

AFW E&C HOLDINGS LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



AFW E&C HOLDINGS LIMITED

COMPANY INFORMATION

Directors	WG Setter CA Chatfield
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Company secretary	IA Jones
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Registered number	09861564
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Registered office	Booths Park Chelford Road Knutsford Cheshire WA16 8QZ
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AFW E&C HOLDINGS LIMITED

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AFW E&C HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The Directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 then 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Principal activity

The Company's principal activity is the provision of finance to fellow group undertakings.

Results and dividends

The loss for the year, after taxation, amounted to £801,266,000 (2017: profit of £30,979,000). A dividend of £150,000 was paid during 2018 (2017: nil).

Going concern

The Directors, having made enquiries, consider that the Company has adequate resources to operate for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served during the year were

WG Setter
CA Chatfield

AFW E&C HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

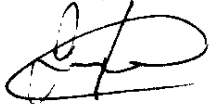
Strategic Report

The Company is entitled to the small companies' exemption from the requirement to prepare a Strategic Report.

Qualifying third party indemnity provisions

The Company maintains Directors' and Officers' liability insurance cover. In addition, throughout the financial period and at the date of this report, qualifying third party indemnity provisions within the meaning of Sections 232-234 of the Companies Act 2006 were in place for all of the Directors.

This report was approved by the board and signed on its behalf by:



IA Jones
Secretary

Date: *12 September 2019*

AFW E&C HOLDINGS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Waiver of intercompany balances		(819,827)	-
Operating (loss)/profit		(819,827)	-
Interest receivable and similar income	4	18,561	30,979
(Loss)/profit before tax		(801,266)	30,979
Tax on (loss)/profit	5	-	-
(Loss)/profit for the year		(801,266)	30,979

There were no recognised gains and losses for 2018 or 2017 other than those included in the income statement.

All amounts relate to continuing operations.

AFW E&C HOLDINGS LIMITED
REGISTERED NUMBER:09861564

BALANCE SHEET
AS AT 31 DECEMBER 2018


	Note	2018 £000	2018 £000	2017 £000	2017 £000
Current assets					
Debtors (including amounts due after more than one year of £nil (2017: £362,547,000))	7	-		801,416	
		<u>-</u>		<u>801,416</u>	
Net assets			-		801,416
Capital and reserves					
Called up share capital	8		-		-
Retained earnings			-		801,416
			<u>-</u>		<u>801,416</u>

For the year ending 31 December 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



WG Setter
Director

Date: 12 September 2019

AFW E&C HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2018	-	801,416	801,416
Comprehensive income for the year			
Loss for the year	-	(801,266)	(801,266)
Dividends: Equity capital	-	(150)	(150)
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2017	-	770,437	770,437
Profit for the year	-	30,979	30,979
At 31 December 2017	<u>-</u>	<u>801,416</u>	<u>801,416</u>

The notes on pages 6 to 10 form part of these financial statements.

AFW E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

AFW E&C Holdings Limited is a private company limited by shares incorporated and domiciled in England and Wales.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's functional and presentational currency is Sterling.

The results of the Company are included in the consolidated accounts of John Wood Group PLC which are available from 15 Justice Mill Lane, Aberdeen, AB11 6EQ.

The preparation of financial statements in compliance 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 2).

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

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

AFW E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.4 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to group undertakings, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company has adopted IFRS 9: Financial Instruments (IFRS 9) with a date of initial application of 1 January 2018 using the cumulative effect method, by recognising the cumulative effect by initially applying IFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. On transition to IFRS 9, comparative periods have not been restated and no restatement of the opening balance sheet at 1 January 2018 has been required.

Under IFRS 9, for trade and other receivables and other non-current assets, the Company applies a simplified approach in calculating Estimated Credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date, based on its historical credit loss experience.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

1.5 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

AFW E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.6 Taxation

Income tax expense comprises the sum of the current tax charge and the movement in deferred tax.

Current tax payable or recoverable is based on taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or deductible.

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. The provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. Separate provisions for interest and penalties are also recorded if appropriate. Movements in interest and penalty amounts in respect of tax provisions are not included in the tax charge, but are disclosed within profit/(loss) before income tax.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted to apply when the deferred tax asset is realised or the liability is settled.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors do not believe that the estimates and judgements contained in these accounts have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year.

3. Directors' remuneration

None of the Directors received any remuneration in respect of their services to the Company in the year (2017: None).

4. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable from group companies	18,561	30,979

AFW E&C HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Taxation

	2018 £000	<i>2017 £000</i>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	<i>2017 £000</i>
(Loss)/profit on ordinary activities before tax	<u>(801,266)</u>	<u>30,979</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(152,241)	5,963
Effects of:		
Non deductible expenses	155,767	-
Group relief for nil consideration	(3,526)	(5,963)
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

As at 31 December 2018, the reduction in the rate of corporation tax to 17% on 1 April 2020 had been enacted. The reduction in the rate of corporation tax to 17% is forecast not to have a significant impact on future tax charges to the Income Statement.

6. Dividends

	2018 £000	<i>2017 £000</i>
Ordinary		
2018: £150,000 per ordinary share (2017: £nil per ordinary share)	<u>150</u>	<u>-</u>

AFW E&C HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts owed by group undertakings	-	362,547
Due within one year		
Amounts owed by group undertakings	-	438,869
	<u>-</u>	<u>801,416</u>

8. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

9. Controlling party

The Company is a subsidiary undertaking of FW European E&C Ltd which is incorporated in Bermuda.

The Directors consider the Company's ultimate parent company to be John Wood Group PLC, a company incorporated in Scotland.

The largest group in which the results of the Company were consolidated for the year ended 31 December 2018 was John Wood Group PLC.