

AMEC International Limited

Directors' report and accounts

31 December 2011

Registered number 3203966

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AMEC International Limited

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AMEC International Limited

Directors

AMEC Nominees Limited
CL Fidler

Secretary

KA Hand

Registered Office

Booths Park
Chelford Road
Knutsford
Cheshire
WA16 8QZ

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

AMEC International Limited

Directors' report

The directors present their report and accounts for the year ended 31 December 2011

Principal activities

The company's principal activity is the provision of asset support services

Results and dividends

The company made a profit for the year of £1,195,000 (2010 £1,196,000) The directors do not recommend the payment of a dividend (2010 £nil)

As a result of the political unrest in Libya during the early part of 2011, the company exited its activities in Libya and made full provision of £649,000 against the carrying value of all assets, including fixed assets, held in Libya

Directors

The current directors are listed on page 2

The directors who served during the year were as follows

AMEC Nominees Limited
CL Fidler

Principal risks and uncertainties

The principal risks faced by the company are as follows

- Implementation of effective health and safety management systems and working practices
- Volatility of energy prices
- Retention of senior management and skilled personnel
- Compliance with laws and regulations
- Changes in the regulatory environment

Key performance indicators

KPIs used to monitor the business include the following

Revenue
Gross margin by contract
Gross margin %
Health and safety
Staff utilisation
Employee headcount, turnover and absence
Orders received
Order book
Level of working capital

All financial KPIs are monitored compared to budget and previous years

Creditor payment policy

As a subsidiary of AMEC plc, the company is responsible for agreeing terms and conditions under which transactions with its suppliers are conducted It is group policy that payments to suppliers are generally made in accordance with these terms and conditions, provided that the supplier complies with all of its obligations in this regard

AMEC International Limited

Directors' report (*continued*)

Employees

AMEC gives high priority to the development of employees, to ensure that the company has the necessary skills and behaviours to deliver its strategic business objectives and to provide for management succession

Processes are in place across the group for the regular and consistent review of employee performance, development and management succession. Common training needs are delivered through the AMEC Academy

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

Respect for cultural diversity and commitment to equal opportunities are included amongst AMEC's Guiding Principles which are incorporated into management policies and processes worldwide. The company's policy is to recruit from the widest labour market to determine the careers of all employees solely on merit and to make judgements about employees free from the effects of bias and prejudice

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

AMEC operates a savings related share option plan that allows employees to participate in AMEC plc's share price growth. This is open to employees in all major countries of operation who meet a minimum service qualification. Offers to participate are currently being made on an annual basis

Third party indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AMEC International Limited

Directors' report (*continued*)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office

By order of the board



KA HAND
Secretary

14 September 2012

Booths Park
Chelford Road
Knutsford
Cheshire
WA16 8QZ

AMEC International Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	4	20,340	12,772
Cost of sales		(17,292)	(9,913)
Gross profit		3,048	2,859
Administrative expenses		(1,286)	(1,131)
Operating profit		1,762	1,728
Loss on closure of operation		(649)	-
Net interest payable	7	(58)	-
Profit on ordinary activities before taxation		1,055	1,728
Taxation on profit on ordinary activities	8	140	(532)
Profit for the year		1,195	1,196

All amounts relate to continuing operations

Statement of total recognised gains and losses for the year ended 31 December 2011

	2011 £000	2010 £000
Profit for the year	1,195	1,196
Exchange adjustments	133	(39)
Total gains and losses for the year	1,328	1,157

Reconciliation of movement in shareholders' funds for the year ended 31 December 2011

	2011 £000	2010 £000
Profit for the year	1,195	1,196
Exchange adjustments	133	(39)
Net increase in shareholders' funds	1,328	1,157
Shareholders' funds/(deficit) at 1 January	643	(514)
Shareholders' funds at 31 December	1,971	643

AMEC International Limited

Registered number 3203966

Balance Sheet as at 31 December 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Tangible assets	9	136	135
CURRENT ASSETS			
Debtors (including amounts falling due after more than one year of £180,000 (2010 £21,000))	10	5,554	4,367
Cash		1,882	1,069
		7,436	5,436
CREDITORS. amounts falling due within one year	11	(5,295)	(4,623)
Net current assets		2,141	813
Total assets less current liabilities		2,277	948
CREDITORS: amounts falling due after more than one year	12	(306)	(305)
NET ASSETS		1,971	643
CAPITAL AND RESERVES			
Called up share capital	13, 14	100	100
Profit and loss account	14	1,871	543
EQUITY SHAREHOLDERS' FUNDS		1,971	643

These accounts were approved by the board of directors on 4 September 2012 and were signed on its behalf by



CL FIDLER
DIRECTOR

AMEC International Limited

Notes to the accounts

1 ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Companies Act 2006

Cash flow statement

The company is exempt from the requirement of FRS 1 "Cash flow statements" to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of AMEC plc, and its cash flows are included within the consolidated cash flow of that group

Depreciation

Depreciation is provided on all tangible assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost less estimated residual value, of each asset on a straight line basis over its anticipated useful life, as follows

Plant and equipment - mainly 3 to 5 years

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at average rates for the year

Going concern

The directors, having made enquiries, consider that the company has adequate resources to operate for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the accounts

Long term contracts

As soon as the outcome of a long term contract can be estimated reliably, contract turnover and expenses are recognised in the profit and loss account in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, turnover is recognised only to the extent of contract costs incurred that it is probable will be recovered, and contract costs are expensed as incurred. An expected loss on a contract is recognised immediately in the profit and loss

Turnover in respect of variations to the contract scope and claims is recognised when it is probable that it will be received and is capable of being reliably measured. Incentive payments are recognised when a contract is sufficiently far advanced that it is probable that the required conditions will be met and the amount of the payment can be reliably measured

AMEC International Limited

Notes to the accounts (*continued*)

1 ACCOUNTING POLICIES (*continued*)

Long term contracts (*continued*)

The amounts recoverable under contracts are stated at cost plus recognised profits, less provision for recognised losses and progress billings. These amounts are reported in debtors.

Payments on account in excess of the amounts recoverable under contracts are included in creditors.

Related party transactions

The directors have taken advantage of the exemption in FRS 8 "Related party transactions", paragraph 3(c) and have not disclosed any related party transactions with parent and fellow subsidiary undertakings.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 "Deferred tax".

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Turnover

Turnover is measured at the fair value of consideration received or receivable, excluding value added tax, for goods and services supplied to external customers.

Turnover from services and construction contracts is recognised by reference to the stage of completion of the contract, as set out in the accounting policies for long term contracts.

2 DIRECTORS' REMUNERATION

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

3 AUDIT COSTS

The audit costs of £2,000 (2010: £2,000) have been borne by another group company.

AMEC International Limited

Notes to the accounts (*continued*)

4 TURNOVER

Turnover by geographical area	2011 £000	2010 £000
UK	884	1,356
Africa	-	1,212
Asia	19,456	10,204
	<u>20,340</u>	<u>12,772</u>

5 OPERATING PROFIT

	2011 £000	2010 £000
Operating profit is stated after charging		
Depreciation	<u>78</u>	<u>42</u>

6 STAFF COSTS

Employees do not have contracts of service with this company as they are employees of AMEC Global Resources PTE Limited. Details of the recharged costs and average staff numbers are disclosed in these accounts to provide a true and fair view of the company's affairs.

	2011 £000	2010 £000
Wages and salaries	9,554	4,858
Social security costs	5	15
Pension costs	<u>97</u>	<u>76</u>
	<u>9,656</u>	<u>4,949</u>

	2011 Number	2010 Number
The average weekly number of employees during the year including directors was	<u>111</u>	<u>60</u>

7 NET INTEREST PAYABLE

	2011 £000	2010 £000
Group interest	40	-
Bank loans and overdrafts	<u>18</u>	<u>-</u>
	<u>58</u>	<u>-</u>

AMEC International Limited

Notes to the accounts (*continued*)

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2011 £000	2010 £000
Current tax		
UK corporation tax at 26.5% (2010: 28%)		
- current year	-	(483)
- prior year	-	(13)
Overseas tax		
- current year	(10)	(3)
- prior year	(9)	12
	<u>(19)</u>	<u>(487)</u>
Deferred Tax		
Deferred tax at 25% (2010: 27%)		
Origination and reversal of timing differences		
- current year	162	(4)
- prior year	(3)	(41)
	<u>140</u>	<u>(532)</u>

The current tax charge for the year is lower than the standard rate of corporation tax in the UK, and is explained as follows

	2011 £000	2010 £000
Profit on ordinary activities before taxation	<u>1,055</u>	<u>1,728</u>
Tax charge at 26.5% (2010: 28%)	280	484
Group relief for nil consideration	(449)	-
Non deductible expenses/non-taxable income	6	2
Short term timing differences	172	(3)
Capex and depreciation in excess of capital allowances	1	-
Overseas tax in excess of UK	9	3
Adjustments in respect of prior periods	-	1
Current tax charge for the year	<u>19</u>	<u>487</u>

AMEC International Limited

Notes to the accounts (*continued*)

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (*continued*)

In his budget of 21 March 2012, the Chancellor of the Exchequer announced certain tax changes which will have a significant effect on the company's future tax position. The proposals include phased reductions in the corporation tax rate to 22% from 1 April 2014.

In the budget of 23 March 2011 phased reductions in the corporation tax rate to 23% were announced with reductions to 26% from 1 April 2011 and to 25% from 1 April 2012 being included within Finance Act 2011 and subsequent reductions expected within future Finance Acts. The budget of 21 March 2012 has now accelerated the reduction in the rate to 24% to take effect from 1 April 2012.

As at 31 December 2011, only the reduction in the rate to 25% had been 'substantively enacted' and this has been reflected in the financial statements as at 31 December 2011.

The effect of the reduction of the UK corporation tax rate to 22% is forecast to have an insignificant impact on the balance sheet deferred tax position and future charges to the profit and loss account.

9 TANGIBLE ASSETS

	Plant and Equipment £000
Cost	
As at 1 January 2011	227
Exchange and other movements	2
Additions	232
Amounts written off on closure of operation	(209)
Disposals	(4)
As at 31 December 2011	<u>248</u>
Depreciation	
As at 1 January 2011	92
Exchange and other movements	(2)
Amounts written off on closure of operation	(56)
Charge for the year	78
As at 31 December 2011	<u>112</u>
Net book value	
As at 31 December 2011	<u>136</u>
As at 1 January 2011	<u>135</u>

AMEC International Limited

Notes to the accounts (*continued*)

10 DEBTORS

	2011 £000	2010 £000
Amounts falling due within one year		
Trade debtors	894	1,674
Amounts recoverable on contracts	3,514	2,016
Other debtors and prepayments	872	431
Amounts owed by group undertakings	94	225
	<u>5,374</u>	<u>4,346</u>
Amounts falling due after more than one year		
Deferred taxation	180	21
Total debtors	<u>5,554</u>	<u>4,367</u>

The deferred tax asset is analysed as follows

	2011 £000	2010 £000
Accelerated capital allowances	18	21
Short term timing differences	162	-
	<u>180</u>	<u>21</u>

	Deferred taxation £000
As at 1 January 2011	21
Profit and loss account charge	159
As at 31 December 2011	<u>180</u>

11 CREDITORS: amounts falling due within one year

	2011 £000	2010 £000
Bank overdrafts	1,318	1,368
Trade creditors	552	308
Tax payable	11	3
Amounts owed to group undertakings	931	930
Other creditors and accruals	2,483	2,014
	<u>5,295</u>	<u>4,623</u>

AMEC International Limited

Notes to the accounts (*continued*)

12 CREDITORS: amounts falling due after more than one year

	2011 £000	2010 £000
Amounts owed to group undertakings	306	305

13 SHARE CAPITAL

	2011 number	2010 number	Authorised	Allotted, called up and fully paid
			2011 £000	2010 £000
Ordinary shares of £1 each	100,000	100,000	100	100

14 RESERVES

	Share capital £000	Profit and loss account £000	Total £000
As at 1 January 2011	100	543	643
Profit for the year	-	1,195	1,195
Exchange adjustments	-	133	133
As at 31 December 2011	100	1,871	1,971

15 ULTIMATE PARENT COMPANY

The company regarded by the directors as the ultimate parent company is AMEC plc, which is incorporated in England. Copies of the group accounts can be obtained from AMEC plc, Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ.

AMEC International Limited

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE DIRECTORS' REPORT AND THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law they have elected to prepare the accounts 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 accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 accounts, and
- prepare the accounts 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 accounts 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.

AMEC International Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMEC INTERNATIONAL LIMITED

We have audited the accounts of AMEC International Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 accounts are prepared is consistent with the accounts.

AMEC International Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMEC INTERNATIONAL LIMITED (*continued*)

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 accounts 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

Ernst & Young LLP

Colin Brown (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

6 September 2012