of £28,397,000 (2019: £nil) to Amec Foster Wheeler Limited in settlement of the intercompany promissory note of the same value arising from the sale of trade and assets to Wood Group UK Limited. The intercompany promissory note was assigned from Wood Group UK Limited to Amec Foster Wheeler Limited.

Future developments

The directors do not anticipate any significant changes to the company in the short to medium term.

Engagement with employees, suppliers, customers and others

Relationships with stakeholders are of strategic importance to the company and these matters are therefore dealt with in the strategic report (under section 172 obligations).

Research and development

Research and development expenditure is written off in the year in which it is incurred unless it meets the capitalisation criteria under IAS 38, in which case, it may be capitalised.

Wood Environment & Infrastructure Solutions UK Limited
Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements. These forecasts reflect the continuing impact of the global COVID-19 pandemic and the ongoing impact on the sector of the Russia/Ukraine conflict together with associated inflationary and wider economic challenges. In particular these events continue to cause significant volatility in oil prices, due to changing commodity demand, which in turn can impact the scope and timing of activity by certain of the company's customers.

The company's forecasts indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, John Wood Group PLC, to meet its liabilities as they fall due for that period. Reasonably possible downsides comprise reduced revenues and consideration of the inflationary climate and wider macro economic issues on the cost base.

Those forecasts are dependent on John Wood Group PLC not seeking repayment of the amounts currently due to the Group, which at 31 December 2020 amounted to amounts due of £2,511,000 and, if required, providing additional financial support during that period. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for 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.

As set out in note 20, the company is party to a cross guarantee arrangement relating to the bank borrowings of John Wood Group PLC. The directors have made enquiries of the financial position of John Wood Group PLC to satisfy themselves that this cross guarantee is not forecast to be called upon during the next twelve months.

Wood Environment & Infrastructure Solutions UK Limited
Directors' Report for the Year Ended 31 December 2020 (continued)

As announced to the market on 1 June 2022, John Wood Group Plc signed an agreement for the sale of its Built Environment consulting business ("Built Environment Consulting") to WSP Global Inc. ("WSP"). The company is part of Built Environment Consulting and therefore will be part of that transaction. The transaction is subject to various conditions, including Wood shareholder approval and certain regulatory approvals and completion is expected in the second half of 2022.

During the period ended 31 Dec 2020, the trade and assets of the legal entity were transferred to a fellow group undertaking as part of a group corporate simplification exercise. However, post year end, to facilitate the disposal transaction, the trade and assets of the business have been transferred back to this legal entity and current plans are for the legal entity together with its underlying business to be transferred to the new owner on completion.

It is the directors expectation that WSP plans to acquire the company as a going concern and this assumption has been factored into its cashflow forecasts. The directors have also assumed that the parental financial support noted above as being committed by John Wood Group Plc, will remain in place from the new shareholder. However, the directors acknowledge that this situation brings with it a degree of inherent uncertainty given the change in ownership and the potential for post deal corporate restructuring.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013, a strategic report and the company's results, activities, objectives, policies and risks has been included on page 1 and 5 of the financial statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Wood Environment & Infrastructure Solutions UK Limited
Directors' Report for the Year Ended 31 December 2020 (continued)

Reappointment of 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.

Approved by the Board on 22 June 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'IA Jones', written over a horizontal dotted line.

IA Jones
Company secretary

Wood Environment & Infrastructure Solutions UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework ('FRS 101').

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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.

Wood Environment & Infrastructure Solutions UK Limited
Independent Auditor's Report to the Members of Wood Environment & Infrastructure
Solutions UK Limited

Opinion

We have audited the financial statements of Wood Environment & Infrastructure Solutions UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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.

Material uncertainty related to going concern

We draw attention to note 25 to the financial statements which indicates that the legal entity together with its trade and assets is being acquired from the current ultimate parent as part of a wider disposal of non core subsidiaries post year-end. The ability of the entity to remain as a going concern will depend on the intention of the new owner.

These events and conditions, along with the other matters explained in note 25, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

Wood Environment & Infrastructure Solutions UK Limited
Independent Auditor's Report to the Members of Wood Environment & Infrastructure
Solutions UK Limited (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the non-complex, short-term and low-value nature of revenue contracts and the limited pressure from stakeholders to achieve specific revenue-linked targets.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted by senior finance management, entries related to significant unusual transactions and cash and revenue entries posted to unrelated accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Wood Environment & Infrastructure Solutions UK Limited
Independent Auditor's Report to the Members of Wood Environment & Infrastructure
Solutions UK Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover that report 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 that report for the financial year is consistent with the financial statements; and
- in our opinion the directors' report has been prepared in accordance with the Companies Act 2006.

Wood Environment & Infrastructure Solutions UK Limited
Independent Auditor's Report to the Members of Wood Environment & Infrastructure
Solutions UK Limited (continued)

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 10, 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.

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 Mitchell (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Quayside House
Broad Street
Newcastle upon Tyne
NE1 3DX

Date: 24 June 2022.....

Wood Environment & Infrastructure Solutions UK Limited
Income Statement for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4	51,015	67,940
Cost of sales		<u>(44,206)</u>	<u>(63,478)</u>
Gross profit		6,809	4,462
Administrative expenses		(3,178)	(3,798)
Other operating income	8	998	-
Gain on disposal of trade and assets		<u>10,910</u>	<u>-</u>
Operating profit	5	15,539	664
Finance income	6	176	139
Finance expense	7	<u>(186)</u>	<u>(302)</u>
Profit before tax		15,529	501
Taxation	11	<u>(401)</u>	<u>(7)</u>
Profit for the year		<u><u>15,128</u></u>	<u><u>494</u></u>

The notes on pages 20 to 42 form an integral part of these financial statements.

Wood Environment & Infrastructure Solutions UK Limited
Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £ 000	2019 £ 000
Profit for the year	<u>15,128</u>	<u>494</u>
Items that may be reclassified subsequently to profit or loss		
Unrealised gain/(loss) on cash flow hedges before tax	-	149
Income tax effect	<u>-</u>	<u>(25)</u>
	<u>-</u>	<u>124</u>
Total comprehensive income for the year	<u><u>15,128</u></u>	<u><u>618</u></u>

The notes on pages 20 to 42 form an integral part of these financial statements.

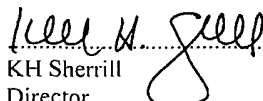
Wood Environment & Infrastructure Solutions UK Limited
(Registration number: 02190074)
Balance Sheet as at 31 December 2020

	Note	31 December 2020 £ 000	31 December 2019 £ 000
Assets			
Non-current assets			
Property, plant and equipment	12	-	556
Right of use assets	13	-	5,364
Intangible assets	14	-	56
Deferred tax assets	11	-	299
Trade and other receivables	15	-	17,449
		<u>-</u>	<u>23,724</u>
Current assets			
Trade and other receivables	15	26,466	21,037
Cash and cash equivalents		-	9,403
		<u>26,466</u>	<u>30,440</u>
Total assets		<u>26,466</u>	<u>54,164</u>
Equity and liabilities			
Equity			
Called up share capital	23	-	13,775
Profit and loss account		19,428	18,883
		<u>19,428</u>	<u>32,658</u>
Non-current liabilities			
Non current lease liability	17	-	4,949
Provisions	18	-	294
		<u>-</u>	<u>5,243</u>
Current liabilities			
Current lease liability	17	-	1,055
Trade and other payables	19	7,029	15,208
Loans and borrowings	16	9	-
		<u>7,038</u>	<u>16,263</u>
Total liabilities		<u>7,038</u>	<u>21,506</u>
Total equity and liabilities		<u>26,466</u>	<u>54,164</u>

The notes on pages 20 to 42 form an integral part of these financial statements.

Wood Environment & Infrastructure Solutions UK Limited
(Registration number: 02190074)
Balance Sheet as at 31 December 2020 (continued)

Approved by the Board on 22 June 2022 and signed on its behalf by:


KH Sherrill
Director

The notes on pages 20 to 42 form an integral part of these financial statements.

Wood Environment & Infrastructure Solutions UK Limited
Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	13,775	18,883	32,658
Profit for the year	-	15,128	15,128
Total comprehensive income	-	15,128	15,128
Capital reduction	(13,775)	13,775	-
Dividends	-	(28,397)	(28,397)
Share based payment transactions	-	39	39
At 31 December 2020	-	19,428	19,428

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	13,775	18,220	31,995
Adjustment on initial application of IFRS 16	-	(5)	(5)
At 1 January 2019 (As restated)	13,775	18,215	31,990
Profit for the year	-	494	494
Other comprehensive income	-	124	124
Total comprehensive loss	-	618	618
Share based payment transactions	-	50	50
At 31 December 2019	13,775	18,883	32,658

The notes on pages 20 to 42 form an integral part of these financial statements.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales .

The address of its registered office is:

Booths Park
Chelford Road
Knutsford
Cheshire
WA16 8QZ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through the income statement, and in accordance with the Companies Act 2006.

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements. These forecasts reflect the continuing impact of the global COVID-19 pandemic and the ongoing impact on the sector of the Russia/Ukraine conflict together with associated inflationary and wider economic challenges. In particular these events continue to cause significant volatility in oil prices, due to changing commodity demand, which in turn can impact the scope and timing of activity by certain of the company's customers.

The company's forecasts indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, John Wood Group PLC, to meet its liabilities as they fall due for that period. Reasonably possible downsides comprise reduced revenues and consideration of the inflationary climate and wider macro economic issues on the cost base.

Those forecasts are dependent on John Wood Group PLC not seeking repayment of the amounts currently due to the Group, which at 31 December 2020 amounted to amounts due of £2,511,000 and, if required, providing additional financial support during that period. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for 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.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

As set out in note 20, the company is party to a cross guarantee arrangement relating to the bank borrowings of John Wood Group PLC. The directors have made enquiries of the financial position of John Wood Group PLC to satisfy themselves that this cross guarantee is not forecast to be called upon during the next twelve months.

As announced to the market on 1 June 2022, John Wood Group Plc signed an agreement for the sale of its Built Environment consulting business ("Built Environment Consulting") to WSP Global Inc ("WSP"). The company is part of Built Environment Consulting and therefore will be part of that transaction. The transaction is subject to various conditions, including Wood shareholder approval and certain regulatory approvals and completion is expected in the second half of 2022.

During the period ended 31 Dec 2020, the trade and assets of the legal entity were transferred to a fellow group undertaking as part of a group corporate simplification exercise. However, post year end, to facilitate the disposal transaction, the trade and assets of the business have been transferred back to this legal entity and current plans are for the legal entity together with its underlying business to be transferred to the new owner on completion.

It is the directors expectation that WSP plans to acquire the company as a going concern and this assumption has been factored into its cashflow forecasts. The directors have also assumed that the parental financial support noted above as being committed to by John Wood Group Plc, will remain in place from the new shareholder. However, the directors acknowledge that this situation brings with it a degree of inherent uncertainty given the change in ownership and the potential for post deal corporate restructuring.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information requirements in respect of paragraphs 79(a)(iv) of IAS 1, 73(e) of IAS 16, 'Property, plant and equipment' and 118(e) of IAS 38, 'Intangible assets'.
- Paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136 of IAS 1, 'Presentation of financial statements'.
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- Paragraphs 17 and 18A of IAS 24, 'Related party disclosures', to disclose key management compensation.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

Revenue recognition

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 recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and related revenue recognition policies.

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price contracts

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time, according to the stage of completion reached in the contract, by measuring the proportion of costs incurred for work performed to total estimated costs.

Revenue in respect of variations is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not yet been agreed, then revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur.

A claim is an amount that the contractor seeks to collect from the customer as a 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 also a source of variable consideration and are included in contract revenue only to the extent that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any material revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

The company's payment terms state that all invoices are generally payable within 30 days.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Government grants

The company recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and that the grant will be received. If the conditions are met, then the company recognises government grants as a credit in profit or loss in line with its recognition of the expenses that the grants are intended to compensate,

Finance income and costs policy

Interest income and expense is recorded in the same income statement in the period to which it relates. IFRS 16 lease liabilities is included in finance expense.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the relevant functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The company's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

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. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes. The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

Property, plant and equipment

Property, plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation

Depreciation is calculated over the following estimated useful lives of assets:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line over the 10 year term
Fixtures and fittings	Straight line 4 to 15 years

When estimating the useful life of an asset group, the principal factors the company takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the company's policy with respect to the right of use assets.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the company acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Amortisation

Intangible assets are amortised over their estimated useful lives, as follows:

Asset class	Amortisation method and rate
Software	Straight line 1-3 years

Impairment

The company performs impairment reviews in respect of PP&E and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount. Impairment losses are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The company presents balances that are part of a pooling arrangement on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

The company recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a profitability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the company has no reasonable expectation of recovering a financial asset in its entirety or a proportion thereof. For individual customers, the company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised where the company is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The company has taken internal and external advice in considering known and reasonably likely legal claims made by or against the company. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the company on the basis of likely outcome, but no provisions are made for those which, in the view of management, are unlikely to succeed.

See note 18 for further details.

Possible but not probable liabilities are disclosed as contingent liabilities in note 20.

Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control or use an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019. The company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate ("IBR") and is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

The company has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Share capital

The company has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

Defined contribution pension obligation

The company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

Defined benefit pension obligation

The company is part of a group defined benefit scheme, but is unable to separately identify its share of assets and liabilities or any details about the surplus or deficit in the scheme and the implications of that surplus or deficit for the company. Details of the disclosures required under IAS 19 'Employee Benefits' can be found in the accounts of Amec Foster Wheeler Group Limited. Contributions are charged to the income statement in the year in which they are incurred.

Share based payments

Where John Wood Group PLC grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of John Wood Group PLC, the company also accounts for these share-based payments as equity settled.

Research and development government credits

The company claims research and development government credits. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

Rounding of amounts

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Company management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities.

a) Revenue recognition on fixed and long-term contracts (estimate)

The company has certain fixed price long term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. Contract revenues are affected by uncertainties that depend on the outcome of future events.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

b) Lease liability (judgement)

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate);
- Otherwise the company considers other factors including historical lease durations, the costs and business disruption to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonably certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the company's incremental borrowing rate ("IBR") is used. The IBR is obtained from various external financing sources and makes adjustments to reflect the terms of the lease and the type of asset leased.

4 Revenue

The analysis of the company's revenue for the year is as follows:

	2020	2019
	£ 000	£ 000
Environmental and engineering consultancy	<u>51,015</u>	<u>67,940</u>

Revenue comprised £29m (2019: £54m) from reimbursable contracts and £22m (2019: £14m) from lump sum contracts. Revenue is measured based on the consideration specified in customer contracts.

The analysis of the company's revenue for the year by market is as follows:

	2020	2019
	£ 000	£ 000
UK	46,509	63,745
Europe	2,731	3,008
Rest of world	<u>1,775</u>	<u>1,187</u>
	<u>51,015</u>	<u>67,940</u>

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Revenue (continued)

Contract assets and liabilities

	31 December 2020 £ 000	31 December 2019 £ 000
Contract assets	7,839	17,597
Contract liabilities	<u>(1,220)</u>	<u>(2,739)</u>
Net contract assets	<u>6,619</u>	<u>14,858</u>

The contract asset balances include amounts the company has invoiced to customers (trade receivables) 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 receivables when the rights become unconditional which usually occurs when the customer is invoiced. Gross amounts due to customers primarily relates to advance consideration received from customers, for which revenue is recognised over time.

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the company balance sheet. Gross amounts due to customers is included within the 'Trade and other payables' heading in the company balance sheet.

5 Operating profit

Arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
Depreciation of property, plant and equipment	91	111
Depreciation of right of use assets	837	1,380
Amortisation expense	51	135
Research and development government credits	(121)	(30)
Foreign exchange (gains)/losses	(35)	136
Profit on disposal of right of use assets	<u>-</u>	<u>(395)</u>

6 Finance income

	2020 £ 000	2019 £ 000
Other finance income	-	61
Interest received from group undertakings	<u>176</u>	<u>78</u>
	<u>176</u>	<u>139</u>

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Finance expense

	2020	2019
	£ 000	£ 000
Other finance costs	5	-
IFRS 16 interest	181	302
	<u>186</u>	<u>302</u>

8 Staff costs

The aggregate payroll costs were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	25,032	30,530
Social security costs	2,203	3,420
Pension costs, defined contribution scheme	1,787	2,411
Share-based payment expenses	39	50
	<u>29,061</u>	<u>36,411</u>

Employees of the company benefited from various share-based payment arrangements operated by John Wood Group PLC, the ultimate parent company. In the year the company incurred a charge of £39,000 (2019: £50,000) in respect of equity-settled share based payments benefiting its employees.

The average number of persons employed by the company (including directors) during the year was 692 (2019: 720).

During 2020, the company received grant income from the UK Government under the Job Retention Scheme of £998k to fund staff costs of employees placed on furlough. This grant income has been presented within other operating income in the income statement. The wages and salaries costs above are shown before deduction of furlough income.

9 Directors' remuneration

No remuneration was paid to, or waived by, the directors during the current or prior year in respect of services provided to the company.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	<u>40</u>	<u>49</u>

11 Taxation

Tax charged in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	94	5
Foreign tax	<u>-</u>	<u>8</u>
Total current income tax	<u>94</u>	<u>13</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	(69)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	307	56
Arising from changes in tax rates and laws	<u>-</u>	<u>7</u>
Total deferred taxation	<u>307</u>	<u>(6)</u>
Tax expense in the income statement	<u>401</u>	<u>7</u>

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Taxation (continued)

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	<u>15,529</u>	<u>501</u>
Corporation tax at standard rate	2,951	95
Increase from effect of revenues exempt from taxation	(2,073)	-
Increase from effect of expenses not deductible in determining taxable profit	13	28
Increase from tax losses for which no deferred tax asset was recognised	(17)	-
Increase from effect of exercise employee share options	6	-
Decrease arising from group relief tax reconciliation	(653)	(154)
Decrease from transfer pricing adjustments	(133)	(33)
Increase from effect of foreign tax rates	-	8
Increase in current tax from unrecognised temporary difference from a prior period	307	56
Deferred tax expense relating to changes in tax rates or laws	<u>-</u>	<u>7</u>
Total tax charge	<u>401</u>	<u>7</u>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016), however, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

In addition, the UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances as at 31 December 2020.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Taxation (continued)

Amounts recognised in other comprehensive income

	2020 Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000	2019 Before tax £ 000	Tax (expense) benefit £ 000	Net of tax £ 000
Gain/(loss)						
on cash						
flow						
hedges						
(net)	-	-	-	149	(25)	124

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	273	(273)	-
Temporary differences trading	25	(25)	-
Transition adjustments arising from first time adoption	1	(1)	-
Net tax assets/(liabilities)	299	(299)	-

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	245	28	-	-	273
Temporary differences trading	72	(22)	(25)	-	25
Transition adjustments arising from first time adoption	-	-	-	1	1
Net tax assets/(liabilities)	317	6	(25)	1	299

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Property, plant and equipment

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	519	473	992
Additions	27	-	27
Disposals	-	(67)	(67)
Transfers to group undertakings	(546)	(406)	(952)
At 31 December 2020	-	-	-
Depreciation			
At 1 January 2020	56	380	436
Charge for the year	60	31	91
Eliminated on disposal	-	(67)	(67)
Transfers to group undertakings	(116)	(344)	(460)
At 31 December 2020	-	-	-
Carrying amount			
At 31 December 2020	-	-	-
At 31 December 2019	463	93	556

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Right of use assets

	Property £ 000
Cost or valuation	
At 1 January 2020	9,422
Disposals	(508)
Transfers to group undertakings	<u>(8,914)</u>
At 31 December 2020	<u>-</u>
Depreciation	
At 1 January 2020	4,058
Charge for the year	837
Disposals	(508)
Transfers to group undertakings	<u>(4,387)</u>
At 31 December 2020	<u>-</u>
Carrying amount	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>5,364</u>

14 Intangible assets

	Software £ 000
Cost or valuation	
At 1 January 2020	323
Transfers to group undertakings	<u>(323)</u>
At 31 December 2020	<u>-</u>
Amortisation	
At 1 January 2020	267
Amortisation charge	51
Transfers to group undertakings	<u>(318)</u>
At 31 December 2020	<u>-</u>
Carrying amount	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>56</u>

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Trade and other receivables

	31 December	31 December
	2020	2019
	£ 000	£ 000
Trade receivables	4,589	10,642
Amounts due from group undertakings	18,543	20,039
Gross amounts due from customers	3,250	6,955
Prepayments	-	596
Other receivables	84	201
Derivative financial instruments	-	53
	<u>26,466</u>	<u>38,486</u>

Amounts due from group undertakings includes loans from group undertakings of £nil (2019: £17,449,000) which are included in non-current assets. These loans are unsecured and interest is charged at the normal market rate.

16 Loans and borrowings

	31 December	31 December
	2020	2019
	£ 000	£ 000
Current loans and borrowings		
Bank overdrafts	<u>9</u>	<u>-</u>

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in note 22 "Financial risk management and impairment of financial assets".

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

17 Lease liabilities

	31 December	31 December
	2020	2019
	£ 000	£ 000
Current lease liability	-	1,055
Non current lease liability	-	4,949
	<u>-</u>	<u>6,004</u>

The company leases various office, warehouses, plant and equipment. The majority of the lease liability relates to properties and are generally made for fixed periods of up to three years, unless of strategic importance to the company. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowings.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. From 1 January 2019, leases are recognised as a right of use asset and corresponding liability, once the asset is available for use by the company.

The company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the company's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Provisions

	Property related provisions including dilapidation £ 000
At 1 January 2020	294
Increase in existing provisions	101
Transfers to group undertakings	(395)
At 31 December 2020	<u>-</u>

19 Trade and other payables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade payables	-	5,859
Amounts due to group undertakings	4,241	3,939
Social security and other taxes	1,568	2,114
Other payables	-	557
Gross amounts due to customers	<u>1,220</u>	<u>2,739</u>
	<u>7,029</u>	<u>15,208</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

20 Contingent liabilities

At the balance sheet date, the company had cross guarantees without limit extended to its principal bankers in respect of sums advanced to fellow subsidiaries.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

21 Sale of business

	2020 £000	2019 £000
Property, plant and equipment	488	-
Intangible assets	5	-
Right of use asset - property	4,527	-
Trade and other receivables	13,631	-
Amounts due from group undertakings	2,847	-
Cash and cash equivalents	8,834	-
Trade and other payables	(7,180)	-
Lease liability relating to right of use asset	(5,270)	-
Provisions	(395)	-
Profit on disposal of trade and assets	10,910	-
	<u>28,397</u>	<u>-</u>

On 1 October 2020, the company sold its trade and assets to fellow group undertaking, Wood Group UK Limited. The assets and liabilities disposed of are detailed in the table above. The consideration was settled in exchange for an intercompany promissory note of equal value.

22 Financial risk management and impairment of financial assets

The main risks relating to the company's financial instruments are detailed below:

Credit risk and impairment

The company only trades with recognised, creditworthy third parties which are typically large companies. It is the company's policy that credit terms for all new major customers are approved by the Asset Solutions EAAA Business Unit's executive management committee, who also monitor receivable balances on an ongoing basis, with the result that the company's exposure to bad debts is not considered significant.

With respect to credit risk from other financial assets, these primarily relate to cash and cash equivalents. The company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Foreign exchange risk

The company is exposed to foreign currency risk on transactions where sales, purchases and borrowings which are in currencies other than the company's functional currency. The company strives to invoice its customers in the currency in which the costs have been incurred, and maintain intercompany loans in the functional currency of the company, to eliminate the currency exposure wherever possible.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Financial risk management and impairment of financial assets (continued)

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to intercompany borrowings.

Liquidity risk

The company monitors its risk to a shortage of funds by regular projected cash flow forecasts from operations which also consider the maturity of its financial assets and liabilities. Any additional funding required is supplied by fellow Wood companies.

Fair values of financial assets and liabilities

Financial instruments included in the financial statements have been reviewed and the carrying values per the financial statements are the same as the fair values of these financial instruments.

23 Share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No. 000	£ 000
Called up share capital of £1 each	-	-	13,775	13,775

On 16 December 2020, the company reduced its share capital to one Ordinary share of £1.

24 Parent and ultimate parent undertaking

The company's immediate parent is Amec Foster Wheeler Limited.

The ultimate parent is John Wood Group PLC. These financial statements are available upon request from 15 Justice Mill Lane, Aberdeen, AB11 6EQ.

The ultimate controlling party is John Wood Group PLC.

Wood Environment & Infrastructure Solutions UK Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

25 Non adjusting events after the financial period

Post year end, the board reached a decision to hive the trade and assets of the company back into this legal entity from a fellow group undertaking, Wood Group UK Limited.

Subsequently, John Wood Group Plc signed an agreement for the sale of its Built Environment consulting business ("Built Environment Consulting") to WSP Global Inc. The company is part of Built Environment Consulting and therefore will be part of that transaction. The transaction is subject to various conditions, including Wood shareholder approval and certain regulatory approvals and completion is expected in the second half of 2022.