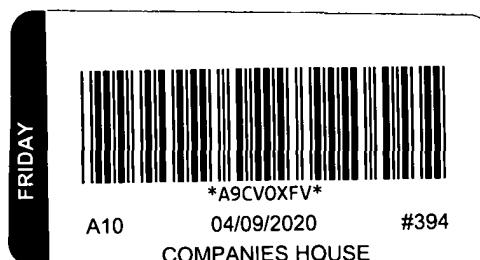


Registration number: 02575585

Wood Group Intetech Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



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Wood Group Intetech Limited

Strategic Report for the Year Ended 31 December 2019

The director presents his strategic report for the year ended 31 December 2019.

Principal activities

The principal activities of the company during the year was that of consultant design engineering and software engineering in the field of software services for oil and gas well integrity management.

Fair review of the business

The company ceased active trade on 1 October 2017, when its assets and employees were transferred to fellow subsidiary, Wood Group UK Limited. No new contracts were entered into during the year. Trade during the year related to the run down of remaining contracts which will either be run off to completion in 2020 or novated to Wood Group UK Limited.

Key performance indicators (KPI's)

The directors of John Wood Group PLC, the ultimate holding company, manage operations on a Group basis. For this reason the company's director is of the opinion that analysis using KPI's is not necessary for an understanding of the development or position of this business.

The development and position of the Specialist Technical Solutions Business Unit, which includes the company, is discussed in the Group's annual report and financial statements.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Demand for the company's services is dependent, among other things, upon the capital and operational expenditure plans of the oil and gas industry which may fluctuate in accordance with the market price of oil and gas. However, the risk is mitigated to some extent, by the increase in outsourcing from oil and gas operators in a lower price environment.

Details of the company's financial risk management objectives and policies are included in note 11 to the financial statements.

Approved by the director on 3 September 2020 and signed on its behalf by:



.....
IA Jones
Company secretary

Wood Group Intetech Limited

Director's Report for the Year Ended 31 December 2019

The director presents his report and the financial statements for the year ended 31 December 2019.

Director

The directors, who held office during the year, were as follows:

M Linton (resigned 18 March 2019)

AR Fotheringham (resigned 3 April 2019)

AP Hemingway (appointed 18 March 2019)

Results and dividends

The profit for the year, after taxation, amounted to £300,763 (2018: £221,284).

The director does not recommend the payment of a dividend for the year ended 31 December 2019 (2018: nil).

Future developments

The company's contracts are expected to complete in the 2020 financial year.

Going concern

Following the transfer of trade to a fellow Group company in October 2017, the financial statements are not prepared on a going concern basis, as the company do not plan to acquire a replacement trade. No adjustments have been required to reflect this basis of accounting.

Important non adjusting events after the financial period

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures that have been taken by Governments around the world, including the UK Government, to contain the virus have had a significant impact on economic activity. Measures to prevent the transmission of the virus include, but not limited to:

- Limiting the movement of people, including working from home;
- Restricting flights and other travel; and
- Temporarily closing businesses, schools and cancelling events.

These actions have had an impact on businesses across a wide range of industries, who are facing unique and unparalleled challenges. To date, the business has not suffered any material impact from the actions taken by Government in response to COVID-19 or oil price volatility. Management have a proven track order of leveraging our flexible, asset light model in response to changing market conditions.

COVID-19 has had a minimal impact on the company due to its contracts completing in the 2020 financial year.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's 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

The director has taken 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 auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Wood Group Intetech Limited
Director's Report for the Year Ended 31 December 2019 (continued)

Reappointment of auditors

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after the circulation of these financial statements to the Company's shareholders, or 28 days after the latest date allowed for sending out copies of these financial statements, whichever is earlier.

Approved by the director on 3 September 2020 and signed on its behalf by:



.....
IA Jones
Company secretary

Wood Group Intetech Limited

Statement of Director's Responsibilities

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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. As explained in note 2, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Wood Group Intetech Limited

Independent Auditor's Report to the Members of Wood Group Intetech Limited

Opinion

We have audited the financial statements of Wood Group Intetech Limited (the 'Company') for the year ended 31 December 2019, which comprise the Income statement, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the significant 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 2019 and of its profit 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.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure in note 2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

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 that report 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; or

We have nothing to report in these respects.

Wood Group Intetech Limited
Independent Auditor's Report to the Members of Wood Group Intetech Limited
(continued)

Responsibilities of the director

As explained more fully in their Statement of Director's Responsibilities set out on page 4, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as director determines 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.

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.



.....
David Derbyshire (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

3 September 2020

Wood Group Intetech Limited
Income statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue	4	268	486
Cost of sales		<u>(18)</u>	<u>(202)</u>
Gross profit		250	284
Administrative expenses		(10)	(36)
Other operating income		<u>48</u>	<u>-</u>
Operating profit	5	288	248
Finance income	6	<u>23</u>	<u>13</u>
Profit before tax		311	261
Taxation	7	<u>(10)</u>	<u>(40)</u>
Profit for the year		<u><u>301</u></u>	<u><u>221</u></u>

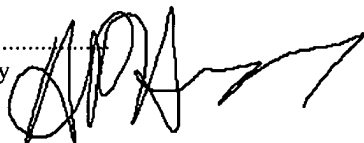
The notes on pages 10 to 18 form an integral part of these financial statements.

Wood Group Intetech Limited
(Registration number: 02575585)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Assets			
Current assets			
Trade and other receivables	8	1,298	1,227
Cash and cash equivalents		<u>2,855</u>	<u>2,680</u>
		<u>4,153</u>	<u>3,907</u>
Equity and liabilities			
Equity			
Called up share capital	12	-	-
Profit and loss account		<u>4,107</u>	<u>3,806</u>
		4,107	3,806
Current liabilities			
Trade and other payables	9	<u>46</u>	<u>101</u>
Total equity and liabilities		<u>4,153</u>	<u>3,907</u>

Approved by the director on 3 September 2020

.....
AP Hemingway
Director



The notes on pages 10 to 18 form an integral part of these financial statements.

Wood Group Intetech Limited
Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	-	3,806	3,806
Profit for the year	-	301	301
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	301	301
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	4,107	4,107
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	-	3,585	3,585
Profit for the year	-	221	221
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	221	221
	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	3,806	3,806
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 18 form an integral part of these financial statements.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019

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

The address of its principal place of business is:

Thornton Science Park
Pool Lane
Ince
Chester
CH2 4NU

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The company's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

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.

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.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

Going concern

Following the transfer of trade to a fellow Group company in October 2017, the financial statements are not prepared on a going concern basis, as the company do not plan to acquire a replacement trade. No adjustments have been required to reflect this basis of accounting.

Changes in accounting policy

None of the other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The company recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and related revenue recognition policies.

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price contracts

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time, according to the stage of completion reached in the contract, by measuring the proportion of costs incurred for work performed to total estimated costs.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Revenue in respect of variations is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not yet been agreed, then revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur.

A claim is an amount that the contractor seeks to collect from the customer as a 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 also a source of variable consideration and are included in contract revenue only to the extent that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any material revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

The company's payment terms state that all invoices are generally payable within 30 days.

Finance income and costs policy

Interest income and expense is recorded in the same income statement in the period to which it relates.

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.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The company presents balances that are part of a pooling arrangement on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

The company recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, 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 customer being in significant financial difficulty or a breach of contract such as a default. 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 customers, 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.

The company has a non-recourse financing arrangement with one of its banks in which funds are received in relation to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 8 for further details.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

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.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Financial instruments (post January 2018)

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the company measure the fair value of the instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Rounding of amounts

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

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. Consistent with the winding down of the company's activities, the director has not identified any critical accounting judgements and estimates that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£ 000	£ 000
Rendering of services	<u>268</u>	<u>486</u>

The analysis of the company's revenue for the year by market is as follows:

	2019	2018
	£ 000	£ 000
Rest of world	<u>268</u>	<u>486</u>

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	2019 £ 000	2018 £ 000
Foreign exchange gains/(losses)	7	(4)

6 Finance income

	2019 £ 000	2018 £ 000
Interest income on bank deposits	23	13

7 Taxation

Tax charged in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	(8)	-
Foreign tax	18	40
Tax expense in the income statement	10	40

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	311	261
Corporation tax at standard rate	59	50
Increase arising from overseas tax suffered	14	32
Decrease in current tax from adjustment for prior periods	(8)	-
Decrease arising from group relief tax reconciliation	(55)	(42)
Total tax charge	10	40

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Trade and other receivables

	31 December	31 December
	2019	2018
	£ 000	£ 000
Trade receivables	26	54
Amounts due from group undertakings	1,160	1,159
Accrued income	98	-
Other receivables	14	14
	<u>1,298</u>	<u>1,227</u>

Amounts due from group undertakings includes loans from group undertakings of £1,160,000 (2018: £1,159,000).

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

9 Trade and other payables

	31 December	31 December
	2019	2018
	£ 000	£ 000
Trade payables	-	10
Amounts due to group undertakings	2	51
Income tax liability	17	17
Accrued expenses	27	23
	<u>46</u>	<u>101</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

10 Contingent liabilities

At the balance sheet date, the company had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Financial risk management and impairment of financial assets

The main risks relating to the company's financial instruments are detailed below:

Credit risk and impairment

The company only trades with recognised, creditworthy third parties which are typically large companies. It is the company's policy that credit terms for all new major customers are approved by the Asset Solutions EAAA Business Unit's executive management committee, who also monitor receivable balances on an ongoing basis, with the result that the company's exposure to bad debts is not considered significant.

With respect to credit risk from other financial assets, these primarily relate to cash and cash equivalents. The company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Foreign exchange risk

The company is exposed to foreign currency risk on transactions where sales, purchases and borrowings which are in currencies other than the company's functional currency. The company strives to invoice its customers in the currency in which the costs have been incurred, and maintain intercompany loans in the functional currency of the company, to eliminate the currency exposure wherever possible.

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to intercompany borrowings.

Liquidity risk

The company monitors its risk to a shortage of funds by regular projected cash flow forecasts from operations which also consider the maturity of its financial assets and liabilities. Any additional funding required is supplied by fellow Wood companies.

Fair values of financial assets and liabilities

Financial instruments included in the financial statements have been reviewed and the carrying values per the financial statements are the same as the fair values of these financial instruments.

Wood Group Intetech Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Called up share capital of £1 each	<u>197</u>	<u>197</u>	<u>197</u>	<u>197</u>

13 Parent and ultimate parent undertaking

The company's immediate parent is Wood Group Investments Limited.

The ultimate parent is John Wood Group PLC. These financial statements are available upon request from 15 Justice Mill Lane, Aberdeen, AB11 6EQ

The ultimate controlling party is John Wood Group PLC.

14 Non adjusting events after the financial period

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures that have been taken by Governments around the world, including the UK Government, to contain the virus have had a significant impact on economic activity. Measures to prevent the transmission of the virus include, but not limited to:

- Limiting the movement of people, including working from home;
- Restricting flights and other travel; and
- Temporarily closing businesses, schools and cancelling events.

These actions will have an immediate impact on businesses across a wide range of industries. It will also begin to affect supply chains and production of goods throughout the world and lower economic activity is likely to result in reduced demand for many goods and services. To date, the business has not suffered any material impact from the actions taken by Government in response to COVID-19. Management have a proven track order of leveraging our flexible, asset light model in response to changing market conditions.

COVID-19 has had a minimal impact on the company due to its contracts completing in the 2020 financial year.