Registration number: 04612748

Amec Foster Wheeler Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Amec Foster Wheeler Group Limited
Contents

Amec Foster Wheeler Group Limited
Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report on Amec Foster Wheeler Group Limited (the "Company") for the year ended 31 December 2022.

Principal activities
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. The Company is also an investment holding company and records the defined benefit pension obligations of John Wood Group PLC's UK operations within its financial statements.

Key performance indicators (KPI's)
To help the Company assess its performance, the directors set KPI targets and monitors and assesses performance against these targets on a regular basis.

The Company's key financials and other performance indicators during the year are as follows:

	2022	2021	Change
	£ 000	£ 000	%
Revenue	41,706	67,288	(38)
Operating (loss)/profit	(15,777)	5,221	(402)
(Loss)/profit for the year	(33,082)	(9,007)	(267)
Shareholder's funds	614,794	547,056	12
Current assets as a percentage of current liabilities	36	43	
Average number of employees	262	353	

Fair review of the business
Revenue has decreased by 38% to £41,706,000 (2021: £67,288,000). 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.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year amounted to a loss of £14,056,000 (2021: profit of £7,214,000).

EBITDA is gross loss on continuing operations of £3,275,000 (2021: profit of £7,477,000) less administrative expenses of £12,502,000 (2021: £2,256,000) with depreciation and amortisation added back of £1,721,000 (2021: £1,993,000).

The loss for the year, after taxation, amounted to £33,082,000 (2021: £9,007,000).

During the year the Company received dividends from shares in group undertakings of £3,781,000 (2021: £2,641,000). The investments in joint ventures are impaired by £142,000 (2021: £nil) which is included within administration expenses and further details of the impairment are detailed in note 15 to the financial statements.

Environmental matters
Wood Plc's led by John Wood Group PLC, its ultimate parent company, ('Wood Plc') is committed to the highest of standards of health, safety, environmental and security management ("HSSE").

Our HSSE policy defines our commitment to:

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

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

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

- Create a positive HSSE culture;
- Encourage and support positive intervention;
- Understand and manage HSSE risks;
- Implement an effective HSSE Management System;
- Manage HSSE performance; and
- Integrate HSSE 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.

The Safety and Sustainability Committee is responsible for overseeing the Group's management of Health, Safety, Security and Environment (HSSE) and Sustainability in line with the Group's values purpose and strategy.

The primary focus of the Committee is to ensure that risks associated with issues relating to HSSE and sustainability are understood and managed and oversight is provided to systems and assurance activities in place to minimise the occurrence of major events.

Refer to the John Wood Group PLC 2022 Annual Report and Financial Statements for further details, including activities in 2022.

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

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

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

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

Principal risks and uncertainties

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

The Company is a participating employer of the Wood Pension Plan, a defined benefit pension scheme for Wood Plc employees. Due to the nature of the liabilities, the pension plan is exposed to inflation, discount rate risk and changes in the life expectancy for pensioners. As the majority of pension scheme assets have quoted prices in active markets, the Company is also exposed to equity market risk.

Details of the Company's financial risk management objectives and policies are included in note 25 to the financial statements.

Section 172(1) statement

The directors of the Company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. The directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members.

The directors have carried out these duties and have made decisions and undertake short and long-term strategies to maintain its financial performance and position. The directors continue to recognise the importance of the Company's partnership with all stakeholders, including employees, members, suppliers, customers and the community, as well as maintaining its high standards of business conduct and reputation.

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 Plc's leadership plays an important role in establishing and promoting the Company's values and culture.

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

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

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

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

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

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

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

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 Plc 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 2022, our environmental incident reporting system included additional fields to gather information on equipment failure to allow issues to be addressed with suppliers.

Lenders
Wood Plc'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.

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 Plc'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 Plc has an integrated HSSES (Health, Safety, Security, Environment & Sustainability) 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 Plc 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 2022 Annual Report and Financial Statements for further details, including the Company's energy usage and carbon emissions for 2022, 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 Plc's business behind one global cause that demonstrates we are stronger together; and

(3) Volunteering to support our communities at a local level.

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

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

Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2022.

Leaders across the organisation play a key role in delivering Wood Plc's Ethics & Compliance (E&C) programme by emphasising ethical behaviour to our workforce and embedding Wood Plc's E&C policies and procedures into our operations. In 2022, operational leaders across the business sponsored campaigns to raise awareness of behavioural expectations.

The importance of doing the right thing is reinforced in Wood Plc'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 Plc'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 Plc'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 Plc. 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 2022 Annual Report and Financial Statements for details of how the Wood Plc act fairly between members of the Company.

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.

The details of the financial risk management of the Company are included in the financial risk management note 25 on page 53.

Approved by the Board on 20 December 2023 and signed on its behalf by:

....
IA Jones
Company secretary

The directors present their annual report and the financial statements of the Company for the year ended 31 December 2022.

Directors

The directors, who served during the financial year ended 31 December 2022 and up to the date of signing the financial statements, unless otherwise indicated, are given below:

WG Setter

AC Webster

KG Dagleish

Results and dividends

The loss for the year, after taxation, amounted to £33,082,000 (2021: £9,007,000).

The directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: £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 branch outside the UK in Kuwait. In 2020, the Company commenced the de-registration of its branches in Sweden and Kazakhstan. The Sweden and Kazakhstan branches were liquidated during 2021 and 2022 respectively.

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, at least,12 months from the date of approval of these financial statements.The Company's forecasts indicate that 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 24, 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 Directors' Report) Regulations 2013, a Strategic Report and the Company's results, activities, objectives, policies and risks has been included on pages 1 to 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.

Events after Balance Sheet date
During 2023, Amec Foster Wheeler Limited subscribed to an additional £200 million shares in the Company. This has led to a £200 million increase in the carrying value of Amec Foster Wheeler Limited's investment in the Company.

Approved by the Board on 20 December 2023 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 Auditors 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 2022, 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 2022 and of its loss 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 auditors report is not a guarantee that the Company will continue in operation.

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 journals posted by individuals who typically do not create or post journals, those posted to unrelated accounts and journals with specific narrative 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.

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.

Amec Foster Wheeler Group Limited
Independent Auditors Report to the Members of Amec Foster Wheeler Group Limited (continued)

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 those reports 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 those reports 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.

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.

Auditors 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 auditors 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 auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

21 December 2023

Amec Foster Wheeler Group Limited
Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	41,706	67,288
Cost of sales		(44,981)	(59,811)
Gross (loss)/profit		(3,275)	7,477
Administrative expenses		(12,502)	(2,256)
Operating (loss)/profit	5	(15,777)	5,221
Income from shares in group undertakings	6	3,781	2,641
Finance income	7	4,954	2,133
Finance expense	8	(16,603)	(3,518)
(Loss)/profit before tax		(23,645)	6,477
Taxation	12	(9,437)	(15,484)
Loss for the year		(33,082)	(9,007)

The above results were derived from continuing operations.

The notes on pages 20 to 51 form an integral part of these financial statements.

Amec Foster Wheeler Group Limited
Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Loss for the year		(33,082)	(9,007)
Items that will not be reclassified subsequently to profit or loss			
Other tax charges in equity	12	(22)	-
Deferred tax charge on remeasurement gain	12	(34,024)	(2,511)
Remeasurement gain on defined benefit schemes	23	136,094	36,439
		102,048	33,928
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gains		(1,233)	611
Total comprehensive income for the year		67,733	25,532

The notes on pages 20 to 51 form an integral part of these financial statements.

Amec Foster Wheeler Group Limited
(Registration number: 04612748)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Assets			
Non-current assets			
Property, plant and equipment	13	310	696
Right of use assets	20	649	2,851
Intangible assets	14	-	-
Investments	15	745,284	745,393
Trade and other receivables	16	19,284	4,400
Retirement benefit obligations	23	359,432	191,660
		1,124,959	945,000
Current assets			
Trade and other receivables	16	223,242	260,851
Cash and cash equivalents		16,063	3,610
Inventories	17	-	161
		239,305	264,622
Total assets		**1,364,264**	**1,209,622**
Equity and liabilities			
Equity			
Called up share capital	26	400,000	400,000
Profit and loss account		214,794	147,056
		614,794	547,056
Non-current liabilities			
Provisions	21	8,019	8,192
Deferred tax liabilities	12	74,074	31,202
Non-current lease liability	19	336	1,613
		82,429	41,007
Current liabilities			
Trade and other payables	22	657,435	611,911
Loans and borrowings	18	7,387	3,205
Income taxes		928	2,836
Current lease liability	19	1,291	3,607
		667,041	621,559
Total liabilities		749,470	662,566
Total equity and liabilities		**1,364,264**	**1,209,622**

The notes on pages 20 to 51 form an integral part of these financial statements.

Amec Foster Wheeler Group Limited
(Registration number: 04612748)
Balance Sheet as at 31 December 2022 (continued)

Approved by the Board on 20 December 2023 and signed on its behalf by:

....
WG Setter
Director

The notes on pages 20 to 51 form an integral part of these financial statements.

Amec Foster Wheeler Group Limited
Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	400,000	147,056	547,056
Loss for the year	-	(33,082)	(33,082)
Other tax charges in equity	-	(22)	(22)
Foreign currency translation loss	-	(1,233)	(1,233)
Remeasurement gain on defined benefit pension schemes before tax	-	136,094	136,094
Deferred tax effect on defined benefit pension surplus	-	(34,024)	(34,024)
Total comprehensive income	-	67,733	67,733
Share based payment transactions	-	5	5
At 31 December 2022	400,000	214,794	614,794

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	400,000	121,363	521,363
Loss for the year	-	(9,007)	(9,007)
Foreign currency translation gains	-	611	611
Remeasurement gain on defined benefit pension schemes before tax	-	36,439	36,439
Deferred tax effect on remeasurement loss on defined benefit pension schemes	-	(2,511)	(2,511)
Total comprehensive income	-	25,532	25,532
Share based payment transactions	-	161	161
At 31 December 2021	400,000	147,056	547,056

The notes on pages 20 to 51 form an integral part of these financial statements.

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 preparation of financial statements with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. See note 3.

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 Statement, and in accordance with the Companies Act 2006.

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

The level of rounding is to the nearest '000 pound (£), unless otherwise stated.

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';

2 Accounting policies (continued)

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

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, at least, 12 months from the date of approval of these financial statements.The Company's forecasts indicate that 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 24, 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 2022 have had a material effect on the financial statements.

2 Accounting policies (continued)

Revenue recognition
Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Company recognises revenue when it transfers control over a good or service to a customer.

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

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent it 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.

2 Accounting policies (continued)

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

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

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
The assets and liabilities of foreign operations are translated into pounds at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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 Property, plant & equipment (PP&E), pensions and tax losses carried forward. 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.

2 Accounting policies (continued)

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	Useful life
Land and buildings	Shorter of lease term or 50 years
Plant and equipment	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.

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.

Amortisation

Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Asset class	Useful life
Internally generated software and development costs	3 to 7 years
Other intangible assets	15 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 whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Impairment losses are recognised in profit or loss.

See 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.

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 and beyond 12 months are recorded as part of trade and other receivables within the current and non-current portions respectively. 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.

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.

2 Accounting policies (continued)

Leases

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

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

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term.

The 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.

Share capital

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

Defined contribution pension obligation

The Company's contributions to defined contribution schemes are charged to the Income Statement in the period to which the contributions relate.

Defined benefit pension obligation

The Company's surplus or deficit recognised in respect of the defined benefit scheme represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of this scheme are held in separate trustee administered funds. The scheme is largely closed to future accrual. As the Company's employees constituted substantially all of the membership of the scheme, the net pension asset and corresponding disclosures are recorded in the accounts of the Company.

The defined benefit scheme assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit credit 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 scheme 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 Statement of Comprehensive Income.

2 Accounting policies (continued)

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 relating to John Wood Group plc.

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 within the Group. The charge for options awarded at the grant date is 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.

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.

2 Accounting policies (continued)

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.

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 in the next financial year.

a) Retirement benefit schemes (estimate)
The value of the Company's retirement benefit schemes surplus is determined on an actuarial basis using several assumptions. Changes in these assumptions will impact the carrying value of the surplus. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 23. The principal assumptions that impact the carrying value are the discount rate, the inflation rate and life expectancy. 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. The Company, in conjunction with the scheme's actuaries, continues to monitor the impact of the Covid-19 pandemic on mortality data. The tax rate applied to the surplus of the scheme is 25%, on the basis that there is no expectation that the manner of any future recovery would be in the form of a refund, which would be taxed at 35%.

The majority of pension scheme assets have quoted prices in active markets. Scheme assets are revalued at least once per annum to reflect their fair value. Fair value is based on market price information. If this is not available, the most recent transaction price, revenue or earnings-based valuations using unobservable inputs may be used for level 3 investments in the fair value hierarchy.

Further details of the assumptions and measurements outlined can be seen in note 23.

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

b) Impairment of investments in subsidiaries and joint ventures

The Company's investments in subsidiaries and joint ventures are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In calculating the value-in-use of the Company's investments, the Directors have allocated the value-in-use of Wood Plc to the Company's investments based on the relative contribution of each investment to the forecasted cash flows of Wood Plc.

The value-in-use calculation of Wood Plc was performed using cash flow projections prepared by management and approved by the Board for the period 2023 through 2027. In preparing the forecasts, management have considered market outlook, growth in market share, resource utilisation, contract backlog, contract margins and assumed contract awards. The discount rate used in the model is based on Weighted Average Cost of Capital (WACC). The post-tax discount rate used was 9.67% (2021: 8.85%) and a terminal growth rate of 2.4% (2021: 2.6%) was applied to the forecasts.

An impairment loss is recognised if the carrying amount of an investment exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss of £142,000 was recorded during the year (2021: nil).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

4 Revenue

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

	2022 £ 000	2021 £ 000
Rendering of services	41,706	67,288

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

	2022 £ 000	2021 £ 000
Projects	35,490	57,403
Technology, consulting and other	6,216	9,885
	41,706	67,288

4 Revenue (continued)

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

	2022 £ 000	2021 £ 000
UK	6,212	9,870
Europe	-	45
Rest of world	35,494	57,373
	41,706	67,288

Contract assets and liabilities

	31 December 2022 £ 000	31 December 2021 £ 000
Contract assets	12,541	21,978

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 Balance Sheet. Contract liabilities are included within the 'Trade and other payables' heading in the Balance Sheet.

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation of property, plant and equipment	393	398
Right of use asset amortisation	1,328	1,475
Intangible asset amortisation expense	-	120
Foreign exchange (gains)/loss	(150)	217

6 Income received from shares in group undertakings

	2022 £000	2021 £000
Dividend income from subsidiaries	3,781	2,641

7 Finance income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	91	11
Interest received on defined benefit pension scheme	3,496	1,942
Interest received from group undertakings	863	132
Other finance income	504	48
	4,954	2,133

8 Finance expense

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	824	354
Interest on obligations under finance leases and hire purchase contracts	130	228
Interest paid to group undertakings	15,649	2,936
	16,603	3,518

9 Staff costs

The aggregate payroll costs were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	11,189	19,021
Social security costs	48	75
Pension costs, defined contribution scheme	160	346
Share-based payment expenses	5	161
	11,402	19,603

The average number of persons employed by the Company (including directors) during the year were 262 (2021: 353). The reduction in headcount reflects reduced trading activity in the current year.

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	628	610

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Exercise of share options	3	3
Accruing benefits under defined benefit pension scheme	-	-

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	227	213

The Directors are remunerated by a related Company and provide qualifying services to that Company and other related companies who are all wholly-owned subsidiaries of John Wood Group Plc. It has not been possible to apportion the remuneration specifically in respect of services to this Company.

11 Auditors remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	50	35

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.

12 Taxation

Tax charged in the Income Statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	420	-
UK corporation tax adjustment to prior periods	14	-
	434	-
Foreign tax	156	1,777
Foreign tax adjustment to prior periods	-	117
	156	1,894
Total current income tax	590	1,894
Deferred taxation		
Current year	6,722	11,901
Arising from effect of changes in tax rates	2,123	1,689
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	2	-
Total deferred taxation	8,847	13,590
Tax expense in the Income Statement	9,437	15,484

12 Taxation (continued)

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
(Loss)/profit before tax	(23,645)	6,477
Corporation tax at standard rate	(4,493)	1,231
Decrease from effect of revenues exempt from taxation	(1,191)	(1,243)
Increase from effect of expenses not deductible in determining taxable profit	61	35
Group relief payable for nil consideration	12,966	1,381
(Decrease)/increase from transfer pricing adjustments	(617)	465
Overseas taxable in excess of double tax relief	153	1,520
Deferred tax expense relating to changes in tax rates or laws	2,123	11,901
Increase from changes in pension fund prepayment	420	-
Other tax effects for reconciliation between accounting profit and tax expense	1	77
Increase in current tax from adjustment for prior periods	14	117
Total tax charge	9,437	15,484

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). The applicable tax rate of 19% was established in the Finance Act 2015 and has applied from 1 April 2017. It was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This was substantively enacted in May 2021. In September 2022, the UK Government announced that the increase in the UK corporation tax main rate to 25% from 1 April 2023 would no longer go ahead. In October 2022, it was announced in the UK Government's Budget that the main UK corporation tax rate will increase to 25% from 1 April 2023.

Deferred tax assets as at 31 December 2022 amounting to £724,000 (2021: £724,000) have not been recognised as the Directors of the Company consider that it is highly unlikely that the asset will crystallise in the foreseeable future.

Tax charge in other comprehensive income :

	2022 £ 000	2021 £ 000
Current tax charge	22	-
Deferred tax charge	34,024	2,511
	34,046	2,511

12 Taxation (continued)

Deferred tax

Deferred tax movement during the current year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	14,028	60	-	14,088
Share-based payment	1	-	(1)	-
Pension benefit obligations	(45,632)	(8,680)	(34,024)	(88,336)
IFRS 16 transitional adjustment	401	(227)	-	174
Net tax liabilities	(31,202)	(8,847)	(34,025)	(74,074)

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	10,612	3,416	-	14,028
Share-based payment	47	(46)	-	1
Pension benefit obligations	(26,237)	(16,884)	(2,511)	(48,143)
IFRS 16 transitional adjustment	477	(76)	-	401
Net tax liabilities	(15,101)	(13,590)	(2,511)	(33,713)

13 Property, plant and equipment

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 1 January 2022	3,196	1,303	4,499
Disposals	-	(29)	(29)
Foreign exchange movements	-	187	187
At 31 December 2022	3,196	1,461	4,657
Accumulated depreciation			
At 1 January 2022	2,612	1,191	3,803
Charge for the year	312	81	393
Eliminated on disposal	-	(29)	(29)
Foreign exchange movements	-	180	180
At 31 December 2022	2,924	1,423	4,347
Carrying amount			
At 31 December 2022	272	38	310
At 31 December 2021	584	112	696

14 Intangible assets

	Software and development costs £ 000	Other intangible assets* £ 000	Total £ 000
Cost			
At 1 January 2022	708	157,451	158,159
Disposals	(308)	-	(308)
At 31 December 2022	400	157,451	157,851
Accumulated amortisation			
At 1 January 2022	708	157,451	158,159
Amortisation eliminated on disposals	(308)	-	(308)
At 31 December 2022	400	157,451	157,851
Carrying amount			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

*Other intangible assets relate to brand and customer relationships.

15 Investments

Subsidiaries	**£ 000**
Cost	
At 1 January 2022	1,043,785
At 31 December 2022	1,043,785
Accumulated impairment	
At 1 January 2022	299,520
At 31 December 2022	299,520
Carrying amount	
At 31 December 2022	744,265
At 31 December 2021	744,265

The net book value of investments at 31 December 2022 of £745,284,000 as shown on the Balance Sheet is comprised of the carrying amount relating to subsidiaries shown above of £744,265,000 and that relating to joint ventures of £1,019,000 shown on page 39.

15 Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Company's directly owned subsidiaries

Name	Registered office	Class of shares	Holding	Principal activity
Amec Capital Projects Limited	(a)	Ordinary	100%	Dormant company
QED International Ltd.	(b)	Ordinary	100%	Trading company
Rider Hunt International Limited	(a)	Ordinary	100%	Trading company
Amec Project Investments Limited	(a)	Ordinary	100%	Holding company
Metal and Pipeline Endurance Limited	(a)	Ordinary	100%	Dormant company
Amec Foster Wheeler Engineering Consultancy LLC	(c)	Ordinary	60%	Trading company
Wood Finance UK Limited	(a)	Ordinary	100%	Financing company

Company's indirectly owned subsidiaries

Name	Registered office	Class of shares	Holding	Principal activity
Amec (WSL) Limited	(a)	Ordinary	100%	Dormant company
James Scott Limited	(d)	Ordinary	100%	Dormant company
Amec (MHL) Limited	(a)	Ordinary	100%	Dormant company
Amec Civil Engineering Limited	(a)	Ordinary	100%	Dormant company
Amec Process and Energy Limited	(a)	Ordinary	100%	Dormant company
QED International (UK) Limited	(e)	Ordinary	100%	Dormant company
Amec BKW Limited	(a)	Ordinary	100%	Dormant company
Rider Hunt International (Singapore) Pte Limited	(f)	Ordinary	100%	Trading company
Rider Hunt International (Malaysia) Sdn Bhd	(g)	Ordinary	100%	Trading company
Amec Wind Developments Limited	(a)	Ordinary	100%	Trading company
QED International (Kazakhstan) Limited Liability Partnership	(h)	Ordinary	100%	Trading company

15 Investments (continued)

Joint ventures

	£ 000
Cost	
At 1 January 2022	9,811
Additions	33
Disposals	(36)
At 31 December 2022	9,808
Accumulated impairment	
At 1 January 2022	8,683
Impairment	142
Eliminated on disposals	(36)
At 31 December 2022	8,789
Carrying amount	
At 31 December 2022	1,019
At 31 December 2021	1,128

Additions in the year relate to Wood Zone Co., Limited.

Disposals relate to Amec Foster Wheeler Engineering & Consulting (Shanghai) Limited, which was liquidated during the year.

Joint ventures

The following were Joint ventures of the Company:

Directly owned joint ventures

Name	Registered office	Class of shares	Holding	Principal activity
Wood Zone Co., Ltd.	(j)	Ordinary	50%	Trading company
AMEC Al Turki LLC	(k)	Ordinary	35%	Dormant company

15 Investments (continued)

Indirectly owned joint ventures

Name	Registered office	Class of shares	Holding	Principal activity
AMEC BKW Arabia Limited	(i)	Ordinary	50%	Dormant company
ACM Health Solutions Limited	(a)	Ordinary	33.33%	Dormant company
Lewis Wind Power Holdings Limited	(l)	Ordinary	50%	Holding company
Stornoway Wind Farm Limited	(l)	Ordinary	50%	Trading company
Liaoning Province Pharmaceutical Planning and Designing Institution Co. Ltd.	(m)	Ordinary	50%	Trading company
Shenyang Dongyu Youan Pharmaceutical Technology Co. Ltd.	(n)	Ordinary	37.94%	Trading company

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) c/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, 72201, Mauritius.

(c) PO Box 1469, Postal Code 133, Al-Khuwair, Sultanate of Oman.

(d) Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland.

(e) 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland.

(f) 24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621.

(g) Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia.

(h) 46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan.

(i) Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 - Al Khobar 31952, Saudi Arabia.

(j) No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China.

(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) C/O Edf Renewables Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

(m) 3rd Floor, Gate 4, 153-10 Chuangxin Road, Hunnan District, Shenyang, Liaoning Province, China.

(n) Gate 2, 8# Wulihe Street, Heping District, Shenyang, Liaoning Province, China.

16 Trade and other receivables

	31 December 2022 £ 000	31 December 2021 £ 000
Trade receivables	12,541	21,978
Amounts due from group undertakings	224,573	236,794
Other receivables	5,412	6,479
	242,526	265,251

Trade receivables are stated after provisions for impairment of £203,000 (2021: £201,000).

Trade receivables comprise amounts invoiced to customers (stated after provisions for impairment) of £5,213,000 (2021: £10,148,000) and unbilled contract assets and accrued income of £7,328,000 (2021: £11,830,000).

Included in non-current assets are other receivables of £3,300,000 (2021: £4,400,000) in respect of asbestos-related insurance recoveries and amounts due from group undertakings of £15,984,000 (2021: nil).

Amounts due from group undertakings includes loans from group undertakings of £219,231,000 (2021: £217,704,000).

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

There is no payment received during the year in respect of non-recourse factoring arrangement.

17 Inventories

	31 December 2022 £ 000	31 December 2021 £ 000
Work in progress	-	161

18 Loans and borrowings

	31 December 2022 £ 000	31 December 2021 £ 000
Current loans and borrowings		
Bank overdrafts	7,387	3,205

19 Lease liabilities

	31 December 2022 £ 000	31 December 2021 £ 000
Current lease liability	1,291	3,607
Non-current lease liability	336	1,613
	1,627	5,220

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").

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.

20 Right of use assets

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 1 January 2022	12,118	2,875	14,993
Disposals	-	(2,330)	(2,330)
At 31 December 2022	12,118	545	12,663
Accumulated depreciation			
At 1 January 2022	10,739	1,403	12,142
Charge for the year	730	598	1,328
Eliminated on disposal	-	(1,456)	(1,456)
At 31 December 2022	11,469	545	12,014
Carrying amount			
At 31 December 2022	649	-	649
At 31 December 2021	1,379	1,472	2,851

21 Provisions

	Insurance and asbestos related provisions £ 000	Indemnities granted and retained obligations on disposed operations £ 000	Other provisions £ 000	Total £ 000
At 1 January 2022	4,400	660	3,132	8,192
Utilised in year	-	(54)	(1,627)	(1,681)
Created during the year	-	-	2,608	2,608
Unused provision reversed	(1,100)	-	-	(1,100)
At 31 December 2022	3,300	606	4,113	8,019

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

Other provisions are comprised of project related provisions and property dilapidations.

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.All provisions are expected to be utilised after 12 months.

22 Trade and other payables

	31 December 2022 £ 000	31 December 2021 £ 000
Trade payables	12,002	-
Accrued expenses	10,898	29,066
Amounts due to group undertakings	634,193	582,481
Social security and other taxes	226	207
Other payables	116	157
	657,435	611,911

Amounts due to group undertakings includes loans to group undertakings of £564,436,000 (2021: £463,657,000).

Amounts due to group undertakings are unsecured, repayable on demand. Interest is charged on normal market rate.

23 Pension and other schemes

Defined contribution pension scheme

The Company is part of Wood Plc's defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £160,000 (2021: £346,000).

Defined benefit pension schemes
Wood Pension Plan

Amec Foster Wheeler Limited (formerly Amec Foster Wheeler plc), the immediate parent of the Company 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 constituted 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 the scheme was 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.

23 Pension and other schemes (continued)

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 Wood Pension Plan was 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 2022 £ 000	31 December 2021 £ 000
Fair value of scheme assets	2,236,314	3,293,627
Present value of scheme liabilities	(1,876,882)	(3,101,967)
Defined benefit pension scheme surplus	359,432	191,660

Scheme assets

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

	31 December 2022 £ 000	31 December 2021 £ 000
Fair value at start of year	3,293,627	3,300,000
Interest income	58,494	44,910
Remeasurement of plan assets	(1,025,389)	57,076
Employer contributions	32,000	20,000
Benefits paid	(118,600)	(123,549)
Administrative expenses paid	(3,818)	(4,810)
Fair value at end of year	2,236,314	3,293,627

23 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2022 %	31 December 2021 %
Cash and cash equivalents	14	-
Equity instruments	-	11
Bonds/debt instruments	101	85
Real estate	3	3
Derivatives	(18)	(12)
Investment funds	-	10
Other	-	3
	100	100

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.

Scheme liabilities

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

	31 December 2022 £ 000	31 December 2021 £ 000
Present value at start of year	3,101,967	3,161,911
Remeasurement arising from changes in demographic assumptions	(25,400)	23,000
Remeasurement arising from changes in financial assumptions	(1,192,183)	(40,363)
Remeasurement arising from changes in experience adjustments	56,100	38,000
Interest cost	54,998	42,968
Benefits paid	(118,600)	(123,549)
Present value at end of year	1,876,882	3,101,967

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 2022 %	31 December 2021 %
Discount rate	5.01	1.81
Future pension increases (service before 1 January 2008)	2.87	3.13
Inflation	3.13	3.34

23 Pension and other schemes (continued)

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2022 were as follows: Scheme Mortality assumption Wood Pension Plan Scheme specific table with CMI 2021 (Sk =7.0) 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 2022 Years	31 December 2021 Years
Current UK pensioners at retirement age - male	22.50	22.80
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.80	24.10
Future UK pensioners at retirement age - female	25.50	25.50

Amounts recognised in the Income Statement

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts recognised in operating profit		
Current service cost and administrative expenses	3,818	4,810
Amounts recognised in finance income or costs		
Net interest	(3,496)	(1,942)
Total recognised in the Income Statement	322	2,868

Amounts taken to the Statement of Comprehensive Income

	31 December 2022 £ 000	31 December 2021 £ 000
Deferred tax credit on actuarial loss	(34,024)	(2,511)
Actuarial gain on defined benefit schemes	136,094	36,439
Other tax charges in equity	(22)	-
Amounts recognised in the Statement of Comprehensive Income	102,048	33,928

23 Pension and other schemes (continued)

Scheme risks

The retirement benefit scheme is exposed to a number of risks, the most significant of which are -

Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk

The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

Sensitivity analysis

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

	31 December 2022		31 December 2021	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5
Adjustment to discount rate	£ 000	£ 000	£ 000	£ 000
Increase/(decrease) in scheme liabilities	(111,376)	125,951	(245,129)	279,377

	31 December 2022		31 December 2021	
	+ 0.1%	- 0.1%	+ 0.1%	- 0.1%
Adjustment to rate of inflation	£ 000	£ 000	£ 000	£ 000
Increase/(decrease) in scheme liabilities	11,052	(10,984)	28,409	(28,303)

	31 December 2022		31 December 2021	
Adjustment to mortality age rating assumption	+ 1 Year	- 1 Year	+ 1 Year	- 1 Year
	£ 000	£ 000	£ 000	£ 000
Increase/(decrease) in scheme liabilities	(61,185)	62,805	(145,017)	141,938

The discount rate sensitivities in the above table can be extrapolated downwards and upwards to broadly calculate the impact of a 0.25% and 1% discount rate movement respectively.

23 Pension and other schemes (continued)

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
2022	121,553	124,581	392,685	722,590	1,361,409
2021	126,858	130,258	412,125	764,173	1,433,414

Group Plan

The expected contributions to the plan for the next reporting period are £8,000,000.

24 Contingent liabilities

At the Balance Sheet date, the Company had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

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.

Legal Claims

From time to time, the Company is notified of claims in respect of work carried out. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made. At any point in time, there are a number of claims where it is too early to assess the merit of the claim, and hence it is not possible to make a reliable estimate of the potential financial impact.

25 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 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.

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 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.

Foreign exchange risk

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

Interest rate risk

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

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.

26 Called up share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No. 000	£ 000	No. 000	£ 000
Called up share capital of £1 each	400,000	400,000	400,000	400,000

27 Parent and ultimate parent undertaking

The Company's immediate parent is Amec Foster Wheeler Limited, a company incorporated in England and Wales.

The ultimate parent and controlling party is John Wood Group PLC, a company incorporated in Scotland and registered in the United Kingdom, which is also the smallest and largest group to consolidate these financial statements. These consolidated financial statements are available upon request from the John Wood Group PLC, Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, Scotland, AB12 3LE.

28 Events after Balance Sheet date

During 2023, Amec Foster Wheeler Limited subscribed to an additional £200 million shares in the Company. This has led to a £200 million increase in the carrying value of Amec Foster Wheeler Limited's investment in the Company.