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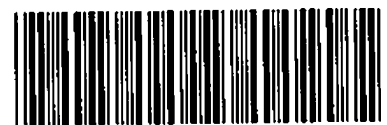
Foster Wheeler (London) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



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Foster Wheeler (London) Limited
Strategic Report for the Year Ended 31 December 2022

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

Principal activities

The Company did not carry out any trading activities in the current or prior year. The Company 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.

Fair review of the business

The loss for the year, after taxation, amounted to £136,000 (2021: £36,000). This arose principally from the unwinding of the discount on the net asbestos liabilities. In 2022, the Company received 17 claims, all related to employer liability claims. Employer liability claims are fully insured, and all of the employer liability claims received in 2022 were handed over to the appropriate insurance companies in line with the process in place.


Key performance indicators (KPI's)

The Company has not identified any key performance indicators due to the nature of its operations as a Company which only holds assets and liabilities.

Principal risks and uncertainties

The Company's only activity relates to historic asbestos claims. Accounting for these provisions and the associated insurance recoveries requires estimations including the ultimate number, value and type of claims filed. This is managed at Group level and more detailed disclosure is available in the financial statements of John Wood Group PLC, the Company's ultimate holding company.

Approved by the Board on 29 Sept.2023 and signed on its behalf by:



IA Jones
Company secretary

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Foster Wheeler (London) Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their 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:

AS McLean

WG Setter

Results and dividends

The loss for the year, after taxation, amounted to £136,000 (2021: £36,000).

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.

Going concern

The Company had net assets of £729,000 and net current liabilities of £991,000 as at 31 December 2022 and made a loss for the year then ended of £136,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, to meet its liabilities as they fall due for that period.

The Company did not carry out any trading activities in the current year and is not expected to trade during the forecast period. The forecasts reflect how the Company 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.

Those forecasts are dependent on John Wood Group PLC not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £1,009,000, and providing additional financial support during that period. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the Balance Sheet date, 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.

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.

Foster Wheeler (London) Limited
Directors' Report for the Year Ended 31 December 2022 (continued)

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 page 1 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.

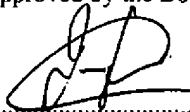
Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Events after Balance Sheet date

There have been no material adjusting or disclosable events since the financial period end.

Approved by the Board on 29 Sept.2023 and signed on its behalf by:



.....
IA Jones
Company secretary

Foster Wheeler (London) 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.

Independent Auditor's Report to the Members of Foster Wheeler (London) Limited

Opinion

We have audited the financial statements of Foster Wheeler (London) 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 related notes, including the 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to John Wood Group PLC’s policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, 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 there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

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 and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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 fraud 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.

Independent Auditor's Report to the Members of Foster Wheeler (London) 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 that report for the financial year is consistent with the financial statements; and
- in our opinion the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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 they 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.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**Independent Auditor's Report to the Members of Foster Wheeler (London) Limited
(continued)**

The purpose of our audit work and to whom we owe our responsibilities

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



.....
Daniel Crighton (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

29 September 2023

Foster Wheeler (London) Limited
Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Administrative expenses		<u>(34)</u>	<u>-</u>
Operating loss		(34)	-
Finance income	4	493	155
Finance expense	5	<u>(609)</u>	<u>(191)</u>
Loss before tax		(150)	(36)
Taxation	9	<u>14</u>	<u>-</u>
Loss for the year		<u><u>(136)</u></u>	<u><u>(36)</u></u>

The above results were derived from continuing operations.

No separate statement of comprehensive income has been presented because the Company has no other comprehensive income other than loss for the financial year.

The notes on pages 12 to 20 form an integral part of these financial statements.

Foster Wheeler (London) Limited
(Registration number: 00887857)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Assets			
Non-current assets			
Trade and other receivables	10	13,624	10,464
Current assets			
Trade and other receivables	10	<u>2,520</u>	<u>5,544</u>
Total assets		<u>16,144</u>	<u>16,008</u>
Equity and liabilities			
Equity			
Called up share capital	13	10,288	10,288
Other reserves		962	962
Profit and loss account		<u>(10,521)</u>	<u>(10,385)</u>
		<u>729</u>	<u>865</u>
Non-current liabilities			
Provisions	11	11,904	11,972
Trade and other payables	12	<u>-</u>	<u>824</u>
		11,904	12,796
Current liabilities			
Trade and other payables	12	<u>3,511</u>	<u>2,347</u>
Total liabilities		<u>15,415</u>	<u>15,143</u>
Total equity and liabilities		<u>16,144</u>	<u>16,008</u>

Approved by the Board on 29 Sept.2023 and signed on its behalf by:



WG Setter
Director

The notes on pages 12 to 20 form an integral part of these financial statements.

Foster Wheeler (London) Limited
Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	10,288	962	(10,385)	865
Loss for the year	-	-	(136)	(136)
Total comprehensive loss	-	-	(136)	(136)
At 31 December 2022	<u>10,288</u>	<u>962</u>	<u>(10,521)</u>	<u>729</u>

	Called up share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	10,288	962	(10,349)	901
Loss for the year	-	-	(36)	(36)
Total comprehensive loss	-	-	(36)	(36)
At 31 December 2021	<u>10,288</u>	<u>962</u>	<u>(10,385)</u>	<u>865</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Booths Park
Chelford Road
Knutsford
Cheshire
WA16 8QZ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through the Income Statement, and in accordance with the Companies Act 2006.

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).

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:

- IFRS 7, 'Financial instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement';
- 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'.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The Company had net assets of £729,000 and net current liabilities of £991,000 as at 31 December 2022 and made a loss for the year then ended of £136,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, to meet its liabilities as they fall due for that period.

The Company did not carry out any trading activities in the current year and is not expected to trade during the forecast period. The forecasts reflect how the Company 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.

Those forecasts are dependent on John Wood Group PLC not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £1,009,000, and providing additional financial support during that period. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the Balance Sheet date, 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.

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.

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.

Finance income and costs policy

Interest income and expense is recorded in the same Income Statement in the period to which it relates. Interest relating to the unwinding of discount on asbestos receivables and liabilities is included in finance income or expense as applicable.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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.

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the relevant functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the Balance Sheet date. Any exchange differences are taken to the Income Statement.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the Income Statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted at the Balance Sheet date.

Tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes. The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the Balance Sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

Trade and other receivables

Trade and other receivables include amounts due from group undertakings and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

The Company recognises loss allowances for Expected Credit Losses ('ECLs') on amounts due from group undertakings, measured at an amount equal to lifetime ECLs. ECLs are a profitability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a debtor being in significant financial difficulty. 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 debtors, 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.

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade and other receivables and beyond 12 months are recorded within Long term receivables. The Company's asbestos related assets have been discounted using an appropriate rate of interest derived with reference to a 30 year government bond.

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.

The provisions relate to asbestos related litigation. The Company has received asbestos-related claims in connection with work performed during a period which ended in the late 1980's 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 are discounted using a nominal annual discount rate of 3.85% (2021: 1.13%) and the net present value is recorded as a provision. The discount rate has been derived by reference to a 30 year government bond. As explained in more detail in a separate accounting policy 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 trade and other receivables. See notes 10 and 11 for further details.

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.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Company management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities.

Asbestos provisions and insurance recoveries (estimate and judgement)

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 types of claims filed, the amount of claims costs including both indemnity and defence costs, uncertainties surrounding the litigation process between jurisdictions and different cases, 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.

There is a high degree of uncertainty in the assumptions above and the final number, quantum, and outcome of future claims may be significantly different from the provisions. The directors engage professional actuaries to prepare the estimations above based on the Company claims and exposures data, and market projections. The range of reasonable actuarial estimates is highly material. The directors have consistently used a cautious estimate point within that actuarial range. Refer note 11 for further details.

4 Finance income

	2022 £ 000	2021 £ 000
Unwinding of discount relating to asbestos receivables	<u>493</u>	<u>155</u>

5 Finance expense

	2022 £ 000	2021 £ 000
Unwinding of discount relating to asbestos liabilities	551	180
Interest paid to group undertakings	<u>58</u>	<u>11</u>
	<u>609</u>	<u>191</u>

6 Staff costs

The Company had no employees during the current or prior year.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Directors' remuneration

The directors are also directors of other companies within the Wood Group and their emoluments relate to their services provided to the group as a whole are paid by other group undertakings. No qualifying services were provided to the Company by the directors in the current or prior year.

8 Auditors' remuneration

Auditors' remuneration for the audit of the financial statements of £37,700 (2021: £30,000) was borne by another group company.

9 Taxation

Tax (credited)/charged in the Income Statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	(11)	-
UK corporation tax adjustment to prior periods	(3)	-
	<u>(14)</u>	<u>-</u>

The tax on loss after 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 before tax	<u>(150)</u>	<u>(36)</u>
Corporation tax at standard rate	(29)	(7)
Decrease in current tax from adjustment for prior periods	(3)	-
Increase from tax losses for which no deferred tax asset was recognised	18	5
Increase arising from group relief tax reconciliation	<u>-</u>	<u>2</u>
Total tax charge	<u>(14)</u>	<u>-</u>

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.

There is an unrecognised deferred tax asset of £487,000 as at 31 December 2022 (2021: £464,000) in relation to post cessation losses. This asset has not been recognised as the directors of the Company consider that it is unlikely that the asset will crystallise in the foreseeable future.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Trade and other receivables

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts due from group undertakings	3,226	3,212
Asbestos receivables	12,914	12,792
Other debtors	<u>4</u>	<u>4</u>
	<u>16,144</u>	<u>16,008</u>

Asbestos receivables of £10,412,000 (2021: £10,464,000) are included within non-current assets. These are amounts recoverable under insurance arrangements in respect of the estimated value of non public liability asbestos related claims, discounted using a nominal discount rate of 3.85% (2021: 1.13%). The discount rate has been derived with reference to a 30 year government bond. Asbestos receivables of £2,502,000 are included in current assets.

Amounts due from group undertaking of £3,212,000 are stated as non-current as the Company does not expect settlement in the next 12 months.

11 Provisions

	Asbestos provisions £ 000
At 1 January 2022	11,972
Provisions utilised	(446)
Increase due to unwinding of discount*	551
Decrease arising from transfers to trade and other payables	<u>(173)</u>
At 31 December 2022	<u>11,904</u>

*A charge of £551,000 has been recognised during the year which represents the unwinding of discount at a rate of 3.85% (2021: 1.13%). This discount rate used is determined by the 30-year UK nominal spot curve.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Provisions (continued)

Provisions relate to asbestos claims on the Company, which, with the exception of public liability claims, have a corresponding receivable in respect of amounts recoverable through the Company's insurance cover. 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 3.85% (2021: 1.13%). The discount rate has been derived with reference to a 30 year government bond.

Each year the Company records its estimated asbestos liability at a level consistent with its advisors' reasonable best estimate. The Company has worked with its advisors with respect to projecting these liabilities. The estimate takes account of the following information and/or assumptions: number of open claims, forecasted number of future claims and estimated average cost per claim.

The provision range relating to the Company is estimated to be between a low of £7,503,000 and a high of £15,409,00 of which £6,720,000 to £13,835,000 is insured. The provision range includes both current and non-current exposures.

In terms of accounting for claims as current or non-current, the total provision range is outlined by the Company's advisors. The total of the insurer's reserves being amounts set aside by insurers to pay legitimate claims is then allocated to form the current portion.

The current portion of asbestos related payables is included in Trade and other payables (note 12). At the year end there is a net asbestos liability of £1,492,000

12 Trade and other payables

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts due to group undertakings	1,009	842
Asbestos related payables	2,502	2,329
	<u>3,511</u>	<u>3,171</u>

Amounts due to group undertakings are unsecured and interest is charged at the normal market rate.

Foster Wheeler (London) Limited
Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Called up share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.50 each	<u>20,577</u>	<u>10,288.50</u>	<u>20,577</u>	<u>10,288.50</u>

14 Parent and ultimate parent undertaking

The Company's immediate parent is Amec Foster Wheeler Energy 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, 15 Justice Mill Lane, Aberdeen, Scotland, AB11 6EQ.

15 Events after Balance Sheet date

There have been no material adjusting or disclosable events since the financial period end.