Registered No: 4067010

Fluor Industrial Services Limited

Report and Financial Statements

31 December 2013

Registered No: 4067010

Directors
I A Thomas
K White
W Boon
G A Staff

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

Bankers
National Westminster Bank plc
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GU1 3ZU

Solicitors
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Strategic report

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:

	2013	*2012*	*Change*
	£000	*£000*	*%*
Turnover	27,719	26,857	3.2%
Operating profit	1,442	1,232	17.1%
Profit/(loss) after tax	61	(199)	130.7%
Shareholders' funds	2,576	2,515	2.4%
Current assets as % of current liabilities	149%	164%	(9.1%)
Average number of employees	218	215	1.4%

Turnover increased by 3.2% year on year as a result of charging out more personnel on contract and general inflation within pay and charge rates. Gross profit decreased by 6.2% from £3,213,000 in 2012 to £3,013,000 in 2013. The company made an operating profit of £1,442,000 compared to a £1,232,000 profit in 2012. Administration expenses decreased year on year by £410,000 (20.7%).

Shareholders' funds increased by £61,000 due to the profit after tax earned in the year. The group's "quick ratio" (current assets as a percentage of current liabilities), remains healthy at 149%.

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 the West African Oil & Gas market and attracting clients, gaining a foothold in the expanding market.

- 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 8 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 2014 will show similar turnover levels to 2013.

On behalf of the board

G Staff
Director
29th October 2014

Directors' report

The directors present their report and financial statements for the year ended 31 December 2013. The Company's registered number is 4067010.

Results and dividends

The profit for the year ended 31 December 2013, after taxation, amounted to £61,000 (2012 – loss £199,000). The directors propose that no dividend be paid and that the profit be added to reserves.

Going Concern

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors

The directors who served during the year were as follows:

W Boon
I A Thomas
K White
K Robinson (Resigned 21st May 2013)
G A Staff (Appointed 21st May 2013)

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

G Staff
Director

29th October 2014

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' 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). Under company law the directors must not approve the financial statements until 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 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 to 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.

Independent auditors' report

to the members of Fluor Industrial Services Limited

We have audited the financial statements of Fluor Industrial Services Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet 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).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Strategic Report, Directors' Report and 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 our 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Kevin Weston (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
30 October 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	*2013* *£000*	*2012* *£000*
Turnover	2	27,719	26,857
Cost of sales		(24,706)	(23,644)
Gross profit		3,013	3,213
Administrative expenses		(1,571)	(1,981)
Operating profit	3	1,442	1,232
Interest receivable		1	4
Profit on ordinary activities before taxation		1,443	1,236
Tax on profit on ordinary activities	6	(1,382)	(1,435)
Profit/(loss) for the financial year	11	61	(199)

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £78,000 in the year ended 31 December 2013 and the loss of £199,000 in the year ended 31 December 2012. All figures relate to continuing operations.

Balance sheet
at 31 December 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	7	29	34
		29	34
Current assets			
Debtors	8	5,883	5,477
Cash at bank and in hand		1,885	896
		7,768	6,373
Creditors: amounts falling due within one year	9	(5,221)	(3,892)
Net current assets		2,547	2,481
Total assets less current liabilities		2,576	2,515
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	2,576	2,515
Shareholders' funds	11	2,576	2,515

The financial statements were approved for issue by the Board of Directors on 29th October 2014.

G Staff
Director

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Accounting convention

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

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

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.

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.

Notes to the financial statements

at 31 December 2013

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

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:

	2013	*2012*
	£000	*£000*
Africa	26,058	25,138
South America	884	938
United Kingdom	415	365
Australasia	288	391
Europe	46	-
North America	18	-
Middle East	10	25
	27,719	26,857

3. Operating profit

This is stated after charging/(crediting):

		2013	*2012*
		£000	*£000*
Depreciation of owned assets		18	18
Auditors' remuneration	- audit services	17	15
Operating lease rentals	- plant & machinery	-	3
	- land and buildings	65	57
Rent received		(55)	(32)
Gain on foreign exchange		(59)	(102)

Notes to the financial statements

at 31 December 2013

4. Staff costs

	2013	*2012*
	£000	*£000*
Wages and salaries	10,253	10,448
Social security cost	86	66
Other pension costs	41	62
	10,380	10,576

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

	2013	*2012*
	No.	*No.*
Contracting	209	206
Operations	3	3
Administration	6	6
	218	215

5. Directors remuneration

	2013	*2012*
	£000	*£000*
Aggregate remuneration in respect of qualifying services	47	-

One Director received emoluments during the year.

Company contributions paid to money purchase pension scheme	3	-

	2013	*2012*
	No.	*No.*
Members of money purchase pension scheme	1	-

Notes to the financial statements

at 31 December 2013

6. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013	2012
	£000	£000
Current tax:		
UK corporation tax on profits of the year	19	-
Foreign tax	1,363	1,435
Tax on profit on ordinary activities (note 6 (b))	1,382	1,435

(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 23.25% (2012 – 24.5%). The differences are reconciled below:

	2013	2012
	£000	£000
Profit on ordinary activities before tax	1,443	1,236
Profit on ordinary activities multiplied by standard rate of 23.25% (2012 – 24.5%)	336	303
Depreciation in excess of capital allowances	1	1
Movement in short term timing differences	(1)	(1)
Higher tax rates on overseas earnings	1,046	1,084
Group relief surrendered	-	48
Tax losses carried forward	-	-
Total current tax (note 6 (a))	1,382	1,435

(c) Factors that may affect future tax charges

UK Corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated assessable profit for the year.

In the Budget of March 2012, it was announced that the full rate of UK corporation tax would be reduced to 24% effective from 1 April 2012 and then 1% per year for two years thereafter, ultimately bringing the corporation tax rate down to 22%.

In the Autumn Statement of 2012, it was announced that the full rate of UK corporation tax would be reduced by a further 1% to 21% effective from 1 April 2014.

In the budget of March 2013, it was announced that the full rate of UK corporation tax would be reduced by a further 1% to 20% effective from 1 April 2015.

Notes to the financial statements

at 31 December 2013

(d) Deferred tax

There is no deferred tax included in the balance sheet. The deferred tax asset amounting to £53,000 has not been recognised as there is not sufficient evidence that the asset will reverse in future periods.

The potential deferred taxation asset is as follows:

	2013	*2012*
	£000	*£000*
Capital allowances in excess of depreciation	11	11
Other timing differences	-	5
Tax losses	42	43
	53	59

7. Tangible fixed assets

	Motor vehicles	*Computer equipment*	*Furniture and fittings*	*Total*
	£000	*£000*	*£000*	*£000*
Cost:				
At 1 January 2013	43	35	22	100
Additions	-	11	2	13
Disposals	-	-	-	-
At 31 December 2013	43	46	24	113
Depreciation:				
At 1 January 2013	18	30	18	66
Provided during the year	11	4	3	18
Disposals	-	-	-	-
At 31 December 2013	29	34	21	84
Net book value:				
At 31 December 2013	14	12	3	29
At 1 January 2013	25	5	4	34

Notes to the financial statements
at 31 December 2013

8. Debtors

	2013	2012
	£000	£000
Trade debtors	2,842	2,591
Accrued revenue	2,712	2,490
VAT	27	-
Amounts owed by group undertakings	78	121
Prepayments	223	217
Welfare insurance	1	58
	5,883	5,477

9. Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Amounts due to group undertakings	1,514	745
Corporation tax	19	-
Trade creditors	407	139
Other taxes and social security costs	55	90
Accruals and deferred income	3,226	2,918
	5,221	3,892

10. Share capital

		Authorised	Allotted, called up and fully paid	
	2013	2012	2013	2012
	No.	No.	£000	£000
Authorised				
Ordinary shares of £1 each	1	1	-	-

11. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total
	£000	£000	£000
At 31 December 2011	-	2,714	2,714
Loss for the year	-	(199)	(199)
At 31 December 2012	-	2,515	2,515
Profit for the year	-	61	61
At 31 December 2013	-	2,576	2,576

Notes to the financial statements

at 31 December 2013

12. Capital commitments

The company had no capital commitments at 31 December 2013 (2012 - £Nil).

13. 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 £42,000. At 31 December 2013 £19,000 (2012 - £22,000) of employees and employer contributions payable to the scheme were outstanding.

14. 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.

15. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2013	*2012*
	£000	*£000*
Operating leases which expire:		
Within two to five years	65	65
Over 5 years	-	-
	65	65

	Plant and machinery	
	2013	*2012*
	£000	*£000*
Operating leases which expire:		
Within two to five years	-	-

16. Related parties

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

Notes to the financial statements

at 31 December 2013

17. 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, Fluor Centre, 140 Pinehurst Road, Farnborough, Hants, GU14 7BF.