

# Fluor Industrial Services Limited

## Report and Financial Statements

31 December 2008

TUESDAY



\*PTYTLFMV\*

PC5

08/12/2009

332

COMPANIES HOUSE

# Fluor Industrial Services Limited

---

Registered No: 4067010

## **Directors**

D Bowman  
I A Thomas  
A A White  
K White

## **Secretary**

M J McKee

## **Auditors**

Ernst & Young LLP  
Blenheim House  
Fountainhall Road  
Aberdeen  
AB15 4DT

## **Bankers**

National Westminster Bank plc  
PO Box 299  
Guildford  
Surrey  
GU1 3ZU

## **Solicitors**

Raeburn Christie Clark & Wallace  
12-16 Albyn Place  
Aberdeen  
AB10 1PS

## **Registered Office**

Fluor Centre  
Riverside Way  
Camberley  
Surrey  
GU15 3YL

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2008. The Company's registered number is 4067010.

### Results and dividends

The profit for the year ended 31 December 2008, after taxation, amounted to £ 568,000 (2007 – loss £213,000). The directors propose that no dividend be paid and that the profit be added to reserves.

### Principal activity and review of the business

The company's principal activity is the provision of specialist technical contracted personnel for industrial and commercial clients to assist in optimisation of the critical areas of organisation, systems and operations.

The company's key financial indicators during the year were as follows:

	2008 £000	2007 £000	Change %
Turnover	8,904	11,705	(23.9%)
Total operating (loss)/profit	(43)	328	(113.1%)
Profit/(loss) after tax	568	(213)	366.7%
Shareholders' funds	3,262	2,694	21.1%
Current assets as % of current liabilities	401%	118%	283%
Average number of employees	98	22	345.5%

Turnover decreased by 23.9% year on year and as a result of this, the 2007 operating profit decreased by 113.1% to produce an operating loss. This decrease is due to a number of projects being successfully completed in 2007 and early 2008 in Angola, Cameroon, Sakhalin Island & Chad resulting in the drop in turnover and operating loss.

Shareholders' funds increased by 21% mainly due to the profit on dissolution of subsidiaries accounted for in 2008.

The group's "quick ratio" (current assets as a percentage of current liabilities) has increased significantly showing a 283% increase.

The average number of employees increased by 345.5% in the year. On 1<sup>st</sup> December 2007, all contracting staff, previously employed under the subsidiary company Fluor Industrial Support Services Limited, were transferred to Fluor Industrial Services Limited, hence the high year-on-year increase.

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are grouped as follows:

- Competitive risks

The company is reliant on certain major oil companies for contracts which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The principal competitive risk relates to the possibility of other personnel providers entering into West Africa using a low margin strategy to attract clients and gain a foothold in the expanding market.

- Use of derivatives

The company uses forward currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of all foreign currency receipts at the time of issuing the invoice.

## Directors' report

### Principal risks and uncertainties (continued)

- Exposure to credit and liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The company's policies are aimed at minimising such losses, and *require that deferred terms are only granted to customers who demonstrate an appropriate payment history* and satisfy credit worthiness procedures. Details of the company's debtors are shown in note 11 to the financial statements.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the group. Aged debtors are reviewed on a monthly basis to ensure compliance.

### Future developments

The directors do not anticipate any major change from the company's trading activities outlined above in the foreseeable future and aim to maintain the management policies. They consider that 2009 will show similar turnover levels as 2008.

### Directors

The directors who served during the year were as follows:

D Bowman  
R Chopra (Resigned 1<sup>st</sup> March 2008)  
P P Flaherty (Resigned 12<sup>th</sup> February 2008)  
I A Thomas (Appointed 12<sup>th</sup> February 2008)  
A A White  
K White

### Employment policies

The company seeks to ensure that it operates sound and progressive employment policies to the mutual benefit of employees and the company. Considerable importance is placed on consultation and communication with all employees.

The company gives full and fair consideration to applications for employment from people with a disability, having regard to their aptitudes and abilities. Every effort is made to continue the employment of people who become disabled. Opportunities for career development and promotion are available to all employees.


### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

  
D Bowman  
Director

7 December 2009

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). The financial statements are required by law to 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

# Independent auditors' report

## to the members of Fluor Industrial Services Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for an audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

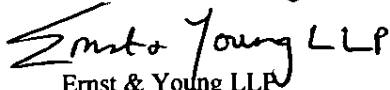
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements

  
Ernst & Young LLP  
Registered Auditor  
Aberdeen  
7 December 2009

## Profit and loss account

for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
<b>Turnover</b>	2	8,904	11,705
Cost of sales		8,104	10,681
<b>Gross profit</b>		800	1,024
Administrative expenses		843	696
<b>Operating (loss)/profit</b>	3	(43)	328
<b>Exceptional Items</b>			
Amounts written off investments	4	(1,726)	-
Waiver of amounts owed to subsidiary undertakings	4	2,545	-
		776	328
Interest receivable		113	87
<b>Profit on ordinary activities before taxation</b>		889	415
Tax on profit on ordinary activities	7	321	628
<b>Profit/(Loss) for the financial year</b>	14	568	(213)

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £568,000 in the year ended 31 December 2008 and the loss of £213,000 in the year ended 31 December 2007. All figures relate to continuing operations.

## Balance sheet

at 31 December 2008

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Intangible assets	8	191	296
Tangible assets	9	12	11
Investments	10	-	1,726
		<u>203</u>	<u>2,033</u>
<b>Current assets</b>			
Debtors	11	1,744	1,417
Cash at bank and in hand		2,329	2,840
		<u>4,073</u>	<u>4,257</u>
<b>Creditors: amounts falling due within one year</b>	12	1,014	3,596
<b>Net current assets</b>		<u>3,059</u>	<u>661</u>
<b>Total assets less current liabilities</b>		<u>3,262</u>	<u>2,694</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	3,262	2,694
<b>Shareholders' funds</b>	14	<u>3,262</u>	<u>2,694</u>

The financial statements were approved for issue by the Board of Directors on 7<sup>th</sup> December 2009.



D Bowman  
Director



## Notes to the financial statements

at 31 December 2008

### 1. Accounting policies

#### *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Consolidation*

The company is exempt from the requirement to prepare and deliver group accounts by virtue of section 228 of the Companies Act 1985, and accordingly the accounts present information about the company as an individual undertaking and not about its group.

#### *Goodwill*

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It has been capitalised and is being amortised over ten years in equal annual instalments over its estimated useful economic life.

#### *Fixed assets*

All fixed assets are initially recorded at cost.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Motor vehicles	over 3 – 4 years
Computer equipment	over 2 – 3 years
Furniture and fittings	over 4 – 5 years

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reversed, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Leasing and hire purchase commitments*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

## Notes to the financial statements

at 31 December 2008

### 1. Accounting policies (continued)

#### *Leasing and hire purchase commitments* (continued)

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

#### *Pensions*

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Forward exchange currency deals (hedges) are struck at the date foreign currency invoices are raised.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date unless covered by forward currency contracts.

All differences are taken to the profit and loss account.

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the provision of specialist technical personnel.

An analysis of turnover by geographical market is given below:

	2008 £000	2007 £000
Africa	6,614	8,950
United Kingdom	911	1,340
South America	887	822
Middle East	377	487
North America	115	-
Asia	-	106
	<u>8,904</u>	<u>11,705</u>

## Notes to the financial statements

at 31 December 2008

### 3. Operating (loss)/profit

This is stated after charging/(crediting):

	2008 £000	2007 £000
Depreciation of owned assets	8	7
Amortisation of goodwill	105	104
Auditors' remuneration - audit services	15	15
- non audit services	-	-
Operating lease rentals - plant and machinery	-	2
- land and buildings	59	64
Rent received	(39)	(37)
(Gain)/Loss on foreign exchange	(12)	18
Bad Debt (Recovered) /Provision	(12)	144
	<u>          </u>	<u>          </u>

### 4. Exceptional items

The exceptional items, stated after the operating loss for the year, represent the profit on dissolution of subsidiary companies accounted for in 2008. The companies dissolved were Team-Sel International Limited, Fluor Industrial Support Services Limited and TA Engineering Services (Tunisia) Limited.

Exceptional Items - amounts written off investments	(1,726)	-
- waiver of amounts owed to subsidiary undertakings	2,545	-
	<u>          </u>	<u>          </u>

### 5. Staff costs

	2008 £000	2007 £000
Wages and salaries	5,792	876
Social security cost	127	63
Other pension costs	43	45
	<u>5,962</u>	<u>984</u>

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	2008 No.	2007 No.
Contracting	86	9
Operations	7	8
Administration	5	5
	<u>98</u>	<u>22</u>

On 1<sup>st</sup> December 2007, all contracting staff, previously employed under the subsidiary company Fluor Industrial Support Services Limited, were transferred to Fluor Industrial Services Limited, hence the high year-on-year increase in contracting staff shown above.

## Notes to the financial statements

at 31 December 2008

### 6. Directors emoluments

	2008 £000	2007 £000
Emoluments	418	313
Two Directors received emoluments during the year.		
Company contributions paid to money purchase pension scheme	22	27
	2008 No.	2007 No.
Members of money purchase pension scheme	2	2

The emoluments of the highest paid director were £344,544 (2007: £245,943) and the company paid £10,997 (2007: £12,460) into his money purchase pension scheme. The salary of the highest paid director is recharged to another group company for services rendered to that company.

### 7. Tax on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £000	2007 £000
<i>Current tax:</i>		
UK Corporation tax	-	157
Double taxation relief	-	(81)
Foreign tax	386	441
Adjustments in respect of prior periods	(65)	111
Total current tax (note 6 (b))	321	628
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	321	628

## Notes to the financial statements

at 31 December 2008

### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax of 28% (2007 – 30%). The differences are reconciled below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	889	415
Profit on ordinary activities multiplied by standard rate of 28.5% (2007 – 30%)	253	124
Expenses not deductible for tax purposes	522	32
Income not taxable for tax purposes	(835)	-
Capital allowances in excess of depreciation	-	1
Movement in short term timing differences	2	-
Utilization of tax losses	58	-
Higher tax rates on overseas earnings	386	360
Adjustments in respect of prior periods	(65)	111
Total current tax (note 6 (a))	321	628

### (c) Factors that may affect future tax charges

There are no factors considered to affect future tax charges.

### (d) Deferred tax

There is no deferred tax included in the balance sheet. The deferred tax asset amounting to £30,865 has not been recognised as there is not sufficient evidence that the asset will reverse in the next period.

The potential deferred taxation asset is as follows:

	2008 £000	2007 £000
Capital allowances in excess of depreciation	4	4
Other timing differences	11	5
Tax losses	16	6
	31	15

## Notes to the financial statements

at 31 December 2008

### 8. Intangible fixed assets

	<i>Goodwill</i> <i>£000</i>
Cost:	
At 1 January 2008 and 31 December 2008	1,115
Amortisation:	
At 31 December 2007	819
Provided during the year	105
At 31 December 2008	924
Net book value:	
At 31 December 2008	191
At 31 December 2007	296

Goodwill arising on the acquisition of the Operations and Maintenance Business Assets of TA Group Limited is being amortised evenly over the directors' estimate of its useful economic life of 10 years.

### 9. Tangible fixed assets

	<i>Motor vehicles £000</i>	<i>Computer equipment £000</i>	<i>Furniture and fittings £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2008	14	43	15	72
Additions	-	4	5	9
Disposals	-	(9)	-	(9)
At 31 December 2008	14	38	20	72
Depreciation:				
At 1 January 2008	14	39	8	61
Provided during the year	-	4	4	8
Disposals	-	(9)	-	(9)
At 31 December 2008	14	34	12	60
Net book value:				
At 31 December 2008	-	4	8	12
At 1 January 2008	-	4	7	11

## Notes to the financial statements

at 31 December 2008

### 10. Investments

	<i>Investment in subsidiary undertakings £000</i>
At 1 January 2008	1,726
Dissolved in year	(1,726)
At 31 December 2008	-

The subsidiaries stated below have now all been dissolved.

Details of the investments in which the company (unless indicated) held 20% or more of the nominal value of any class of share capital at 1<sup>st</sup> January 2008 was as follows:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
Team-Sel International Limited	Ordinary shares	100%
Fluor Industrial Support Services Limited	Ordinary shares	100% ø
TA Engineering Services (Tunisia) Limited	Ordinary shares	100% ø
ø Held by Team-Sel International Limited		

### 11. Debtors

	<i>2008 £000</i>	<i>2007 £000</i>
Trade debtors	1,197	983
Corporation tax	203	105
Other debtors and prepayments	203	86
Amounts owed by group undertakings	141	243
	<u>1,744</u>	<u>1,417</u>

### 12. Creditors: amounts falling due within one year

	<i>2008 £000</i>	<i>2007 £000</i>
Amounts due to subsidiary undertakings	-	2,546
Trade creditors	85	134
Other taxes and social security costs	69	78
Accruals and deferred income	860	838
	<u>1,014</u>	<u>3,596</u>

## Notes to the financial statements

at 31 December 2008

### 13. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>No.</i>	<i>No.</i>	<i>£000</i>	<i>£000</i>
<i>Authorised</i> Ordinary shares of £1 each	3	1	-	-

### 14. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 31 December 2006	-	2,907	2,907
Loss for the year	-	(213)	(213)
At 31 December 2007	-	2,694	2,694
Profit for the year	-	568	568
At 31 December 2008	-	3,262	3,262

### 15. Capital commitments

The company had capital commitments at 31 December 2008 of £Nil (2007 - £Nil).

### 16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £43,000. At 31 December 2008 £19,000 (2007 - £17,000) of employees and employer contributions payable to the scheme were outstanding.

### 17. Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No. 1 (Revised) as a wholly owned subsidiary of a parent undertaking incorporated within the European Community and has not presented a cash flow statement.

### 18. Other financial commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Within two to five years	58	58
In over five years	-	-



## Notes to the financial statements

at 31 December 2008

### 19. Related parties

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No.8 from disclosing transactions with related parties that are part of the Fluor Corporation group.

### 20. Ultimate parent undertaking

The ultimate parent undertaking of the group is Fluor Corporation Inc., an undertaking incorporated in the United States of America.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Fluor Corporation Inc., incorporated in the United States of America and the parent undertaking of the smallest such group is Fluor International Limited, an undertaking incorporated in Great Britain.

Copies of Fluor Corporation's financial statements can be obtained from 6700 Las Colinas Boulevard, Irving, Texas 75039, USA.

Copies of Fluor International Limited's financial statements can be obtained from Fluor Centre, Watchmoor Park, Riverside Way, Camberley, Surrey, GU15 3YL.