

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

Report of the directors for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

1 Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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 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.

2. Business review and principal activities

The principal activity of the company is the design, engineering and construction of plant and equipment for the process industries.

The company operates offices in India, Vietnam and Taiwan, and branches in Iran and Kazakhstan.

During the year, the company continued to work alongside Foster Wheeler Energy Limited on a major grassroots refinery at Paradip, Orissa State, India for Indian Oil Corporation Limited.

The result for the year was a profit before taxation of £3,422,030 (2011: £1,857,641) and turnover of £13,019,290 (2011: £26,105,582) as set out in the profit and loss account on page 5. The company achieved a gross profit margin of 25.9% (2011: 4.0%) and an underlying gross profit margin before statutory financial statement adjustments of 42.1% (2011: 22.7%).

The company's net asset position at the end of the year was £8,542,236 (2011: £7,538,536).

The directors do not recommend the payment of a dividend for the year (2011: £nil).

Future outlook

The project in India, representing the majority of the company's current trading activities, is expected to continue to generate high levels of revenue in 2013.

Principal risks and uncertainties

The management of the company's business is subject to a number of risks. The key risk affecting the company relates to the potential inability to meet contractual performance targets on the current project. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on page 5 of Foster Wheeler Limited's annual report which does not form part of this report.

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012*Report of the directors for the year ended 31 December 2012 (continued)***2 Business review and principal activities (continued)****Key performance indicators**

	2012	2011	
(Decrease)/growth in sales (%)	(50.1)	(64.5)	Year on year sales growth expressed as a percentage. The decrease is attributable to the phasing of the work on the Indian Oil Corporation Limited project since the engineering work was largely completed in 2010, representing 50% of the overall project progress. In 2011 and 2012, the work is largely Project Management, which is gradually tailing off as the project approaches completion in 2014.
Gross margin before statutory financial statement adjustments (%)	42.1	22.7	Gross margin is the ratio of gross profit to sales expressed as a percentage. The margin in 2012 demonstrates the company's continued high performance in project execution.

3 Directors

The directors who held office during the year and up to the date of signing the financial statements, were as follows:

L J Dupagne	(Resigned 1 May 2013)
S T Culshaw	
A M Morzeria	
F Abba	(Appointed 24 February 2012)
M R Collis	(Appointed 25 April 2013)

4 Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, interest rate risk and exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The policies are set by the directors and incorporated into the company's procedures, the implementation of which is subject to compliance and internal audit review.

Credit risk

The company's policy is that the credit-worthiness of any prospective client, contractor, subcontractor, vendor, joint venture partner or any entity engaging in an economic transaction with the company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract. The credit risk of financial institutions where cash and cash equivalents are held is reviewed on a regular basis. Deposits are generally short term in nature and are only placed with institutions with a credit rating of "A" or better as measured by Standard and Poors.

Interest rate risk

The company policy for managing risks associated with interest rate fluctuations is to evaluate such risks and where deemed material, to enter into financial instruments to hedge such risks.

Exchange rate risk

The policy is to hedge exchange rate risk on contractual future cash flows by the use of forward exchange contracts, where deemed appropriate.

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Report of the directors for the year ended 31 December 2012 (continued)

5. Qualifying third party indemnity provisions

During the course of the financial year and at the date of approval of the financial statements a qualifying third party indemnity provision was in place for the directors

6 Statement of disclosure to auditors

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



Shinfield Park,
Reading,
Berkshire RG2 9FW

M R Collis
Director

04 June 2013

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

Independent auditors' report to the members of Foster Wheeler (G B) Limited

We have audited the financial statements of Foster Wheeler (G B) Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit 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.

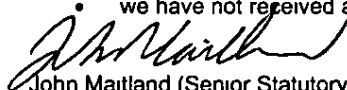
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



John Maitland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

Date 5 June 2013

FOSTER WHEELER (G B) LIMITED**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012****Profit and loss account for the year ended 31 December 2012**

	Note	2012 £	2011 £
Continuing operations			
Turnover	2	13,019,290	26,105,582
Cost of sales		<u>(9,650,032)</u>	<u>(25,051,801)</u>
Gross profit		3,369,258	1,053,781
Administrative expenses		(1,000)	(1,035)
Other operating income		<u>24,523</u>	<u>690,883</u>
Operating profit	3	3,392,781	1,743,629
Interest receivable and similar income	6	54,019	238,587
Interest payable and similar charges	7	<u>(24,770)</u>	<u>(124,575)</u>
Profit on ordinary activities before taxation		3,422,030	1,857,641
Tax on profit on ordinary activities	8	<u>(1,512,272)</u>	<u>(1,363,757)</u>
Profit for the financial year	16	<u>1,909,758</u>	<u>493,884</u>

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

**Statement of total recognised gains and losses
for the year ended 31 December 2012**

		2012 £	2011 £
Profit for the financial year		1,909,758	493,884
Exchange adjustments offset in reserves	17	<u>(906,058)</u>	<u>(1,012,677)</u>
Total recognised gains/(losses) relating to the year		<u>1,003,700</u>	<u>(518,793)</u>

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Balance sheet as at 31 December 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible fixed assets	9		117,852		164,565
Current assets					
Work in progress	10	119,905		776,953	
Debtors - amounts falling due within one year	11	27,992,449		21,043,910	
- amounts falling due after more than one year	11	-		426,130	
Cash at bank and in hand		<u>1,169,585</u>		<u>3,486,615</u>	
		29,281,939		25,733,608	
Creditors - amounts falling due within one year	12	<u>19,778,985</u>		<u>18,359,637</u>	
Net current assets			9,502,954		7,373,971
Total assets less current liabilities			9,620,806		7,538,536
Provisions for liabilities and charges	13		<u>1,078,570</u>		-
Net assets			<u>8,542,236</u>		<u>7,538,536</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account	16		<u>8,541,236</u>		<u>7,537,536</u>
Total shareholders' funds	17		<u>8,542,236</u>		<u>7,538,536</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 04 June 2013 and signed on its behalf by



M R Collis
Director

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

These financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The following are the main accounting policies of the company, which have been applied consistently

a) Historical cost convention

These financial statements have been prepared under the historical cost convention

b) Turnover

Turnover is the total revenue earned (excluding value added tax), whether billed to the client or not, for providing services, materials, equipment and subcontracts under awarded contracts

c) Accounting basis for determining revenues and profits on contracts

The principal accounting basis used for determining revenue from services and profit on long term contracts is the percentage of completion method based on the ratio of quantities expended to total forecast quantities, typically manhours Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue When it is probable that costs will exceed revenue, the expected loss is recognised immediately Revenues from providing materials, equipment and subcontracts are recognised on a cost-reimbursable basis

d) Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the purchase price, together with any incidental expenses of acquisition

Depreciation is calculated to write off the cost of all tangible fixed assets less their expected residual values on a straight line basis over their expected useful economic lives

Equipment	1-10 years
Leasehold property short term	Period of lease

e) Work in progress

Contract work in progress is stated at net cost less foreseeable losses and progress payments received and receivable and excludes costs and revenues dealt with in the profit and loss account Cost is defined as direct expenditure and includes relevant overheads based upon the normal level of activity Any advance and progress payments received in excess of accumulated costs on the contracts concerned are shown as payments on account within current liabilities

f) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is provided in full on an undiscounted basis on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in the tax computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012*Notes to the financial statements for the year ended 31 December 2012 (continued)***1 Accounting policies (continued)****g) Pensions**

The company participates in a group defined benefit pension scheme, the assets of which are held separately from those of the company in independently administered funds. However, the contributions paid by the company are accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme.

Contributions to the defined contribution scheme are charged to the profit and loss account in the year in which they are incurred.

h) Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at forward contract rate. The exchange differences arising are included in the profit and loss account in the period in which they arise.

The results of overseas branches are translated at average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are dealt with through reserves. All other exchange differences are included in the profit and loss account.

i) Cash flow statement

The company is a wholly owned subsidiary of Foster Wheeler AG (note 20), a company incorporated in Switzerland and is included within the consolidated financial statements of this company which are publicly available. Consequently, the company is exempt under the terms of FRS 1 (revised 1996) 'Cash Flow Statements', from publishing a cash flow statement.

j) Transactions with group companies

In accordance with the exemption available under FRS 8 'Related Party Disclosures', transactions with other wholly owned group undertakings within the Foster Wheeler AG group have not been disclosed in these financial statements.

k) Operating leases

Costs in respect of operating leases are charged in arriving at the operating profit on a straight line basis over the lease term.

2 Turnover

Turnover arose entirely from the provision of engineering and construction services, of which £9,649,903 (2011 £19,944,628) originated in the UK and £3,369,387 (2011 £6,160,954) originated in Asia. The geographical analysis of turnover by destination is as follows:

	2012 £	2011 £
UK	62,266	-
Rest of Europe	1,693	72,612
Middle East	289,506	1,929,570
Africa	-	762
Asia	12,659,596	24,102,638
Australasia	6,229	-
	<u>13,019,290</u>	<u>26,105,582</u>

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012*Notes to the financial statements for the year ended 31 December 2012 (continued)***3 Operating profit**

	2012 £	2011 £
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	133,418	139,127
Auditors' remuneration for audit services	27,956	33,093
Auditors' remuneration for taxation services	3,258	-
Auditors' remuneration for other services	27,125	-
Operating lease rentals for buildings	33,663	155,278
Foreign exchange gains	<u>(171,358)</u>	<u>(929,369)</u>

4 Directors' emoluments

During the year, 3 of the 4 directors received emoluments from other group companies, and their emoluments are included in the financial statements of those companies, which make no recharge to Foster Wheeler (G B) Limited. 3 of the 4 directors are directors of a number of Foster Wheeler group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. The emoluments of the 1 director paid by Foster Wheeler (G B) Limited were £324,333 (2011 £217,919) and pension contributions paid in respect of this director were £16,660 (2011 £15,330).

During the year, no directors (2011 1 director) exercised share options, and 3 directors (2011 3 directors) received shares under the long-term incentive plans.

5 Employee information

The average monthly number of persons, including executive directors on service contracts, employed by the company during the year was as follows:

	2012 Number	2011 Number
By activity		
Technical	21	49
Non-technical	<u>1</u>	<u>1</u>
	<u>22</u>	<u>50</u>

Employment costs for the company were as follows:

	2012 £	2011 £
Wages and salaries	2,501,503	6,339,061
Social security costs	40,911	420,998
Other pension costs (note 15)	<u>318,219</u>	<u>460,520</u>
	<u>2,860,633</u>	<u>7,220,579</u>

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Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Interest receivable and similar income

	2012 £	2011 £
Bank interest	7,457	46,154
Group companies	<u>46,562</u>	<u>192,433</u>
	<u>54,019</u>	<u>238,587</u>

Interest is charged on intercompany loans at rates with suitable margins above the Bank of England base rate or equivalent rate in other currencies or at suitable margins above LIBOR

7 Interest payable and similar charges

	2012 £	2011 £
Other	<u>24,770</u>	<u>124,575</u>

8 Taxation on profit on ordinary activities

	2012 £	2011 £
Current tax		
UK corporation tax at 24.5% (2011: 26.5%)		
Under/(over) provision in respect of prior years	765,229	(5,903,530)
Foreign tax	<u>(1,181,691)</u>	<u>3,270,923</u>
Total current tax credit	<u>(416,462)</u>	<u>(2,632,607)</u>
Deferred tax		
Origination and reversal of timing differences	2,646,576	(1,297,413)
Impact of change in tax rate	1,387	52,352
(Over)/under provision in respect of prior years	<u>(719,229)</u>	<u>5,241,425</u>
Total deferred tax charge (note 13)	<u>1,928,734</u>	<u>3,996,364</u>
Tax charge on profit on ordinary activities	<u>1,512,272</u>	<u>1,363,757</u>

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Notes to the financial statements for the year ended 31 December 2012 (continued)

8. Taxation on profit on ordinary activities (continued)

The tax assessed for the year is lower (2011 lower) than the standard 24.5% rate of corporation tax in the UK (2011 26.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	3,422,030	1,857,641
Profit on ordinary activities multiplied by standard rate of corporation tax in UK - 24.5% (2011 26.5%)	838,397	492,275
Effects of		
Net disallowable expenditure	23,361	375,787
Accelerated (depreciation)/capital allowances and other timing differences	(2,646,576)	1,297,413
Foreign tax rate difference	604,514	1,157,802
Change in tax rate	(1,387)	(52,354)
Under/(over) provision in respect of prior years	765,229	(5,903,530)
Total current tax credit	<u>(416,462)</u>	<u>(2,632,607)</u>

At 31 December 2012 there was an unrecognised deferred tax asset in relation to overseas branch losses totalling £979,270 (2011 £995,847). The asset will be recovered at a future point if profits arising from trading activities in the countries concerned enable utilisation of the branch losses.

Factors affecting current and future tax charges

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK corporation tax rate to 23%, which was substantively enacted on 3 July 2012 and will be effective from 1 April 2013.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements. The impact of these changes on the financial statements is not expected to be material.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Tangible fixed assets

	<i>Leasehold property short term</i> £	<i>Equipment</i> £	<i>Total</i> £
Cost			
At 1 January 2012	26,627	370,182	396,809
Additions	7,816	108,657	116,473
Exchange adjustments	(2,541)	(35,328)	(37,869)
Disposals	-	(72,333)	(72,333)
At 31 December 2012	31,902	371,178	403,080
Accumulated depreciation			
At 1 January 2012	5,258	226,986	232,244
Charge for the year	3,021	130,397	133,418
Exchange adjustments	(509)	(21,991)	(22,500)
Disposals	-	(57,934)	(57,934)
At 31 December 2012	7,770	277,458	285,228
Net book value			
At 31 December 2012	24,132	93,720	117,852
At 31 December 2011	21,369	143,196	164,565

10 Work in progress

	<i>2012</i> £	<i>2011</i> £
Long term contract balances		
Net cost less foreseeable losses	119,905	776,953

FOSTER WHEELER (G B) LIMITED**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012***Notes to the financial statements for the year ended 31 December 2012 (continued)***11. Debtors**

	2012 £	2011 £
Amounts falling due within one year.		
Trade debtors	25,992,553	5,690,152
Amounts recoverable on contracts	1,312,384	4,262,774
Amounts owed by group undertakings	598,191	8,232,405
Other debtors	87,616	2,432,183
Deferred tax asset (note 13)	-	424,034
Prepayments and accrued income	1,705	2,362
	<u>27,992,449</u>	<u>21,043,910</u>

Within trade debtors falling due within one year there is a material amount relating to a contract which is in arbitration. The outcome and the likely duration of the arbitration process are uncertain, and given the size of the related net assets, the directors have obtained a legally enforceable indemnity from Foster Wheeler Europe, the intermediate parent company, to meet any shortfall.

The 2011 comparatives include £4,262,774 representing work performed but not yet invoiced as at 31 December 2011, which was originally included within trade debtors, but has been reallocated to amounts recoverable on contracts to be consistent with the current year disclosure.

Amounts owed by group undertakings are unsecured and repayable on demand.

	2012 £	2011 £
Amounts falling due after more than one year		
Deferred tax asset (note 13)	<u>-</u>	<u>426,130</u>

A deferred tax asset was recognised in the prior year as the directors of the company considered that it was more likely than not that the asset would crystallise in the future.

12 Creditors – amounts falling due within one year

	2012 £	2011 £
Payments received on account	5,207,546	1,635,058
Trade creditors	82,744	686,317
Amounts owed to group undertakings	3,043,063	60,807
Corporation tax	511,652	562,851
Other taxes and social security costs	308,167	1,305,390
Accruals and deferred income	605,363	1,773,241
Accrued contract costs	<u>10,020,450</u>	<u>12,335,973</u>
	<u>19,778,985</u>	<u>18,359,637</u>

Amounts owed to group undertakings are unsecured and repayable on demand.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Provisions for liabilities and charges

	Deferred taxation 2012 £	
At 1 January 2012 (note 11)	(850,164)	
Charge in profit and loss account (note 8)	<u>1,928,734</u>	
At 31 December 2012	<u>1,078,570</u>	
The deferred tax liability/(asset) is made up as follows		
	2012 £	2011 £
Capital allowances in excess of depreciation	-	10,776
Depreciation in excess of capital allowances	(18,468)	-
Other timing differences	<u>1,097,038</u>	<u>(860,940)</u>
Total deferred tax liability/(asset)	<u>1,078,570</u>	<u>(850,164)</u>

14 Called up share capital

	2012 £	2011 £
Authorised, allotted, called up and fully paid		
1,000 ordinary £1 shares (2011 1,000 shares)	<u>1,000</u>	<u>1,000</u>

15 Pension scheme arrangements

The company is a member of a group defined benefit funded pension scheme and a defined contribution scheme for the benefit of employees and directors. The assets of both schemes are held in separate trustee-administered funds. The group's principal defined benefit pension scheme in the United Kingdom was closed to future accrual for current members on 31 March 2010.

The total pension cost to the company under the defined contribution scheme was £94,701 (2011 £165,431).

Defined benefit pension scheme

The cost of contributions to the group defined benefit pension scheme amounted to £223,518 (2011 £295,089).

Foster Wheeler Energy Limited is the principal employer and contributor of the group defined benefit pension scheme. There are a number of entities involved, including Foster Wheeler (G B) Limited, with a large overlap in the deployment of staff between these entities. Foster Wheeler (G B) Limited has utilised the multi-employer exemption available under FRS 17 'Retirement Benefits', which allows the pension scheme to be accounted for as a defined contribution scheme, on the basis that it is not possible to split the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

Therefore in presenting the financial statements for Foster Wheeler (G B) Limited, the directors consider it appropriate to continue reflecting the pension scheme as a defined contribution scheme in accordance with FRS 17.

An updated actuarial valuation of the scheme was undertaken on 31 December 2012 and a surplus of £9,598,000 (2011 £24,716,000) was identified as at that date.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

16. Profit and loss account

	£
At 1 January 2012	7,537,536
Profit for the financial year	1,909,758
Exchange losses on translation of foreign branches	(906,058)
At 31 December 2012	<u>8,541,236</u>

17 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,909,758	493,884
Other recognised losses relating to the financial year	<u>(906,058)</u>	<u>(1,012,677)</u>
Net increase/(decrease) in shareholders' funds	1,003,700	(518,793)
Opening shareholders' funds	<u>7,538,536</u>	<u>8,057,329</u>
Closing shareholders' funds	<u>8,542,236</u>	<u>7,538,536</u>

18 Contract obligations

In the ordinary course of business the company enters into contracts providing for assessment of damages for non-performance or delays in completion. The directors believe that no significant liability exists in excess of amounts provided in the financial statements.

19 Operating lease commitments

At 31 December 2012 the company is committed to pay the following annual amounts for operating leases which expire in the following periods

	2012 £	2011 £
	<i>Land and buildings</i>	<i>Land and buildings</i>
Within 1 year	<u>324</u>	<u>42,985</u>

20 Immediate and ultimate parent companies and controlling party

The immediate parent company and parent of the smallest group of which the company is a member and for which group financial statements are prepared is Foster Wheeler Limited, which is incorporated in the United Kingdom. Copies of the group financial statements of Foster Wheeler Limited may be obtained from Shinfield Park, Reading, Berkshire RG2 9FW.

The ultimate parent company and controlling party is Foster Wheeler AG, which is incorporated in Switzerland and is the largest company into which these financial statements are consolidated. Copies of the consolidated financial statements of Foster Wheeler AG may be obtained from c/o Baer & Karrer AG, Baarerstrasse 8, 6301 Zug, Switzerland.