

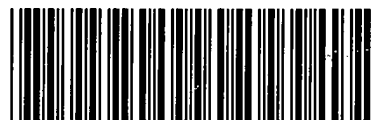
Registration number: 04612748

AMEC Foster Wheeler Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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AMEC Foster Wheeler Group Limited
Contents

Strategic Report	1 to 7
Directors' Report	8 to 9
Statement of Directors' Responsibilities	10
Independent Auditor's Report	11 to 14
Income Statement	15
Statement of Comprehensive Income	16
Balance Sheet	17 to 18
Statement of Changes in Equity	19
Notes to the Financial Statements	20 to 58

AMEC Foster Wheeler Group 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 an investment holding company and employer sponsor for a defined benefit pension scheme. The principal trading activities of the company and its subsidiaries during the year was the supply of consultancy, engineering, project management and operations and maintenance services to customers, primarily in the world's oil and gas and clean energy markets, but also in mining and environment and infrastructure markets.

Fair review of the business

Revenue has decreased by 44% to £103,150,000 (2019: £184,353,843). This is due to declining contract activity in Kuwait, the location of the company's principal continuing trading operations. Contracts in progress moved closer towards their final stages in the year. This also resulted in a significant reduction in headcount and subcontractor costs.

The results for the year were affected by £nil (2019: £410,762) of exceptional items. Details of the exceptional items can be found in note 6 to the financial statements.

Earnings before interest, taxes, depreciation and amortisation (EBITDA*) for the year amounted to a £25,429,000 profit (2019: £8,867,000 profit).

* EBITDA is gross profit on continuing operations of £31,454,000 (2019: £35,742,000) less administrative expenses of £13,837,000 (2019: £33,206,000) with depreciation and amortisation added back of £7,812,000 (2019: £6,331,000).

The profit for the year, after taxation, amounted to £15,165,000 (2019: £29,744,532 profit).

During the year the company received dividends from shares in group undertakings of £353,076,000 (2019: £31,052,000) and impaired the related investments in subsidiaries and joint ventures by £352,652,000 (2019: £37,504,000). Further details of the impairment are detailed in note 15 to the financial statements.

Discontinued operations in the prior year relate to the "long tail" obligations on completed contracts within the Company's former Built Environment business, which was sold in 2007. Provision has been made for remaining legal claims or actions against the Company based on likely outcome. During 2020, these discontinued operations contributed a profit of £nil (2019: £30,676,000 profit) to the Company's result for the year, reflecting a reduction in the previously estimated probable economic outflow from these past obligations.

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.

AMEC Foster Wheeler Group Limited

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

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.

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:

AMEC Foster Wheeler Group Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

- 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 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.

Details of the company's financial risk management objectives and policies are included in note 24 to the financial statements.

Section 172(1) statement

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

The company are engaged in the supply of consultancy, engineering, project management and operations and maintenance services to customers, primarily in the world's oil and gas and clean energy markets, but also in mining and environment and infrastructure markets.

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.

AMEC Foster Wheeler Group Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

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.

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's long-term success is dependent on its good relationship with its lenders and their continued willingness to lend.

How we engage

With our lenders a mixture of formal and informal meetings and presentations are held. Key topics include financial performance, strategy and risk management. Lenders are kept up to date with financial performance and have the opportunity to ask further questions.

AMEC Foster Wheeler Group 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.

Please refer to the John Wood Group PLC 2020 Annual Report and Financial Statements for further details, including the company's energy usage and carbon emissions for 2020, which are reported as part of the consolidated UK and global energy usage and carbon emissions of its ultimate parent company, John Wood Group plc.

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 Group 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, 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.

AMEC Foster Wheeler Group Limited
Strategic Report for the Year Ended 31 December 2020 (continued)

Financial risk management


The Company's operations expose it to a variety of financial risks, primarily foreign currency exchange risk and credit risk. To minimise risk, John Wood Group plc operates a system of globally applied policies and procedures. These, combined with comprehensive management oversight, the risk management process, project reviews, internal audit and peer reviews mitigate the Company's risk.

A proportion of the Company's foreign currency trading income is denominated in the local currency of the business operations which provides a natural hedge against the currency of its cost base. Where commercial contracts are undertaken, which are denominated in foreign currencies without a natural hedge, the Company seeks to mitigate the foreign exchange risk, when the cash flow giving rise to such exposure becomes certain or highly probable, through the use of forward currency arrangements, which may include the purchase of currency options.

There are currently no material transactional exposures which have been identified and remain unhedged. There is no reason to believe that any material outstanding forward contract will not be able to be settled from the underlying commercial transactions.

The Company is exposed to credit risk in relation to its customers. The credit risk associated with customers is considered as part of the tender review process and is addressed initially via contract payment terms. Where appropriate, payment security is sought. Credit control practices are applied thereafter during the project execution phase.

Approved by the Board on 10 June 2022 and signed on its behalf by:


.....
IA Jones
Company secretary

AMEC Foster Wheeler Group 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, were as follows:

WG Setter

AC Webster (appointed 5 November 2020)

KG Dagleish (appointed 31 December 2020)

SJ Nicol (resigned 5 November 2020)

MJ Watson (resigned 31 December 2020)

Results and dividends

The profit for the year, after taxation, amounted to £15,165,000 (2019: £29,744,532 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).

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Branches outside the United Kingdom

The company has branches outside the UK in Kazakhstan, Kuwait and Sweden. Within the year, the company commenced de-registration of its branches in Sweden and Kazakhstan. This remains an ongoing process.

AMEC Foster Wheeler Group Limited
Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. 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.

Those forecasts are dependent on the company continuing to participate in the group treasury arrangements of John Wood Group PLC. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the company through its group treasury arrangements 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 23, the company is party to a cross guarantee arrangement relating to certain bank borrowings of John Wood Group PLC and its subsidiaries. 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 12 months.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 7 of the financial statements.

Disclosure of information to the auditors

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.

Reappointment of auditors

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 10 June 2022 and signed on its behalf by:



IA Jones
Company secretary

AMEC Foster Wheeler Group 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 Group Limited
Independent Auditor's Report to the Members of AMEC Foster Wheeler Group Limited

Opinion

We have audited the financial statements of AMEC Foster Wheeler Group 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.

Going concern

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

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

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

AMEC Foster Wheeler Group Limited
Independent Auditor's Report to the Members of AMEC Foster Wheeler Group Limited
(continued)

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, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 and non-judgemental nature of the Company's revenue streams and revenue recognition policies.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unbalanced entries, those posted to unrelated accounts and journals with words which may indicate high risk.

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 (as required by auditing standards), and discussed with the directors 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.

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, money laundering, and employment law. 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.

AMEC Foster Wheeler Group Limited
Independent Auditor's Report to the Members of AMEC Foster Wheeler Group 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.

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.

Responsibilities of directors

As explained more fully in their Statement of Directors' Responsibilities 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 directors 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.

AMEC Foster Wheeler Group Limited
Independent Auditor's Report to the Members of AMEC Foster Wheeler Group Limited
(continued)

Auditor's responsibilities for the audit of the financial statements

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

1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

Date:.....10 June 2022.....

AMEC Foster Wheeler Group Limited
Income Statement for the Year Ended 31 December 2020

	Note	Continuing operations 2020 £ 000	Discontinued operations 2020 £ 000	Total 2020 £ 000	Continuing operations 2019 £ 000	Discontinued operations 2019 £ 000	Total 2019 £ 000
Revenue	4	103,150	-	103,150	184,354	-	184,354
Cost of sales		(71,696)	-	(71,696)	(148,612)	30,699	(117,913)
Gross profit		31,454	-	31,454	35,742	30,699	66,441
Administrative expenses		(13,837)	-	(13,837)	(33,206)	(23)	(33,229)
Exceptional items	6	-	-	-	(411)	-	(411)
Other income		3,940	-	3,940	-	-	-
Operating profit	5	21,557	-	21,557	2,125	30,676	32,801
Loss on disposal of investments	15	(30,000)	-	(30,000)	-	-	-
Gain on disposal of operations		-	-	-	7,766	-	7,766
Income from shares in group undertakings		353,076	-	353,076	31,052	-	31,052
Amounts written off investments		(322,652)	-	(322,652)	(37,504)	-	(37,504)
Finance income	7	8,026	-	8,026	9,275	-	9,275
Finance costs	8	(5,465)	-	(5,465)	(8,619)	-	(8,619)
Profit before tax		24,542	-	24,542	4,095	30,676	34,771
Income tax expense	12	(9,377)	-	(9,377)	(5,027)	-	(5,027)
Profit/(loss) for the year		15,165	-	15,165	(932)	30,676	29,744

The notes on pages 20 to 58 form an integral part of these financial statements.

AMEC Foster Wheeler Group Limited
Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Profit for the year		<u>15,165</u>	<u>29,744</u>
Items that will not be reclassified subsequently to profit or loss			
Deferred tax charge on actuarial gain	22	26,734	7,425
Actuarial loss on defined benefit schemes	22	<u>(144,318)</u>	<u>(43,676)</u>
		(117,584)	(36,251)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains/(losses)		<u>2,442</u>	<u>(1,375)</u>
Total comprehensive loss for the year		<u><u>(99,977)</u></u>	<u><u>(7,882)</u></u>

The notes on pages 20 to 58 form an integral part of these financial statements.

AMEC Foster Wheeler Group Limited
(Registration number: 04612748)
Balance Sheet as at 31 December 2020

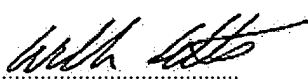
	Note	31 December 2020 £ 000	31 December 2019 £ 000
Assets			
Non-current assets			
Property, plant and equipment	13	1,093	2,850
Right of use assets	19	3,688	4,412
Intangible assets	14	120	2,348
Investments	15	80,151	389,791
Trade and other receivables	16	5,000	6,422
Retirement benefit obligations	22	138,089	277,706
		<u>228,141</u>	<u>683,529</u>
Current assets			
Trade and other receivables	16	792,858	450,019
Assets held for sale	15	-	42,941
Cash and cash equivalents		1,646	6,053
Inventories		549	202
		<u>795,053</u>	<u>499,215</u>
Total assets		<u>1,023,194</u>	<u>1,182,744</u>
Equity and liabilities			
Equity			
Called up share capital	25	400,000	400,000
Profit and loss account		121,363	220,739
		<u>521,363</u>	<u>620,739</u>
Non-current liabilities			
Provisions	20	19,177	35,761
Deferred tax liabilities	12	15,101	35,441
Non-current lease liability	18	3,775	6,120
		<u>38,053</u>	<u>77,322</u>
Current liabilities			
Trade and other payables	21	437,094	449,711
Loans and borrowings	17	19,351	24,643
Income taxes		3,750	4,147
Current lease liability	18	3,583	6,182
		<u>463,778</u>	<u>484,683</u>

The notes on pages 20 to 58 form an integral part of these financial statements.

AMEC Foster Wheeler Group Limited
(Registration number: 04612748)
Balance Sheet as at 31 December 2020 (continued)

	31 December 2020 £ 000	31 December 2019 £ 000
Note		
Total liabilities	<u>501,831</u>	<u>562,005</u>
Total equity and liabilities	<u><u>1,023,194</u></u>	<u><u>1,182,744</u></u>

Approved by the Board on 10 June 2022 and signed on its behalf by:



 WG Setter
 Director

The notes on pages 20 to 58 form an integral part of these financial statements.

AMEC Foster Wheeler Group 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	400,000	220,739	620,739
Profit for the year	-	15,165	15,165
Foreign currency translation gains	-	2,442	2,442
Actuarial loss on defined benefit pension schemes before tax	-	(144,318)	(144,318)
Deferred tax effect on actuarial loss on defined benefit pension schemes	-	26,734	26,734
Total comprehensive income	-	(99,977)	(99,977)
Share based payment transactions	-	601	601
At 31 December 2020	<u>400,000</u>	<u>121,363</u>	<u>521,363</u>

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	400,000	227,454	627,454
Profit for the year	-	29,744	29,744
Foreign currency translation gains/(losses)	-	(1,375)	(1,375)
Actuarial gain on defined benefit pension schemes before tax	-	(43,676)	(43,676)
Deferred tax effect on actuarial gain/(loss) on defined benefit pension schemes	-	7,425	7,425
Total comprehensive income	-	(7,882)	(7,882)
Share based payment transactions	-	1,167	1,167
At 31 December 2019	<u>400,000</u>	<u>220,739</u>	<u>620,739</u>

The notes on pages 20 to 58 form an integral part of these financial statements.

AMEC Foster Wheeler Group 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' (FRS101). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through the income statements, 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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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'.
- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations'.
- 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', 118(e) of IAS 38, 'Intangible assets', and 76 and 79(d) of IAS 40, 'Investment property'.
- 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 Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. 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.

Those forecasts are dependent on the company continuing to participate in the group treasury arrangements of John Wood Group PLC. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the company through its group treasury arrangements 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 23, the company is party to a cross guarantee arrangement relating to certain bank borrowings of John Wood Group PLC and its subsidiaries. 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 12 months.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Exemption from preparing group accounts

The company is a wholly owned subsidiary of AMEC Foster Wheeler Limited and of its ultimate parent, John Wood Group PLC. It is included in the consolidated financial statements of John Wood Group PLC, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 15 Justice Mill Lane, Aberdeen, AB11 6EQ.

These financial statements are separate 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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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.

Finance income and costs policy

Interest income and expense is recorded in the same income statement in the period to which it relates. Arrangement fees and expenses in respect of the company's debt facilities are amortised over the period which the company expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration, IFRS 16 lease liabilities and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the company's retirement benefit schemes are also included in finance income and 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:

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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

Income from shares in group undertakings

Income from shares in group undertakings is recognised when the right to receive payment is established.

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.

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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Common control transactions

For acquisitions and disposals of businesses under common control, the accounting is recorded at book value unless there are facts or circumstances which indicate that a fair value accounting treatment is appropriate, such as a high level of contingent liabilities in one or both parties to the transaction.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses, write downs or impairments of assets including goodwill, restructuring or regulatory costs or provisions, litigation settlements, tax provisions or payments, provisions for onerous contracts and acquisitions and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements.

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 using the straight-line method over the following estimated useful lives of assets:

Asset class	Depreciation method and rate
Land and buildings	Shorter of lease term or 50 years
Plant and machinery	3 to 5 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.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets

Intangible assets other than goodwill 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.

AMEC Foster Wheeler Group 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 on a straight-line basis, as follows:

Asset class	Amortisation method and rate
Internally generated software development costs	3 to 7 years

Investments

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment.

Impairment

The company performs impairment reviews in respect of PP&E, investment in subsidiaries and joint ventures, and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the company carries out annual impairment reviews in respect of goodwill. 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. They are allocated to first reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, goodwill is allocated to the appropriate cash generating unit ('CGU'). The CGUs are aligned to the structure the company uses to manage its business. Cash flows are discounted in determining the value in use.

See note 14 for further details of goodwill impairment testing and note 15 for details of impairment of investment in subsidiaries and joint ventures.

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.

Assets held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and tangible fixed assets once classified as held for sale or distribution are not amortised or depreciated.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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.

The company has a non-recourse financing arrangement with one of its banks in which funds are received in relation to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 16 for further details.

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade and other receivables and beyond 12 months are recorded within Long term receivables. The company's asbestos related assets have been discounted using an appropriate rate of interest.

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.

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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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.

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 Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Defined benefit pension obligation

The company's surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of those schemes are held in separate trustee administered funds. The schemes are largely closed to future accrual.

The defined benefit schemes assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The benefit schemes surplus or deficit is recognised in full and presented on the face of the company the carrying value on the acquisition.

The company consider it appropriate to recognise the IAS 19 surplus in the pension plan. The scheme trustees do not have unilateral power to wind up the scheme, therefore it is within the company's control to gradually settle the scheme liabilities as per IFRIC 14.11 (b) until there are no members left. On a winding up scenario, any surplus would be returned to the company.

Share based payments

The company has recorded share-based charges in relation to a number of employee share schemes.

Charges are recorded in the income statement as an employee benefit expense for the fair value of share options (as at the grant date) expected to be exercised under the Executive Share Option Schemes ('ESOS') and the Long term Retention Plan ('LTRP'). Amounts are accrued over the vesting period with the corresponding credit recorded in retained earnings.

Options are also awarded under the company's Long Term Plan ('LTP') which is the incentive scheme in place for executive directors and certain senior executives. The charge for options awarded at the grant date, spread over the vesting period. The corresponding credit is recorded in retained earnings. For awards that have a market related performance measure, the fair value of the market related element is calculated using a Monte Carlo simulation model.

The company has an Employee Share Plan under which employees contribute regular monthly amounts which are used to purchase shares over a one year period. At the end of the year the participating employees are awarded one free share for every two shares purchased providing they remain in employment for a further year. A charge is calculated for the award of free shares and accrued over the vesting period with the corresponding credit taken to retained earnings.

Financial instruments

Derivative financial instruments

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Hedge accounting

Where hedging is to be undertaken, the company documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as the risk management objective and strategy for undertaking the hedge transaction. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

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.

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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

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) Income taxes (estimate)

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. When actual liabilities differ from the provisions, adjustments are made which can have a material impact on the company's tax charge for the year.

Deferred tax asset recognition is based on two factors. Firstly, deferred tax liabilities in the same jurisdiction as assets that are legally capable of being offset and the timing of the reversal of the asset and liability would enable the deduction from the asset to be utilised against the taxable income from the liability. Secondly, forecast profits support the recognition of deferred tax assets not otherwise supported by deferred tax liabilities. Management uses in-house experts to determine the forecast period to support recognition, this is considered by jurisdiction or entity dependent on the tax laws of the jurisdiction. If actual results differ from the forecasts the impact of not being able to utilise the expected amount of deferred tax assets can have a material impact on the company's tax charge for the year.

b) Retirement benefit schemes (estimate)

The company operates a number of defined benefit pension schemes which are largely closed to future accrual. The value of the company's retirement benefit schemes surplus/deficit is determined on an actuarial basis using a number of assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note . The company determines the appropriate assumptions to be used in the actuarial valuations at the end of each financial year following consultation with the retirement benefit schemes' actuaries. In determining the discount rate, consideration is given to the interest rates of high quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The inflation rate is derived from the yield curve used in deriving the discount rate and adjusted by an agreed risk premium. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables.

AMEC Foster Wheeler Group 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)

c) Provisions and contingent liabilities (judgement and estimate)

The company records provisions where it has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which the exercise of management judgement relating to the nature, timing and probability of the liability and typically the company's balance sheet includes contract provisions and provisions for pending legal issues.

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

A significant amount of the company's activities is undertaken via long-term contracts. Management bases its judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of incentive payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

Principally, there are two types of long-term contracts being cost reimbursable contracts and fixed price contracts. Due to the nature of these contracts the significant estimates tend to arise on fixed price contracts rather than cost reimbursable contracts.

e) Impairment of investments in subsidiaries and joint ventures

Determining whether the company's investments in subsidiaries and joint ventures have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Turnover

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

	2020	2019
	£ 000	£ 000
Rendering of services	<u>103,150</u>	<u>184,354</u>

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

	2020	2019
	£ 000	£ 000
Capital Projects	93,783	148,812
Operations Services	-	31,652
Technology, consulting and other	<u>9,367</u>	<u>3,890</u>
	<u>103,150</u>	<u>184,354</u>

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

	2020	2019
	£ 000	£ 000
UK	9,263	35,162
Europe	176	1,060
Rest of world	<u>93,711</u>	<u>148,132</u>
	<u>103,150</u>	<u>184,354</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Turnover (continued)

Contract assets and liabilities

	31 December 2020 £ 000	31 December 2019 £ 000
Contract assets	47,027	58,562
Contract liabilities	<u>(14)</u>	<u>(46)</u>
Net contract assets	<u>47,013</u>	<u>58,516</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.

Contract assets are included within the 'Trade and other receivables' heading in the company balance sheet. Contract liabilities is included within the 'Trade and other payables' heading in the company balance sheet.

5 Operating (loss) / profit

Arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
Depreciation of property, plant and equipment	463	656
Right of use asset amortisation	5,121	2,185
Intangible asset amortisation expense	2,228	3,490
Research and development (credit)/expenditure	(859)	106
Foreign exchange loss/(gain)	240	(612)
Profit on disposal of property, plant and equipment	<u>(640)</u>	<u>(16)</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Exceptional items

	2020	2019
	£000	£000
Restructuring costs	-	401
Other exceptional expense	-	10
	<u>-</u>	<u>411</u>

7 Interest receivable and similar income

	2020	2019
	£ 000	£ 000
Interest income on bank deposits	68	-
Interest received on defined benefit pension scheme	5,720	8,973
Other finance income	2	69
Interest received from group undertakings	<u>2,236</u>	<u>233</u>
	<u>8,026</u>	<u>9,275</u>

8 Interest payable and similar expenses

	2020	2019
	£ 000	£ 000
Interest on bank overdrafts and borrowings	515	-
Interest on obligations under finance leases and hire purchase contracts	568	667
Interest expense on other financing liabilities	324	1,201
Interest paid to group undertakings	<u>4,058</u>	<u>6,751</u>
	<u>5,465</u>	<u>8,619</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Staff costs

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

	2020	2019
	£ 000	£ 000
Wages and salaries	43,900	82,367
Social security costs	438	3,017
Pension costs, defined contribution scheme	1,003	1,233
Pension costs, defined benefit scheme	4,931	4,018
Share-based payment expenses	601	1,167
	<u>50,873</u>	<u>91,802</u>

The average number of persons employed by the company (including directors) during the year was 543 (2019: 1,011). The reduction in headcount reflects reduced trading activity in the current year and disposal of businesses in the prior year.

10 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.

11 Auditors' remuneration

	2020	2019
	£ 000	£ 000
Audit of the financial statements	<u>35</u>	<u>38</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, John Wood Group plc.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Taxation

Tax charged in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	455
UK corporation tax adjustment to prior periods	396	(184)
	<u>396</u>	<u>271</u>
Foreign tax	2,529	1,720
Foreign tax adjustment to prior periods	56	-
	<u>2,585</u>	<u>1,720</u>
Total current income tax	<u>2,981</u>	<u>1,991</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	2,331	3,327
Arising from changes in tax rates and laws	3,544	(351)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	521	60
	<u>6,396</u>	<u>3,036</u>
Total deferred taxation	<u>6,396</u>	<u>3,036</u>
Tax expense in the income statement	<u>9,377</u>	<u>5,027</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 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>24,542</u>	<u>34,771</u>
Corporation tax at standard rate	4,663	6,607
Increase from effect of revenues exempt from taxation	(67,754)	(8,172)
Increase from effect of expenses not deductible in determining taxable profit	67,113	7,300
Group relief (received)/payable for nil consideration	-	(2,785)
Increase from transfer pricing adjustments	315	1,043
Deferred tax expense from unrecognised tax loss or credit	-	455
Overseas taxable in excess of double tax relief	401	766
Deferred tax expense/(credit) relating to changes in tax rates or laws	3,544	(351)
Other tax effects for reconciliation between accounting profit and tax expense	122	288
Increase/(decrease) in current tax from adjustment for prior periods	<u>973</u>	<u>(124)</u>
Total tax charge	<u><u>9,377</u></u>	<u><u>5,027</u></u>

Revenues exempt from taxation and expenses which are not deductible principally relate to dividend income from subsidiaries and impairment of investment in subsidiaries respectively.

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. The estimated impact of these changes on the company's recognised deferred tax liability as at 31 December 2020 is an increase of £4,882k.

There is an unrecognised deferred tax asset of £550k as at 31 December 2020 (2019: £518k) in relation to losses. This asset has not been recognised as the directors of the Company consider that it is unlikely that the asset will crystallise in the foreseeable future.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in equity £ 000	Transfer of business £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	9,498	1,113	-	1	10,612
Share-based payment	52	(5)	-	-	47
Tax losses carry-forwards	-	-	-	-	-
Pension benefit obligations	(47,210)	(5,762)	26,734	1	(26,237)
Other items	1,470	(1,470)	-	-	-
IFRS 16 transitional adjustment	749	(272)	-	-	477
Net tax assets/(liabilities)	<u>(35,441)</u>	<u>(6,396)</u>	<u>26,734</u>	<u>2</u>	<u>(15,101)</u>

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	Transfer of business £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	10,056	(558)	-	-	9,498
Share-based payment	109	(57)	-	-	52
Tax losses carry-forwards	-	-	-	-	-
Pension benefit obligations	(49,305)	(5,330)	7,425	-	(47,210)
Other items	2,475	2,909	-	(3,914)	1,470
IFRS 16 transitional adjustment	-	-	749	-	749
Net tax assets/(liabilities)	<u>(36,665)</u>	<u>(3,036)</u>	<u>8,174</u>	<u>(3,914)</u>	<u>(35,441)</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Property, plant and equipment

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 1 January 2020	5,185	1,501	6,686
Disposals	(2,072)	-	(2,072)
Transfers	83	(83)	-
Foreign exchange movements	-	(60)	(60)
At 31 December 2020	<u>3,196</u>	<u>1,358</u>	<u>4,554</u>
Depreciation			
At 1 January 2020	2,644	1,192	3,836
Charge for the year	356	107	463
Eliminated on disposal	(782)	-	(782)
Transfers	83	(83)	-
Foreign exchange movements	-	(56)	(56)
At 31 December 2020	<u>2,301</u>	<u>1,160</u>	<u>3,461</u>
Carrying amount			
At 31 December 2020	<u>895</u>	<u>198</u>	<u>1,093</u>
At 31 December 2019	<u>2,541</u>	<u>309</u>	<u>2,850</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Intangible assets

	Software and development costs £ 000	Other intangible assets £ 000	Total £ 000
Cost			
At 1 January 2020	13,973	157,451	171,424
At 31 December 2020	13,973	157,451	171,424
Amortisation			
At 1 January 2020	11,625	157,451	169,076
Amortisation charge	2,228	-	2,228
At 31 December 2020	13,853	157,451	171,304
Carrying amount			
At 31 December 2020	120	-	120
At 31 December 2019	2,348	-	2,348

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2020	435,605
Transfer of assets held for sale	42,941
Disposals	<u>(60,000)</u>
At 31 December 2020	<u>418,546</u>
Impairment	
At 1 January 2020	46,907
Impairment	322,616
Eliminated on disposals	<u>(30,000)</u>
At 31 December 2020	<u>339,523</u>
Carrying amount	
At 31 December 2020	<u>79,023</u>
At 31 December 2019	<u>388,698</u>

The net book value of investments at 31 December 2020 of £80,151,000 as shown on the balance sheet is comprised of the carrying amount relating to subsidiaries shown above of £79,023,000 and that relating to joint ventures of £1,128,000 shown on page 46.

The transfer of assets held for sale relates to Wood Finance UK Limited, formerly known as Wood Nuclear Holdings Limited, which was reclassified to assets held for sale in 2019 but ultimately did not form part of the sale of the nuclear assets.

Disposals relate to AMEC Manufacturing & Services Limited, AMEC Mechanical & Electrical Services Limited, AMEC (AGL) Limited, AMEC Facilities Limited and AMEC Utilities Limited, which were liquidated in the year.

The loss on disposal of investments on the face of the income statement relates to AMEC Manufacturing & Services Limited and AMEC (AGL) Limited which were dissolved in the year. The carrying value of these investments was recovered by way of pre-liquidation dividend income received.

The impairment charge for the year relates primarily to dormant and non-trading entities.

Indirect subsidiaries disposed of in the year included Rider Hunt International (USA) Inc. as part of a John Wood Group PLC group restructure.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments (continued)

Name	% interest	Registered office
Metal and Pipeline Endurance Limited	100%	(a)
AMEC Projects Investments Limited	100%	(a)
AMEC Capital Projects Limited	100%	(a)
Wood Finance UK Limited (previously Wood Nuclear Holdings Limited)	100%	(a)
Rider Hunt International Limited	100%	(a)
QED International Limited	100%	(c)
AMEC Wind Developments Limited	100%	(a)
AMEC BKW Limited	100%	(a)
AMEC Civil Engineering Limited	100%	(a)
AMEC Process and Energy Limited	100%	(a)
AMEC (WSL) Limited	100%	(a)
AMEC (BCS) Limited	100%	(a)
James Scott Limited	100%	(b)
AMEC (MHL) Limited	100%	(a)
Amec Foster Wheeler Engineering Consultancy LLC	60%	(d)
QED International (UK) Limited	100%	(b)
QED International (Kazakhstan) LLP	100%	(f)
Rider Hunt International (Malaysia) Sdn Bhd	100%	(g)
Rider Hunt International (Singapore) Pte Limited	100%	(h)

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments (continued)

Joint ventures

	£ 000
Cost	
At 1 January 2020	9,740
Additions	71
At 31 December 2020	<u>9,811</u>
Impairment	
At 1 January 2020	8,647
Impairment	36
At 31 December 2020	<u>8,683</u>
Carrying amount	
At 31 December 2020	<u>1,128</u>
At 31 December 2019	<u>1,093</u>

	% interest	Registered office
Name		
AMEC BKW Arabia Limited	50%	(e)
Wood Zone Co., Ltd	50%	(i)
UK Nuclear Restoration Limited	50%	(a)
ACM Health Solutions Limited	33%	(a)
AMEC Al Turki LLC	35%	(k)
Amec Foster Wheeler Engineering & Consulting (Shanghai) Co., Ltd	12.5%	(l)
Lewis Wind Power Holdings Limited	50%	(j)
Stornoway Wind Farm Limited	50%	(j)
Nuclear Management Partners Limited	36%	(a)

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Investments (continued)

Registered Address

Registered addresses of the subsidiary undertakings and joint ventures are as follows:

- (a) Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England.
- (b) Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland.
- (c) C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, 72201, Mauritius.
- (d) PO Box 1469, Postal code 133, Al-Khuwair, Sultanate of Oman.
- (e) Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 - Al Khobar 31952, Saudi Arabia.
- (f) 46 Satpayev St., Atyrav City, Atyrav Oblast, 060011, Kazakhstan.
- (g) Level 7, Menara Millenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia.
- (h) 24 Raffles Place, #24-03 Clifford Centre, 048621, Singapore.
- (i) No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China.
- (j) EDF Energy, GSO Business Park, East Kilbride, G74 5PG, Scotland.
- (k) c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor. Muttrah Business District, P.O. Box 686 Ruwi, Oman.
- (l) Room 204, Building 1, No. 1287, Shangcheng Road, Pudong New District, Shanghai.

16 Trade and other receivables

	31 December	31 December
	2020	2019
	£ 000	£ 000
Trade receivables	47,027	58,562
Amounts due from group undertakings	735,160	387,760
Amounts due from joint venture undertakings	19	639
Other receivables	15,652	9,480
	<u>797,858</u>	<u>456,441</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Trade and other receivables (continued)

Trade receivables are stated after provisions for impairment of £nil (2019: £nil).

Trade receivables comprise amounts invoiced to customers of £27,074,000 (2019: £31,837,000) and unbilled contract assets and accrued income of £19,953,000 (2019: £26,725,000).

Other receivables of £5,000,000 (2019: £6,422,000) are included within non-current assets.

Amounts due from group undertakings includes loans from group undertakings due within one year of £538,841,000 (2019: £433,485,000).

Amounts due from group undertakings are unsecured and repayable on demand. Interest is charged at a variable market rate.

17 Loans and borrowings

	31 December 2020 £ 000	31 December 2019 £ 000
Current loans and borrowings		
Bank overdrafts	<u>19,351</u>	<u>24,643</u>

18 Lease liabilities

	31 December 2020 £ 000	31 December 2019 £ 000
Current lease liability	3,583	6,182
Non-current lease liability	<u>3,775</u>	<u>6,120</u>
	<u>7,358</u>	<u>12,302</u>

The company leases various offices, 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 borrowing purposes.

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").

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Lease liabilities (continued)

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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Right of use assets

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 1 January 2020	10,468	3,942	14,410
Additions	3,286	1,111	4,397
Disposals	(504)	(2,140)	(2,644)
At 31 December 2020	<u>13,250</u>	<u>2,913</u>	<u>16,163</u>
Depreciation			
At 1 January 2020	7,512	2,486	9,998
Charge for the year	4,117	1,004	5,121
Eliminated on disposal	(504)	(2,140)	(2,644)
At 31 December 2020	<u>11,125</u>	<u>1,350</u>	<u>12,475</u>
Carrying amount			
At 31 December 2020	<u>2,125</u>	<u>1,563</u>	<u>3,688</u>
At 31 December 2019	<u>2,956</u>	<u>1,456</u>	<u>4,412</u>

20 Other provisions

	Insurance and asbestos related provisions £ 000	Litigation settlement and future legal costs £ 000	Indemnities granted and retained obligations on disposed operations £ 000	Other provisions £ 000	Total £ 000
At 1 January 2020	8,298	219	16,952	10,292	35,761
Additional provisions	-	-	115	1,229	1,344
Increase through business combinations	-	-	-	1,719	1,719
Utilised in year	-	-	(3,437)	(2,377)	(5,814)
Unused provision reversed	(1,000)	(219)	(12,196)	(418)	(13,833)
At 31 December 2020	<u>7,298</u>	<u>-</u>	<u>1,434</u>	<u>10,445</u>	<u>19,177</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Other provisions (continued)

Legal proceedings are comprised of asbestos related litigation and project litigation.

The asbestos related litigation provision relates to potential future claims against the company by former employees. Associated insurance recoveries are recognised in other receivables.

The project litigation provision relates to ongoing litigation involving clients and sub-contractors arising from its contracting activities. management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the company. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a settlement will be required.

Other provisions are comprised of indemnity provisions, property dilapidations and onerous lease provisions.

Indemnity provisions relate to the indemnification of the purchasers of the Built Environment and other peripheral businesses that were sold in 2007 reflecting a reduction in the previously estimated probable economic outflow from these past obligations and the expiry of certain guarantee periods.

Property dilapidations relate to the cost of restoring leased property back into its original, pre-let condition.

21 Trade and other payables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade payables	15,251	14,850
Accrued expenses	23,089	41,302
Amounts due to group undertakings	396,144	389,704
Social security and other taxes	-	2,653
Other payables	2,610	1,202
	<u>437,094</u>	<u>449,711</u>

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,003,000 (2019 - £1,233,000).

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Pension and other schemes (continued)

Defined benefit pension schemes

Amec Foster Wheeler Limited (formerly Amec Foster Wheeler plc) operates a defined benefit pension scheme for its UK employees. It is not possible to separately identify the share of the assets and liabilities of the schemes relating to each company whose employees are members of the schemes. As the Company's employees constitute substantially all of the membership of the scheme, the net pension asset and corresponding disclosures are recorded in the accounts of the Company.

Following an employee consultation exercise and subsequent Trustee approval all schemes were closed to further accrual from 1 April 2016 and replaced with a new defined contribution arrangement.

The scheme holds all the pension assets in a separately administered fund and is governed by the employment laws of the UK. The benefits are determined by the member's length of service and salary each year. Once the benefits are in payment, the pension is adjusted each year in accordance with the scheme's rules relative to UK price inflation. The scheme is established under trust law and is governed by a corporate Trustee Board (the 'Trustees'), which consists of employers' and employees' representatives and two independent trustees. The Trustees are responsible for the management and administration of the scheme and for the definition of the investment strategy.

Every three years, the Trustees undertake an actuarial valuation of the scheme's funding position. In the event that the valuation results indicate a funding deficit, the Trustees and the employer will agree a recovery plan to eliminate that deficit over as short a period as is reasonably affordable. A triennial review took place within 2020 with the result that the Company is required to contribute £8,000,000 per annum (previously £6,000,000 per annum prior to this most recent review) as part of the agreed upon recovery plan. The next triennial review of the Amec Foster Wheeler Pension Plan is due to take place as at 31 March 2023.

Due to the nature of the liabilities, the pension plan is exposed to inflation, interest rate risk and changes in the life expectancy for pensioners. As the plan assets include significant investments in quoted entities, the Company is also exposed to equity market risk.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Fair value of scheme assets	3,300,000	3,143,666
Present value of scheme liabilities	<u>(3,161,911)</u>	<u>(2,865,960)</u>
Defined benefit pension scheme surplus	<u>138,089</u>	<u>277,706</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Fair value at start of year	3,143,666	2,774,616
Interest income	63,192	81,698
Actuarial gains and losses arising from changes in demographic assumptions	228,694	214,778
Employer contributions	7,112	6,400
Contributions by scheme participants	12	53
Benefits paid	(138,067)	(122,173)
Assets arising from intra-group transfer	-	192,000
Administrative expenses paid	(4,609)	(3,706)
Fair value at end of year	<u>3,300,000</u>	<u>3,143,666</u>

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2020 %	31 December 2019 %
Equity instruments	15	14
Bonds/debt instruments	77	73
Real estate	6	7
Other	2	5
	<u>100</u>	<u>99</u>

The equities and bonds are predominantly quoted investments. There is a small investment in privately held pooled fund investments and the property/other investments are unquoted.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 December 2020 £ 000	31 December 2019 £ 000
Present value at start of year	2,865,960	2,484,589
Current service cost	322	312
Past service cost	3,200	-
Actuarial gains and losses arising from changes in financial assumptions	373,012	258,454
Interest cost	57,472	72,725
Benefits paid	(138,067)	(122,173)
Contributions by scheme participants	12	53
Liabilities assumed on intra-group transfer	-	172,000
Present value at end of year	<u>3,161,911</u>	<u>2,865,960</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 December 2020 %	31 December 2019 %
Discount rate	1.39	2.05
Future pension increases (service before 1 January 2008)	2.74	2.60
Inflation	<u>2.89</u>	<u>2.72</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Pension and other schemes (continued)

As a result of the UK Statistics Authority and Chancellor of the Exchequer's original consultation in March 2020, and more latterly the responses to the consultation on reform to the RPI methodology published in November 2020, which includes plans to bring RPI in line with CPIH (CPI with housing allowance) from 2030, the basis for the RPI assumption has changed since the 31 December 2019 year end. A deduction from the break-even RPI rate from 0.5% to 0.3%, effectively increasing the overall RPI assumption by 0.2% per annum has been applied. This change reflects the actuary's view that the break-even RPI rate implied from the gilt markets now fully reflects the impact of future RPI reforms. The company has implemented a change to the derivation of the CPI assumption in light of the expected narrowing of the gap between RPI and CPI post 2030 as a result of the proposed RPI reform. The proposed new methodology assumes an RPI/CPI 'wedge' of 1.0% until 2030 and 0% thereafter. The impact of these changes in approach results in an increase to the defined benefit obligation by around 2%.

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2020 were as follows: Scheme Mortality assumption Wood Pension Plan Scheme specific table with CMI 2019 (Sk =7.5) projections and a long-term rate of improvement of 1.25% pa.

The mortality tables use data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections.

The assumed life expectancies are shown in the following table:

Post retirement mortality assumptions

	31 December 2020 Years	31 December 2019 Years
Current UK pensioners at retirement age - male	22.70	22.40
Current UK pensioners at retirement age - female	22.70	23.90
Future UK pensioners at retirement age - male	24.10	23.70
Future UK pensioners at retirement age - female	<u>24.10</u>	<u>25.40</u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Pension and other schemes (continued)

Amounts recognised in the income statement

	31 December 2020 £ 000	31 December 2019 £ 000
Amounts recognised in operating profit		
Current service cost and administrative expenses	4,931	4,018
Past service cost	3,200	-
Recognised in arriving at operating profit	<u>8,131</u>	<u>4,018</u>
Amounts recognised in finance income or costs		
Net interest	<u>(5,720)</u>	<u>(8,973)</u>
Total recognised in the income statement	<u><u>2,411</u></u>	<u><u>(4,955)</u></u>

Amounts taken to the Statement of Comprehensive Income

	31 December 2020 £ 000	31 December 2019 £ 000
Deferred tax charge on actuarial gain/(loss)	26,734	7,425
Actuarial loss/(gain) on defined benefit schemes	<u>(144,318)</u>	<u>(43,676)</u>
Amounts recognised in the Statement of Comprehensive Income	<u><u>(117,584)</u></u>	<u><u>(36,251)</u></u>

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

22 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	31 December 2020		31 December 2019	
	+ 0.1%	- 0.1%	+ 0.1%	- 0.1%
Adjustment to discount rate	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	<u>53,573</u>	<u>55,014</u>	<u>47,634</u>	<u>48,842</u>
	31 December 2020		31 December 2019	
	+ 0.1%	- 0.1%	+ 0.1%	- 0.1%
Adjustment to rate of inflation	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	<u>32,608</u>	<u>32,548</u>	<u>28,611</u>	<u>28,233</u>
	31 December 2020		31 December 2019	
	+ 1 Year	- 1 Year	+ 1 Year	- 1 Year
Adjustment to mortality age rating assumption	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	<u>142,095</u>	<u>139,526</u>	<u>116,557</u>	<u>114,745</u>

The sensitivity analysis above is based on a method that extrapolates the impact on the defined benefit obligation of reasonable changes in key assumptions occurring as at 31 December 2020.

Maturity analysis of benefit payments

	Less than a year £ 000	Between 1-2 years £ 000	Between 2-5 years £ 000	Between 5-10 years £ 000	Total £ 000
2020	141,398	144,812	455,772	836,208	1,578,190
2019	<u>124,905</u>	<u>127,700</u>	<u>400,513</u>	<u>729,689</u>	<u>1,382,807</u>

Multi-employer plans

The expected contributions to the plan for the next reporting period are £nil.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

23 Contingent liabilities

At the balance sheet date, the company had cross guarantees related to overdrafts for certain group companies. The maximum gross exposure as at 31 December 2020 was £95 million (2019: £95 million).

The company has also provided guarantees in respect of contracts held by its subsidiaries and other John Wood Group plc companies, in the ordinary course of business.

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.

24 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.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

24 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.

25 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	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

26 Related party transactions

Transactions with directors

See note 10 for disclosure of the directors' remuneration.

Summary of transactions with joint ventures

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

These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The receivables and payables include loans to joint venture companies.

AMEC Foster Wheeler Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Related party transactions (continued)

Income and receivables from group undertakings

	Joint ventures
	£ 000
2020	
Amounts receivable from related party	19
	Entities with
	joint control or
	significant
	influence
	£ 000
2019	
Receipt of services	43
Amounts receivable from related party	639

27 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.