

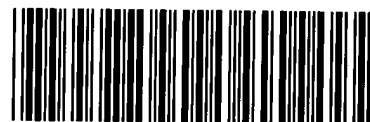
Registered number: 887857

FOSTER WHEELER (LONDON) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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FOSTER WHEELER (LONDON) LIMITED

COMPANY INFORMATION

Directors	WG Setter (appointed 30 November 2017) CA Chatfield (appointed 30 November 2017)
Company secretary	IA Jones
Registered number	887857
Registered office	Booths Park Chelford Road Knutsford Cheshire WA16 8QZ
Independent auditors	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

FOSTER WHEELER (LONDON) LIMITED

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FOSTER WHEELER (LONDON) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

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 judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Company did not carry out any trading activities during the current or the prior year. The Company still has unsettled obligations in respect of asbestos claims which, with the exception of public liability claims, are considered recoverable under the Company's insurance arrangements. The details are disclosed in notes 7 and 10 to these financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £48,000 (2016 - loss £46,000). This arose from the unwinding of the discount on the net asbestos liabilities.

The Directors do not recommend the payment of a dividend in the year (2016: *nil*)

Directors

The Directors who served during the year were:

GR Ling (resigned 30 November 2017)
A Dick (resigned 30 November 2017)
WG Setter (appointed 30 November 2017)
CA Chatfield (appointed 30 November 2017)

Future developments

The Company is not expected to carry out any trading activities in the foreseeable future but will continue to hold the asbestos liabilities and corresponding insurance recoveries as it has done in the current year.

FOSTER WHEELER (LONDON) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Qualifying third party indemnity provisions

The Company maintains Directors' and Officers' liability insurance cover. In addition, throughout the financial year 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.

Strategic Report

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

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The term as auditor for Ernst & Young LLP ceased with effect from the end of the 2017 financial year. Following a tender process, the firm of KPMG LLP has been appointed as auditor for 2018.

Going Concern

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

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



IA Jones
Secretary

Date: 28 September 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOSTER WHEELER (LONDON) LIMITED

Opinion

We have audited the financial statements of Foster Wheeler (London) Limited for the year ended 31 December 2017 which comprise the Income Statement, the Balance Sheet, the Statements of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOSTER WHEELER (LONDON) LIMITED

- prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.
- the Directors are not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Mark Morritt (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP, Statutory Auditor
Manchester

Date: 28th September 2018

FOSTER WHEELER (LONDON) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Other operating income		-	1
Operating profit		<u>-</u>	<u>1</u>
Interest receivable and similar income	4	344	350
Interest payable and similar charges	5	(392)	(397)
Loss before tax		<u>(48)</u>	<u>(46)</u>
Tax on loss	6	-	-
Loss for the year		<u><u>(48)</u></u>	<u><u>(46)</u></u>

All amounts relate to continuing operations.


There is no other comprehensive income in either 2017 or 2016.

FOSTER WHEELER (LONDON) LIMITED
REGISTERED NUMBER: 887857

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors (including amounts due after more than one year of £18,791,000 (2016: £15,328,000))	7	23,357	18,876
		<u>23,357</u>	<u>18,876</u>
Creditors: amounts falling due within one year	8	(1,358)	(333)
		<u></u>	<u></u>
Net current assets		21,999	18,543
Total assets less current liabilities		<u>21,999</u>	<u>18,543</u>
Creditors: amounts falling due after more than one year	9	(66)	(64)
		<u>21,933</u>	<u>18,479</u>
Provisions for liabilities			
Other provisions for liabilities	10	(20,907)	(17,405)
		<u>(20,907)</u>	<u>(17,405)</u>
Net assets		<u>1,026</u>	<u>1,074</u>
Capital and reserves			
Called up share capital	11	10,288	10,288
Other reserves		962	962
Retained loss		(10,224)	(10,176)
		<u>1,026</u>	<u>1,074</u>

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


WG Setter
 Director

Date: 28 September 2018

FOSTER WHEELER (LONDON) LIMITED

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

	Called up share capital	Other reserves	Retained loss	Total equity
	£000	£000	£000	£000
At 1 January 2017	10,288	962	(10,176)	1,074
Loss for the year	-	-	(48)	(48)
At 31 December 2017	10,288	962	(10,224)	1,026

FOSTER WHEELER (LONDON) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Other reserves	Retained loss	Total equity
	£000	£000	£000	£000
At 1 January 2016	10,288	962	(10,130)	1,120
Loss for the year	-	-	(46)	(46)
At 31 December 2016	10,288	962	(10,176)	1,074

The notes on pages 9 to 15 form part of these financial statements.

FOSTER WHEELER (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Foster Wheeler (London) Limited is a private company, limited by shares and is 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 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 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

1.3 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.

FOSTER WHEELER (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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, other than cash and cash equivalents, 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.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

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 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.6 Interest income

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

FOSTER WHEELER (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.7 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The Company has received asbestos-related claims in connection with work performed during a period which ended in the late 1980s and expects to receive additional such claims in the future. The liability recognised by the Company includes estimates of indemnity amounts and defence costs expected to be incurred each year in the period to 2050, beyond which time management expects that there will no longer be a significant number of claims. The resulting cash flows including annual inflation of 1% are discounted using a nominal annual discount rate of 2.2% (2016: 2.2%) and the net present value is recorded as a provision. The cost of these claims, with the exception of public liability claims, is covered under the Company's insurance, and therefore, amounts which are recoverable are recorded in other debtors.

1.8 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.

FOSTER WHEELER (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

The Directors believe the most significant areas of judgement and estimation arise from:

Asbestos provisions and insurance recoveries

Accounting for provisions for asbestos and the associated insurance recoveries requires estimations that may result in significant changes in the current estimates. Among these uncertainties are the ultimate number and type of claims filed, the amount of claim costs, the impact of bankruptcies of other companies with asbestos claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, as well as potential legislative changes.

Fluctuations in market interest rates could cause significant changes in the discounted amount of the asbestos-related liabilities and insurance recoveries.

3. Audit Costs

Auditors' remuneration for the audit of the financial statements of £2,000 (2016: £2,000) was borne by another group company.

4. Interest receivable and similar income

	2017 £000	2016 £000
Unwinding of discount relating to asbestos receivable	344	350

5. Interest payable and similar charges

	2017 £000	2016 £000
Unwinding of discount relating to asbestos liability (note 10)	390	395
Interest payable to group companies	2	2
	392	397

FOSTER WHEELER (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6. Tax on loss on ordinary activities

Factors affecting tax charge for the year

The tax provision for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	(48)	(46)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	(9)	(9)
Effects of:		
Expenses not deductible for tax purposes/non-taxable income	9	9
Total tax charge for the year	-	-

Factors that may affect future tax charges

As at 31 December 2017, the reduction in the rate of corporation tax to 17% on 1 April 2020 had been substantially 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.

7. Debtors

	2017 £000	2016 £000
Due after more than one year		
Asbestos receivable	18,791	15,328
	18,791	15,328
Due within one year		
Amounts owed by group undertakings	3,212	3,218
Asbestos receivable	1,350	330
Other debtors	4	-
	23,357	18,876

Debtors (falling due after more than one year plus falling due within one year) include amounts of £20,141,000 (2016: £15,658,000) recoverable under insurance arrangements in respect of the estimated value of non public liability asbestos related claims, discounted using a nominal discount rate of 2.2% (2016: 2.2%).

FOSTER WHEELER (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	8	1
Other taxation and social security	-	2
Asbestos related liability	1,350	330
	<u>1,358</u>	<u>333</u>

9. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Amounts owed to group undertakings	66	64
	<u>66</u>	<u>64</u>

10. Provisions for liabilities

	Asbestos provision £000
At 1 January 2017	17,405
Transfers	4,689
Charged to profit or loss	390
Transfer to creditors	(1,020)
Utilised in year	(557)
At 31 December 2017	<u>20,907</u>

The above provisions relate to asbestos claims on the Company, which, with the exception of public liability claims, are offset by a receivable in respect of amounts recoverable through the Company's insurance. The amounts provided are the estimated liabilities required to resolve pending and future claims over a period to 2050, discounted using a nominal discount rate of 2.2% (2016: 2.2%).

FOSTER WHEELER (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Share capital

	2017 £000	2016 £000
Authorised		
22,500,000 Ordinary shares of £0.50 each	11,250	11,250
Allotted, called up and fully paid		
20,576,930 Ordinary shares of £0.50 each	10,288	10,288

12. Controlling party

The immediate parent company is Amec Foster Wheeler Energy Limited, which is incorporated in England and Wales.

On 9 October 2017, Amec Foster Wheeler Limited (formerly Amec Foster Wheeler plc) and its subsidiaries were acquired by John Wood Group PLC and as of that date 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 2017 was John Wood Group PLC.