

Registered number: 745470

FOSTER WHEELER (G.B.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



FOSTER WHEELER (G.B.) LIMITED

COMPANY INFORMATION

Directors	MR Collis ND Shorten (appointed 24 February 2015)
Company secretary	H Morrell
Registered number	745470
Registered office	Booths Park Chelford Road Knutsford Cheshire WA16 8QZ
Independent auditors	Ernst & Young LLP Apex Plaza Forbury Road Reading Berkshire RG1 1YE

FOSTER WHEELER (G.B.) LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 7
Income Statement	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 25

FOSTER WHEELER (G.B.) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

The Directors present their strategic report for the Company for the year ended 31 December 2015.

Principal activity

The principal activity of the Company is the design, engineering, construction and project management of projects for the oil and gas industry.

Business review

The Company operates offices in India and Taiwan, as well as branches in Iran and Kazakhstan. During the year, the Company continued to work alongside Amec Foster Wheeler Energy Limited on two major projects in India.

The result for the year was a loss before taxation of £246,000 (2014: loss of £15,881,000) and revenue of £7,645,000 (2014: £13,488,000) as set out in the income statement on page 8.

During 2014, the Company reassessed the likely outcome of a customer claim and decided to fully provide for any amounts due but unrecovered from the customer. The Company also transferred associated contingent costs to an affiliate that is the actual contractually liable party. Movements in the provision in 2015 are due to foreign exchange movements.

The size and nature of the doubtful debt provision and contingent cost transfer have been deemed to be exceptional and have been disclosed on the face of the income statement. In addition, the amounts have been excluded when evaluating the performance through KPIs in order to assist with the understanding of the Company's performance.

The Company's net liability position at the end of the year was £7,334,000 (2014: net liability of £6,837,000).

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. A key risk is that the Company derives a significant amount of revenues from services provided to clients that are concentrated in the oil and gas industry. Deterioration in economic conditions or the financial environment in this industry could have a materially adverse effect on the Company's financial performance. The Directors manage this risk through regular reviews of prospects and undertake workload planning to ensure the appropriate levels of resources are maintained within the business.

Other risks include retaining and maintaining the appropriate mix of staff and associated skills, working with clients in locations which are exposed to relatively high geo-political risks and ensuring the business provides value added services versus other engineering centres who will be located in lower cost geographical locations. Geo-political risks are managed through working closely with other parts of the wider Group where in most cases a local presence has been established. Staff resources are managed through a variety of processes including but not limited to workload planning, performance appraisal and access specialist skills elsewhere in the wider group where necessary. Remaining competitive against lower cost competitors is achieved by constantly assessing the amount of work shared with lower cost members of the group such as India, while focusing on delivering projects which are less price sensitive due to the level of complexity.

Financial risks are outlined separately within the Directors' Report.

Risks are formally reviewed by the board of Directors and appropriate processes are put in place to monitor and mitigate them.

FOSTER WHEELER (G.B.) LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Financial key performance indicators

	2015	2014
	%	%
Decrease in revenue %	(43.3)	(19.4)
Gross margin pre-exceptional costs	2.3	2.6

The reduction in revenue in the period reflects reduced activity on one of the key projects in India as it nears completion.

Gross margin is the ratio of gross profit (after excluding exceptional items) to revenue expressed as a percentage. The margin in 2015 is consistent with that of 2014.

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



H Morrell
Secretary

Date: *11th November 2016*

FOSTER WHEELER (G.B.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The Directors are responsible 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Results and dividends

The loss for the year, after taxation, amounted to £545,000 (2014 - loss £13,682,000).

The Directors do not recommend the payment of a dividend (2014: nil).

Directors

The Directors who served during the year were:

MR Collis
PL Allen (resigned 26 August 2016)
TB Staples (resigned 11 April 2016)
ND Shorten (appointed 24 February 2015)

Future developments

The two projects in India, representing the majority of the Company's current trading activities, continue to generate revenue in 2016, although activities under both projects will continue to reduce as they near completion.

FOSTER WHEELER (G.B.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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.

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.

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.

Going concern

The financial statements are prepared on a going concern basis on the grounds that Amec Foster Wheeler Finance Limited has confirmed to the Directors that its present intention is to provide financial support for at least twelve months from the date of these financial statements to enable the Company to continue its operations and to meet its financial obligations.

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 that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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.

FOSTER WHEELER (G.B.) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



H Morrell
Secretary

Date: 11th November 2016

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FOSTER WHEELER (G.B.) LIMITED

We have audited the financial statements of Foster Wheeler (G.B.) Limited for the year ended 31 December 2015, which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 17. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council's Ethical Standards for Auditors.

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 and the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FOSTER WHEELER (G.B.) LIMITED

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.

Ernst & Young LLP

Marcus Butler (Senior Statutory Auditor)

for and on behalf of

Ernst & Young LLP, Statutory Auditor

Reading

Date: 17/11/16

FOSTER WHEELER (G.B.) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015	<i>2014</i>
		£000	<i>£000</i>
Revenue	3	7,645	<i>13,488</i>
Cost of sales		(7,471)	<i>(13,142)</i>
Exceptional cost of sales	10	(342)	<i>(16,696)</i>
		<hr/>	<hr/>
Gross loss		(168)	<i>(16,350)</i>
Administrative expenses		(10)	<i>(58)</i>
Other operating income		69	<i>626</i>
		<hr/>	<hr/>
Operating loss	4	(109)	<i>(15,782)</i>
Interest receivable and similar income	7	-	<i>2</i>
Interest payable and expenses	8	(137)	<i>(101)</i>
		<hr/>	<hr/>
Loss before tax		(246)	<i>(15,881)</i>
Tax on loss	9	(299)	<i>2,199</i>
		<hr/>	<hr/>
Loss for the year		(545)	<i>(13,682)</i>
		<hr/> <hr/>	<hr/> <hr/>

FOSTER WHEELER (G.B.) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £000	2014 £000
Loss for the financial year	(545)	(13,682)
Other comprehensive income:		
Currency translation differences	48	439
	48	439
Total comprehensive loss for the year	(497)	(13,243)

FOSTER WHEELER (G.B.) LIMITED
REGISTERED NUMBER:745470

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible fixed assets	11	-	-
		<u>-</u>	<u>-</u>
Current assets			
Debtors	12	3,388	7,371
Cash at bank and in hand		701	1,356
		<u>4,089</u>	<u>8,727</u>
Creditors: amounts falling due within one year	13	(11,423)	(15,564)
Net current liabilities		<u>(7,334)</u>	<u>(6,837)</u>
Total assets less current liabilities		<u>(7,334)</u>	<u>(6,837)</u>
Net liabilities		<u>(7,334)</u>	<u>(6,837)</u>
Capital and reserves			
Called up share capital	15	1	1
Retained deficit		(7,335)	(6,838)
Total shareholder's deficit		<u>(7,334)</u>	<u>(6,837)</u>

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



MR Collis
Director

Date: 1st November 2016 .

FOSTER WHEELER (G.B.) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Retained deficit	Total equity
	£000	£000	£000
At 1 January 2015	1	(6,838)	(6,837)
Comprehensive loss for the year			
Loss for the year	-	(545)	(545)
	<hr/>	<hr/>	<hr/>
Currency translation differences	-	48	48
Total comprehensive loss for the year	-	(497)	(497)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	1	(7,335)	(7,334)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 25 form part of these financial statements.

FOSTER WHEELER (G.B.) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2014	1	6,405	6,406
Comprehensive loss for the year			
Loss for the year	-	(13,682)	(13,682)
	<hr/>	<hr/>	<hr/>
Currency translation differences	-	439	439
Total comprehensive loss for the year	-	(13,243)	(13,243)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	1	(6,838)	(6,837)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

Foster Wheeler (G.B.) Limited is incorporated and domiciled in the United Kingdom.

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 Amec Foster Wheeler plc which are available from Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ.

The Company has transitioned to FRS 101 from previously issued UK Generally Accepted Accounting Practice for all periods presented. There were no material amendments on the adoption of FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 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 financial statements are prepared on a going concern basis on the grounds that Amec Foster Wheeler Finance Limited has confirmed to the Directors that its present intention is to provide financial support for at least twelve months from the date of these accounts to enable the Company to continue its operations and to meet its financial obligations.

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 Revenue

Revenue represents the amount received or receivable, excluding value added tax, for goods and services supplied by the company to its customers.

Revenue is derived principally from service and construction-type contracts. Contract revenue is recognised over the term of the contract by reference to the stage of completion of the contract activity at the end of each reporting period.

Revenue from cost reimbursable contracts is based on the services provided, typically represented by man-hours worked, and is measured by reference to agreed charge-out rates or to the estimated total contract revenue. Flow-through costs on cost reimbursable contracts, typically consisting of materials, equipment or subcontractor services, are included as both contract revenue and contract costs.

Revenue from fixed price contracts is recognised using the percentage-of-completion method, measured by reference to physical completion or the ratio of costs incurred to total estimated contract costs. If the outcome of a contract cannot be estimated reliably, as may be the case in the initial stages of completion of the contract, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable. If a contract is expected to be loss-making, the expected amount of the loss is recognised immediately in the profit and loss account.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. Variations are included in contract revenue when it is probable that the customer will approve the variation and the related adjustment to the contract price can be measured reliably.

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work.

Claims are included in contract revenue when negotiations with the customer have reached an advanced stage such that it is probable that the customer will accept the claim and the amount of the claim can be measured reliably.

Incentive payments are additional amounts payable to the contractor if specified performance standards are met or exceeded. Incentive payments are recognised when the contract is sufficiently far advanced that it is probable that the required performance standards will be met and the amount of the payment can be measured reliably.

The amounts recoverable on contracts included in debtors represent the costs incurred plus recognised profits, less provision for recognised losses and progress billings. Progress billings that have not been settled by customers (including retentions related to contracts in progress) are included in debtors where they are stated after allowance for any doubtful debts.

Payments on account in excess of the amounts recoverable under contracts are included in creditors and represent payments on account received from customers in excess of the amounts recoverable on contracts and advances. Advances are amounts received by the customer before the related work is performed.

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Period of lease
Equipment	- 2-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

1.6 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.9 Financial instruments

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

Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), 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.

1.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

1.12 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.

1.13 Interest income

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

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.14 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.

1.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

Revenue recognition and long term contracts

A significant amount of the Company's activities is undertaken via long-term contracts. Management bases its judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of incentive payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

FOSTER WHEELER (G.B.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Analysis of revenue

The whole of the revenue is attributable to the provision of engineering and construction services.

Analysis of revenue by country of destination:

	2015	2014
	£000	£000
United Kingdom	-	13
Asia Pacific and the Middle East	7,645	13,475
	<u>7,645</u>	<u>13,488</u>

4. Operating loss

The operating loss is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets	-	16
Operating lease rentals for buildings	2	2
Auditors' remuneration	26	26
	<u>26</u>	<u>26</u>

Further to the auditors' remuneration charged to the Company above, additional audit costs in 2015 of £41,000 have been borne by another group company (2014: £40,000).

5. Directors' remuneration

	2015	2014
	£000	£000
Aggregate emoluments	-	131
Contributions to defined contribution schemes	-	6
	<u>-</u>	<u>137</u>

At 31 December 2015, retirement benefits are accruing to no Directors (2014: no Directors) under the group's defined benefit scheme due to the closure of this scheme and to no Directors (2014: 3 Directors) under the group's defined contribution scheme.

No Directors received remuneration for their services to the Company during the year (2014: 2 Directors).

No Directors exercised share options (2014: 1 Director) and no Directors (2014: 1 Director) received shares under the group's long-term incentive plans.

FOSTER WHEELER (G.B.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. Employees

	2015	<i>2014</i>
	£000	<i>£000</i>
Wages and salaries	322	<i>661</i>
Social security costs	7	<i>13</i>
Other pension costs	19	<i>50</i>
	348	<i>724</i>

The average number of employees during the year was 4 (2014: 6).

7. Interest receivable

	2015	<i>2014</i>
	£000	<i>£000</i>
Bank interest receivable	-	<i>2</i>
	-	<i>2</i>

8. Interest payable and similar charges

	2015	<i>2014</i>
	£000	<i>£000</i>
Other	-	<i>29</i>
Interest on loans from group undertakings	56	<i>72</i>
Foreign exchange losses	81	<i>-</i>
	137	<i>101</i>

FOSTER WHEELER (G.B.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Taxation

	2015 £000	2014 £000
Foreign tax		
Current foreign tax	772	(1,536)
Foreign tax in respect of prior years	(473)	1,483
	<u>299</u>	<u>(53)</u>
Deferred tax		
Origination and reversal of timing differences	-	(724)
Over provision in respect of prior years	-	(1,422)
	<u>-</u>	<u>(2,146)</u>
Taxation on loss on ordinary activities	<u>299</u>	<u>(2,199)</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	<u>(246)</u>	<u>(15,881)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	(50)	(3,414)
Effects of:		
Foreign tax rate difference	-	(774)
Adjustments to tax charge in respect of prior periods	(473)	61
Accelerated depreciation and other timing differences	-	(349)
Non-taxable income	-	(15)
Overseas tax in excess of double taxation relief	772	-
Tax credit not recognised for losses	50	2,292
Total tax charge/(credit) for the year	<u>299</u>	<u>(2,199)</u>

FOSTER WHEELER (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Taxation (continued)

Factors that may affect future tax charges

In his budget speech on 8 July 2015 the UK Chancellor of the Exchequer announced reductions in the rate of UK corporation tax from 20% to 19% on 1 April 2017 and 18% on 1 April 2020.

As at 31 December 2015, the reductions in the rate of corporation tax to 19% and 18% had been enacted.

In his budget speech on 16 March 2016 the UK Chancellor of the Exchequer announced a further reduction in the rate of UK corporation tax from 18% to 17% on 1 April 2020.

The reduction in the rate of corporation tax to 17% was enacted on 15 September 2016.

10. Exceptional items

	2015	<i>2014</i>
	£000	<i>£000</i>
Doubtful debt expense	342	<i>21,992</i>
Exceptional credit	-	<i>(5,296)</i>
	342	<i>16,696</i>

During 2014, the Company reassessed the likely outcome of a customer claim and decided to fully provide for any amounts due but unrecovered from the customer. While the Company is confident that it will achieve a positive outcome through the litigation process, the nature of the client and the jurisdiction in which the project is based creates sufficient uncertainty in respect of both the final outcome and timing to resolution. The expense in 2015 was due to foreign exchange movements.

The exceptional credit in 2014 related to contingent costs which were transferred to an affiliate that was the actual contractually liable party.

FOSTER WHEELER (G.B.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Tangible fixed assets

	Leasehold property £000	Equipment £000	Total £000
Cost or valuation			
At 1 January 2015	102	250	352
Disposals	(12)	(62)	(74)
Exchange adjustments	1	1	2
At 31 December 2015	<u>91</u>	<u>189</u>	<u>280</u>
Depreciation			
At 1 January 2015	102	250	352
Disposals	(12)	(62)	(74)
Exchange adjustments	1	1	2
At 31 December 2015	<u>91</u>	<u>189</u>	<u>280</u>
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>

12. Debtors

	2015 £000	2014 £000
Trade debtors	2,617	4,550
Amounts owed by group undertakings	28	-
Other debtors	426	295
Prepayments and accrued income	2	2
Gross amounts due from customers	82	2,524
Corporation tax	233	-
	<u>3,388</u>	<u>7,371</u>

FOSTER WHEELER (G.B.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. Creditors: Amounts falling due within one year

	2015	2014
	£000	£000
Payments received on account	4,478	8,046
Trade creditors	284	93
Amounts owed to group undertakings	6,116	6,487
Corporation tax	-	492
Other taxation and social security	384	328
Accruals and deferred income	161	118
	<u>11,423</u>	<u>15,564</u>

14. Deferred taxation

	2015	2014
	£000	£000
At beginning of year	-	(2,146)
Charged to the income statement	-	2,146
At end of year	<u>-</u>	<u>-</u>

The deferred tax asset is made up as follows:

	2015	2014
	£000	£000
Accelerated capital allowances	-	63
Tax losses carried forward	-	2,815
Pension surplus	-	(2,878)
	<u>-</u>	<u>-</u>

At 31 December 2015 there was an unrecognised deferred tax asset in relation to overseas branch losses totalling £3,909,000 (2014: £4,697,000). 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.

15. Share capital

	2015	2014
	£000	£000
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

FOSTER WHEELER (G.B.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Due within 1 year	-	2
	<hr/>	<hr/>
	-	2
	<hr/>	<hr/>

17. Ultimate parent company

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

The ultimate parent company is Amec Foster Wheeler plc which is incorporated in England and Wales and the only company in which its accounts are consolidated.