

Registration number: 03203966

Amec Foster Wheeler International Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2020

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Amec Foster Wheeler International Limited
Contents

Strategic Report	1 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Income Statement	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Unaudited Financial Statements	12 to 25

Amec Foster Wheeler International 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 principal activities of the company during the year was as a focused supplier of project management services in the Middle East.

Fair review of the business

Revenue has decreased by 7% to £50,948,000 (2019: £54,745,000). This is due to ongoing difficult conditions in the United Arab Emirates as a result of the continuing low oil price during 2020.

The profit for the year, after taxation, amounted to £4,563,000 (2019: £5,291,000 profit).

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.

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.

Amec Foster Wheeler International Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

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. Firstly, demand for the company's services is dependent, among other things, upon the capital and operational expenditure plans of the oil and gas industry which may fluctuate in accordance with the market price of oil and gas. However, the risk is mitigated to some extent, by the increase in outsourcing from oil and gas operators in a lower price environment. Secondly, the company is involved in activities and environments that have the potential to cause serious injury to personnel or damage to property or the environment and damage to its reputation.

Details of the company's financial risk management objectives and policies are included in note 16 to the financial statements.

Section 172(1) statement

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

- 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.

Amec Foster Wheeler International Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

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;

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.

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 external lenders.

Amec Foster Wheeler International Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

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:

- (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.

Amec Foster Wheeler International Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

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, Wood and Company 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 9 February 2022 and signed on its behalf by:


.....
IA Jones
Company secretary

Amec Foster Wheeler International Limited
Directors' Report for the Year Ended 31 December 2020

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

Directors

The directors, who held office during the year, were as follows:

MN Plant

Amec Nominees Limited (resigned 11 August 2020)

AS McLean (appointed 11 August 2020)

Results and dividends

The profit for the year, after taxation, amounted to £4,563,000 (2019: £5,291,000 profit).

The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

Future developments

The directors do not anticipate any significant changes to the activities of the company in the medium to long 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).

Branches outside the United Kingdom

The company has branches outside the UK in Abu Dhabi and Libya. The company closed its branch in Sharjah (United Arab Emirates) in July 2019. No revenue was earned in Libya in the current or prior year.


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 adopts the going concern basis in preparing its financial statements.

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 to 6 of the financial statements.

Approved by the Board on 9 February 2022 and signed on its behalf by:


.....

IA Jones
Company secretary

Amec Foster Wheeler International Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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, determined as 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.

Amec Foster Wheeler International Limited
Income Statement for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4	50,948	54,745
Cost of sales		<u>(44,721)</u>	<u>(52,416)</u>
Gross profit		6,227	2,329
Administrative expenses		<u>(1,652)</u>	<u>(2,361)</u>
Operating profit/(loss)	5	4,575	(32)
Reversal of impairment of amounts owed by group undertakings		-	6,478
Finance income	6	22	-
Finance expense	7	<u>(34)</u>	<u>(96)</u>
Profit before tax		4,563	6,350
Taxation	10	<u>-</u>	<u>(1,059)</u>
Profit for the year		<u><u>4,563</u></u>	<u><u>5,291</u></u>

The above results were derived from continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

Amec Foster Wheeler International Limited
Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020	2019
	£ 000	£ 000
Profit for the year	4,563	5,291
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation (losses)/gains	<u>34</u>	<u>(46)</u>
Total comprehensive income/(loss) for the year	<u><u>4,597</u></u>	<u><u>5,245</u></u>

The notes on pages 12 to 25 form an integral part of these financial statements.

Amec Foster Wheeler International Limited
(Registration number: 03203966)
Balance Sheet as at 31 December 2020

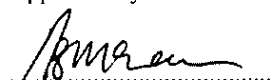
	Note	31 December 2020 £ 000	31 December 2019 £ 000
Assets			
Non-current assets			
Property, plant and equipment	11	60	32
Right of use assets	12	326	779
		<u>386</u>	<u>811</u>
Current assets			
Trade and other receivables	13	24,863	20,395
Cash and cash equivalents		1,396	1,443
		<u>26,259</u>	<u>21,838</u>
Total assets		<u>26,645</u>	<u>22,649</u>
Equity and liabilities			
Equity			
Called up share capital	17	100	100
Profit and loss account		4,762	165
		<u>4,862</u>	<u>265</u>
Non-current liabilities			
Non-current lease liability	14	-	269
Current liabilities			
Current lease liability	14	233	460
Trade and other payables	15	21,550	21,655
		<u>21,783</u>	<u>22,115</u>
Total liabilities		<u>21,783</u>	<u>22,384</u>
Total equity and liabilities		<u>26,645</u>	<u>22,649</u>

For the financial year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 9 February 2022 and signed on its behalf by:



AS McLean
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

Amec Foster Wheeler International 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	100	165	265
Profit for the year	-	4,563	4,563
Other comprehensive income	-	34	34
Total comprehensive income	-	4,597	4,597
At 31 December 2020	<u>100</u>	<u>4,762</u>	<u>4,862</u>

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	100	(5,143)	(5,043)
Adjustment on initial application of IFRS 16	-	63	63
At 1 January 2019 (As restated)	<u>100</u>	<u>(5,080)</u>	<u>(4,980)</u>
Profit for the year	-	5,291	5,291
Other comprehensive income	-	(46)	(46)
Total comprehensive income	-	5,245	5,245
At 31 December 2019	<u>100</u>	<u>165</u>	<u>265</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

Amec Foster Wheeler International Limited
Notes to the Unaudited 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.

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:

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

Amec Foster Wheeler International Limited
Notes to the Unaudited 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 adopts the going concern basis in preparing its financial statements.

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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

2 Accounting policies (continued)

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 are 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.

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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

2 Accounting policies (continued)

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.

Depreciation

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

Asset class	Depreciation method and rate
Fixtures & fittings and office equipment	Straight line - 3 to 5 years

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

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. The company presents balances that are part of a pooling arrangement on a gross basis in both cash and short-term borrowings.

Trade and other 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, gross amounts due from customers and amounts due from group undertakings, 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 and other payables

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

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

2 Accounting policies (continued)

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.

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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

2 Accounting policies (continued)

Financial instruments

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the company measure the fair value of the instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

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.

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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

4 Revenue

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

	2020	2019
	£ 000	£ 000
Project management services	47,683	50,715
Intercompany revenue	3,265	4,030
	<u>50,948</u>	<u>54,745</u>

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

	2020	2019
	£ 000	£ 000
UK	3,265	4,030
Rest of world	47,683	50,715
	<u>50,948</u>	<u>54,745</u>

Contract assets and liabilities

	31 December	31 December
	2020	2019
	£ 000	£ 000
Contract assets	<u>8,997</u>	<u>8,232</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.

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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

5 Operating profit /(loss)

Arrived at after charging/(crediting)

	2020	2019
	£ 000	£ 000
Depreciation expense	36	4
Depreciation on right of use assets - Property	453	455
Reversal of impairment of amounts owed by group undertakings	-	(6,478)
Management service charge	1,600	1,077
Foreign exchange gains	<u>(115)</u>	<u>-</u>

6 Finance income

	2020	2019
	£ 000	£ 000
Interest received from group undertakings	<u>22</u>	<u>-</u>

7 Finance expense

	2020	2019
	£ 000	£ 000
IFRS 16 interest	34	57
Interest paid to group undertakings	<u>-</u>	<u>39</u>
	<u>34</u>	<u>96</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	32,120	47,963
Social security costs	61	29
Pension costs, defined contribution scheme	<u>24</u>	<u>44</u>
	<u>32,205</u>	<u>48,036</u>

The average number of persons employed by the company (including directors) during the year was 430 (2019: 505).

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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

10 Taxation

Tax charged in the income statement

	2020	2019
	£ 000	£ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Arising from origination and reversal of temporary differences	-	1,180
Arising from changes in tax rates and laws	-	(124)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	3
Total deferred taxation	-	1,059
Tax expense in the income statement	-	1,059

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	2019
	£ 000	£ 000
Profit before tax	4,563	6,350
Corporation tax at standard rate	867	1,207
Increase in current tax from adjustment for prior periods	-	3
Increase from effect of revenues exempt from taxation	-	(1,231)
Increase from effect of expenses not deductible in determining taxable profit	-	5
(Decrease)/increase arising from group relief tax reconciliation	(759)	420
Increase/(decrease) from transfer pricing adjustments	19	(63)
Deferred tax asset not recognised	(127)	842
Deferred tax credit relating to changes in tax rates or laws	-	(124)
Total tax charge	-	1,059

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

10 Taxation (continued)

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.

Deferred tax

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Fixed assets	8	(4)	4
IFRS 16 transitional adjustment	(8)	4	(4)
Short term timing differences	-	-	-
Net tax assets/(liabilities)	-	-	-

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Fixed assets	216	(208)	8
IFRS 16 transitional adjustment	(13)	5	(8)
Short term timing differences	856	(856)	-
Net tax assets/(liabilities)	1,059	(1,059)	-

The opening balance at 1 January 2019 has decreased by £13,000 as a result of the implementation of IFRS 16 Leases.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

11 Property, plant and equipment

	Plant and equipment £ 000
Cost or valuation	
At 1 January 2020	36
Additions	67
Foreign exchange movements	<u>(5)</u>
At 31 December 2020	<u>98</u>
Depreciation	
At 1 January 2020	4
Charge for the year	36
Foreign exchange movements	<u>(2)</u>
At 31 December 2020	<u>38</u>
Carrying amount	
At 31 December 2020	<u>60</u>
At 31 December 2019	<u>32</u>

12 Right of use assets

	Property £ 000
Cost or valuation	
At 1 January 2020	<u>1,370</u>
At 31 December 2020	<u>1,370</u>
Depreciation	
At 1 January 2020	591
Charge for the year	<u>453</u>
At 31 December 2020	<u>1,044</u>
Carrying amount	
At 31 December 2020	<u>326</u>
At 31 December 2019	<u>779</u>

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

13 Trade and other receivables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade receivables	4,701	3,953
Amounts due from group undertakings	15,176	11,345
Gross amounts due from customers	4,296	4,279
Other receivables	690	818
	<u>24,863</u>	<u>20,395</u>

Amounts due from group undertakings includes loans due from group undertakings of £14,117,000 (2019: £9,021,000) that are unsecured and repayable on demand. Interest is charged at the normal market rate.

14 Lease liabilities

	31 December 2020 £ 000	31 December 2019 £ 000
Current lease liability	233	460
Non-current lease liability	<u>-</u>	<u>269</u>

The company leases various offices. 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 borrowing purposes.

Until the 2018 financial year, leases of property and 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 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.

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

15 Trade and other payables

	31 December	31 December
	2020	2019
	£ 000	£ 000
Trade payables	4,322	3,752
Accrued expenses	9,378	10,907
Amounts due to group undertakings	4,922	3,334
Social security and other taxes	-	153
Other payables	2,844	3,421
Income tax liability	84	88
	<u>21,550</u>	<u>21,655</u>

Amounts due to group undertakings includes loans from group undertakings of £2,802,000 (2019: £102,000) that are unsecured, repayable on demand and interest free.

16 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.

Interest rate risk

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

Amec Foster Wheeler International Limited
Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020
(continued)

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

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.

17 Share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No. 000	£ 000
99,999 Ordinary shares at £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

18 Related party transactions

Summary of transactions with joint ventures

The following transactions were carried out with the company's joint ventures.

These transactions comprise purchases of goods and services and funding provided in the ordinary course of business.

Expenditure with and payables to group undertakings

	Joint ventures
2020	£ 000
Rendering of services	4

19 Parent and ultimate parent undertaking

The company's immediate parent is Wood and Company 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.