

Fluor Industrial Services Limited

Report and Financial Statements

31 December 2017

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COMPANIES HOUSE

Directors

K White
M Foulser
G Staff

Auditors

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

Bankers

Barclays Bank PLC
Level 11
1 Churchill Place
Canary Wharf
London
E14 5HP

Solicitors

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

Registered Office

Fluor Centre
140 Pinehurst Road
Farnborough
Hampshire
GU14 7BF

Strategic report

The Directors present their Strategic report of the company for the financial year ended 31 December 2017.

Principal activity

The company provides specialist technical contracted personnel for industrial and commercial clients to assist in optimisation of the critical areas of organisation, systems and operations in both the United Kingdom and worldwide.

The company primarily executes projects in the Oil and Gas sector.

The company owns 65% of the shareholding of CSP EG S.L., a company incorporated in Equatorial Guinea. On 1 August 2016 the majority of the company's Equatorial Guinean business was novated across to CSP EG S.L. As a result of the above, the current status of the company is primarily that of a support business to its subsidiary.

However, the Directors are also looking at ways of expanding their business in the market in which it operates.

Business Review

The key financial and other performance indicators during the year were as follows

	2017	2016	Change
	£'000	£'000	%
Turnover	297	12,527	(97.6)%
Operating profit	4	1,751	(99.8)%
Profit after tax	14	528	(97.3)%
Equity Shareholders' Fund	2,956	2,942	(0.5)%

Turnover has decreased by 97.6% mainly as a result of the transfer of the business noted above. Gross profit decreased by 94.8% from £2,785,000 in 2016 to £146,000 in 2017. The company made an operating profit of £4,000 compared to a profit of £1,751,000 in 2016.

Shareholders' funds increased by £14,000 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 396% (2016: 202%).

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 and Gas market and attracting clients, gaining a foothold in the expanding market.

Strategic report

- 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 10 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.

- Competition

Intense competition in the Oil and Gas industry could reduce our profits. Competition can place downward pressure on our profit margins. Such risks are managed by our core competencies: excellence in execution, financial strength, safety, global execution platform, client relationship and risk management.

Future outlook

As mentioned in the business review, the company is currently operating primarily as a support entity for its subsidiary. However, the Directors believe that company is well positioned in the market to expand into other areas, and is continuing to pursue this possibility.

On behalf of the board



G Staff
Director
24th October 2018

Directors' report

Registered number: 4067010

The Directors present their annual report and financial statements for the year ended 31 December 2017.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2017 (2016: Nil).

Political and charitable contributions

The company made no donations (2016: Nil) during the year for charitable purposes. The company did not make any political donations or incur any political expenditure during the current or preceding year.

Going Concern

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 of accounting in preparing the annual report and financial statements.

Directors

The Directors who served during the period 1 January 2017 to the date of this report are shown on page 1.

The following directors resigned and were appointed during the period:

M Foulser (Appointed 22 August 2017)

W Boon (Resigned 22 August 2017)

Corporate governance

The Board of Directors is responsible to the shareholders for the management of the company.

The overall company strategy is provided by the Board in the form of an annual budget. This is distilled into a set of corporate strategic objectives which included performance targets which are agreed with the various business unit managers.

Business unit managers are accountable for the performance of their particular business unit against the agreed pre-set financial targets. Incentive arrangements are in place to recognise financial performance, achievement of business and personal objectives.

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.

Disabled 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.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

Management, through the communication of relevant information and regular consultation on work-related issues, encourages employees to be involved in the performance of the company.

Directors' report (continued)

Registered number: 4067010

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.

Re-appointment of auditors

In accordance with S485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

On behalf of the board



G Staff
Director

24th October 2018

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 FRS 102 'The Financial Reporting Standard' applicable in the UK and the Republic of Ireland. 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 for the Company's financial statements 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 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 AUDITOR'S REPORT TO THE MEMBERS OF FLUOR INDUSTRIAL SERVICES LIMITED

Opinion

We have audited the financial statements of Fluor Industrial Services Limited for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLUOR INDUSTRIAL SERVICES LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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;
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

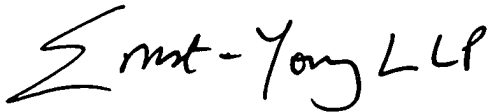
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLUOR INDUSTRIAL SERVICES LIMITED (continued)

Use of our report

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.



Kenneth MacLeod Hall (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

26, October 2018

Profit and loss account and other comprehensive income

for the year ended 31 December 2017

		<i>Continuing Operations</i>	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
		<i>2017</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	2	297	104	12,423	12,527
Cost of sales		(151)	381	(10,123)	(9,742)
		<hr/>	<hr/>	<hr/>	<hr/>
Gross profit		146	485	2,300	2,785
Administrative expenses		(142)	(9)	(1,025)	(1,034)
		<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	3	4	476	1,275	1,751
Interest receivable		10	5	-	5
		<hr/>	<hr/>	<hr/>	<hr/>
Profit on ordinary activities before tax		14	481	1,275	1,756
Tax on profit on ordinary activities	6	-	3	(1,231)	(1,228)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit for the financial year		14	484	44	528
		<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		14	484	44	528
		<hr/>	<hr/>	<hr/>	<hr/>

Statement of financial position

at 31 December 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Tangible assets	7	7	14
Investments	8	-	-
		<u>7</u>	<u>14</u>
Current assets			
Debtors	9	489	2,041
Cash at bank and in hand		3,457	3,768
		<u>3,946</u>	<u>5,809</u>
Creditors: amounts falling due within one year	10	(997)	(2,881)
Net current assets		<u>2,949</u>	<u>2,928</u>
Net assets		<u>2,956</u>	<u>2,942</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		2,956	2,942
Shareholders' funds		<u>2,956</u>	<u>2,942</u>

These financial statements were approved by the Board of Directors for issue on 24th October 2018 and are signed on their behalf by:



G Staff
Director

Statement of change in equity

For the year ended 31 December 2017

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Share- holder's funds £</i>
At 1 January 2016	-	2,414	2,414
Profit for the financial year	-	528	528
At 31 December 2016	-	2,942	2,942
At 1 January 2017	-	2,942	2,942
Profit for the financial year	-	14	14
At 31 December 2017	-	2,956	2,956

Notes to the financial statements

at 31 December 2017

1. Accounting policies

Fluor Industrial Services Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) as it applies to the financial statements of the Company for the year ended 31 December 2017.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s parent undertaking, Fluor Corporation a company incorporated in the US, includes the Company in its consolidated financial statements. The consolidated financial statements of Fluor Corporation are prepared in accordance with US GAAP Financial Reporting Standard and are available to the public and may be obtained from 6700 Las Colinas Boulevard, Irving, Texas 75039, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related noted; and
- Key Management Personnel compensation

As the consolidated financial statements of Fluor Corporation include equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosure required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instruments Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Company has considerable financial resources. 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. As such, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Judgements and key source estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcomes could differ from these estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes to the financial statements

at 31 December 2017

1. Accounting policies (continued)

1.2 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency as the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rate rulings at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.3 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assess at each reporting date whether tangible fixed assets (including those leased under finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Furniture and fittings	20%-50%
Motor Vehicles	25%

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes to the financial statements

at 31 December 2017

1. Accounting policies (continued)

Judgements and key source estimation uncertainty (continued)

1.5 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.6 Provision

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.7 Turnover

Turnover is measured at the fair value of the consideration received or receivable. The fair value of the consideration received or receivable takes into account the amount of any trade discounts, prompt settlement discounts and volume rebates allowed by the entity.

Revenue includes only the gross inflows of economic benefits received and receivable on its own account. It excludes from revenue all amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes.

Revenue is only recognised from the sale of goods when all the following conditions are satisfied:

- (a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company operates a number of cost reimbursable contracts, where agreed costs are billed to customers based on documented actual cost incurred plus an agreed margin.

The Company recognises revenue involving the rendering of services where the services are carried out.

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the profit and loss over the term of the lease as an integral part of the total lease expense.

Notes to the financial statements

at 31 December 2017

1. Accounting policies (continued)

Judgements and key source estimation uncertainty (continued)

1.8 Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable finance charges on shares classified as liabilities and finance leases recognised in the profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in the profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements

at 31 December 2017

2. Turnover

The Directors believe that there is only one class of business i.e. the provision of specialist technical personnel. The geographical origin of turnover is as follows:

	2017 £000	2016 £000
Africa	-	12,423
Asia	-	82
United Kingdom	297	21
Middle East	-	1
	<u>297</u>	<u>12,527</u>

3. Operating profit

This is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of owned assets	7	11
Auditors' remuneration - audit services	10	10
Operating lease rentals - land and buildings	62	65
Foreign exchange loss/(gain)	249	(467)
	<u>297</u>	<u>12,527</u>

4. Staff costs

	2017 £000	2016 £000
Wages and salaries	391	5,528
Social security cost	50	41
Other pension costs (note 13)	15	27
	<u>456</u>	<u>5,596</u>

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

	2017 No.	2016 No.
Contracting	1	124
Operations	3	4
Administration	6	6
	<u>10</u>	<u>134</u>

Notes to the financial statements

at 31 December 2017

5. Directors remuneration

	2017 £000	2016 £000
Aggregate remuneration in respect of qualifying services	110	97
One Director received emoluments during the year.		
Company contributions paid to money purchase pension scheme	7	7
	2017 No.	2016 No.
Members of money purchase pension scheme	1	1

6. Tax on profit on ordinary activities

(a) The tax charge is as follows:	2017 £000	2016 £000
<i>UK Corporation tax:</i>		
Current tax charge	-	145
Adjustment in respect of previous years	-	(148)
	-	(3)
<i>Foreign tax</i>		
Current year	-	1,231
Tax charge on profit on ordinary activities (note 6(b))	-	1,228

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is different than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	14	1,756
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	3	351
Effects of:		
Income not taxable	-	(246)
Deferred tax not provided	(1)	(38)
Unrelieved foreign taxes	-	1,231
Transfer pricing adjustments	(33)	78
Effect of group relief/other reliefs	31	
Adjustments to tax charge in respect to prior years	-	(148)
Total tax charge (note 6(a))	-	1,228

Notes to the financial statements

at 31 December 2017

6. Tax (continued)

(c) Factors affecting future tax charge

The UK corporation tax rate reduced from 20% to 19% from April 2017. Accordingly, the Company's profit for the accounting period is taxed at an effective rate of 19.25% (2016: 20%). The corporate tax rate will reduce to 17% from 1 April 2020. The rate changes will also impact the amount of future tax payments to be made by the Company.

7. 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 2017	43	29	28	100
Disposals	(43)	(1)	(11)	(55)
At 31 December 2017	-	28	17	45
Depreciation:				
At 1 January 2017	43	21	22	86
Provided during the year	-	5	2	7
Disposals	(43)	(1)	(11)	(55)
At 31 December 2017	-	25	13	38
Net book value:				
At 31 December 2017	-	3	4	7
At 1 January 2017	-	8	6	14

8. Fixed asset investments

			<i>Total £000</i>
Cost at 1 January 2017 and 31 December 2017			-
			<i>Proportion of voting rights and shares held</i>
<i>Name of company</i>	<i>Holding</i>	<i>Nature of business</i>	
CSP EG SL	Ordinary shares	Provision of specialist technical personnel	65%

Notes to the financial statements

at 31 December 2017

The above holdings of ordinary shares and are held directly by Fluor Industrial Services Limited. CSP EG SL is incorporated in Equatorial Guinea.

9. Debtors: amounts falling due within one year

	2017 £000	2016 £000
Trade debtors	107	1
Amounts owed by group undertakings	149	1,955
VAT	14	16
Prepayments and accrued income	219	69
	<u>489</u>	<u>2,041</u>

10. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1	14
Amounts due to parent undertakings	121	1,273
Amount due to subsidiary undertaking	98	-
Other taxes and social security costs	12	14
Other creditors	-	16
Corporation tax	-	24
Accruals and deferred income	765	1,540
	<u>997</u>	<u>2,881</u>

11. Share capital and reserves

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2017 <i>No.</i>	2016 <i>No.</i>	2017 £000	2016 £000
<i>Authorised</i>				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

The Company's other reserves are made up of the profit and loss reserve which represents cumulative profits and losses.

Notes to the financial statements

at 31 December 2017

12. Other financial commitments

At 31 December 2017 the Company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Under one year	-	-
Within two to five years	-	65
	<hr/>	<hr/>
	-	65
	<hr/>	<hr/>

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 £15,000 (2016: £27,000). At 31 December 2017 £4,000 (2016: £16,000) of employees and employer contributions payable to the scheme were outstanding.

14. Related parties

The company is a wholly owned subsidiary of Fluor Corporation, and as such has taken advantage of the exemption in FRS 102 section 33.1A related party disclosures, not to disclose related party transactions between two or more members of a Group provided that any subsidiary which is party to the transactions is wholly owned by such member.

The Company has provided services of £655,000 to CSP EG SL.

A payable of £98,000 was due to CSP EG SL and is included within amounts owed by group companies (in 2016 £1,795,000 was due from CSP EG SL).

15. Ultimate parent undertaking

The Company's immediate parent undertaking is Fluor International Limited, registered in England and Wales. Its registered office is Fluor Centre, 140 Pinehurst Road, Farnborough, Hampshire, GU14 7BF.

The smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared is Fluor Corporation, a company incorporated in the USA. A copy of Fluor Corporation group financial statements can be obtained from 6700 Las Colinas Boulevard, Irving, Texas 75039, USA.