Wood Group Management Services Limited

Annual Report and Financial Statements

For year to 31 December 2014

Registered Number - SC 178510

Wood Group Management Services Limited

Directors
R M B Brown
A G Semple (resigned 30 April 2015)
W Setter
D Kemp (appointed 30 April 2015)

Company Secretary
R M B Brown

Registered office
John Wood House
Greenwell Road
Aberdeen
AB12 3AX

Bankers
HSBC PLC
2 Queens Road
Aberdeen
AB15 4ZT

Independent auditors
PricewaterhouseCoopers LLP
32 Albyn Place
Aberdeen
AB10 1YL

Wood Group Management Services Limited

Annual report and financial statements for the year ended 31 December 2014

Contents

The directors present their strategic report on the Company for the year ended 31 December 2014.

Principal activities

Wood Group Management Services Limited is a limited liability company incorporated and domiciled in Scotland. The principal activity of the Company is the provision of management and related services to group companies.

Results

The profit for the year, after taxation, amounted to £2,396k (2013: £23,635k).

Review of business

The reduction in profit in the year is due to a lower level of charges made to Group Companies. On September 30th 2014 most of the activities of the company and some assets were transferred to Wood Group PSN Limited. The Directors anticipate significantly less activity in 2015.

The financial position of the Company is shown on the balance sheet on page 10.

Key performance indicators

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

The development and position of the Group, which includes the Company, is discussed in the Group's annual report and financial statements.

Principal risks and uncertainties

The management of the business and the execution of the Company's Strategy are subject to a number of risks. There is some exposure to financial risks as discussed in note 19.

The principal risks and uncertainties impacting on the company are discussed in the context of John Wood Group PLC 'The Group', as a whole in the Group's Annual Report and Financial Statements. These risks are managed on a Group basis.

On behalf of the Board

W. Setter
Director
29 June 2015

Wood Group Management Services Limited
Registered Number SC 178510
Directors' report
for the year ended 31 December 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Future developments

Following the transfer of activities to Wood Group PSN Limited in September 2014, the Directors anticipate significantly less activity in the Company in future periods.

Dividends

The directors do not recommend the payment of a dividend (2013: £ nil).

Directors

The current directors of the Company are listed on page 1.

The directors who served during the year and at the date of this report, unless otherwise stated, were as follows:

R M B Brown	
A G Semple	(resigned 30th April 2015)
W Setter	
M Straughen	(resigned 31 August 2014)
D Kemp	(appointed 30th April 2015)

Employees

As part of the Wood Group, the Company places a strong emphasis on employee communication and involvement. Employee magazines are published in-house and circulated to all employees. An employee review is produced annually and briefings are held on a regular basis to update employees on the Group's progress. Senior managers participate in roadshows to discuss progress and talk with employees about their part in the business.

The Group's Human Resources department is responsible for promoting Group-wide best practices. The Group endorses and supports the principles of equal employment opportunity. To ensure these are adhered to, HR has set down a number of policies, including:

- equal employment opportunities to all appropriately qualified individuals;
- disabled persons receive full and fair consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities, and
- all employment decisions are made on a non-discriminatory basis.

Health, safety and environment ("HS&E")

Our HS&E policy defines our commitment to:

- protecting the health and safety of our employees and others who may be affected by our business activities;
- reducing the environmental impact of operations under our control or direct influence, and
- continually improving our health, safety and environmental performance.

Our goal is to sustain an incident free work environment, as we believe that all incidents are preventable.

Every person working for the Company is responsible and accountable for working in a manner consistent with this goal. To achieve this we:

- create a positive HS&E culture;
- encourage and support positive intervention;
- understand and manage HS&E risks;
- implement an effective HS&E Management System;
- manage HS&E performance, and
- integrate HS&E into business planning

Our aim is to comply with all applicable legislation and relevant industry standards. In the absence of such regulatory controls we are setting standards consistent with this policy.

We are a socially responsible employer. We work with our customers, contractors, partners and suppliers to improve the efficiency of our operations by conserving resources, reducing waste and emissions, and preventing environmental pollution.

We seek sustainable solutions to business needs, balancing environmental, social and economic considerations by engaging with employees, customers, partners, contractors, suppliers and communities where we work.

Corporate social responsibility (CSR)

The Company is committed to being a socially responsible organisation. To achieve this, the Company adheres to the Wood Group core values that take account of the economic, social and environmental impact of all aspects of the business. People are the Company's business and their health and safety is its greatest responsibility. Taking that responsibility seriously means extending it to the communities where the Company works and where employees live.

Everyone who works for the Company is required to work within the Wood Group core values and comply with specific personal commitments to health and safety, ethical behaviour, teamwork and protecting the Company's reputation. The Group's seven core values are as follows:

- **Safety & Assurance:** Safety is our top priority. We care passionately about the safety of our people and behave as safety leaders. We are committed to preventing injuries and ill health to our people and everyone we work with.
- **Relationships:** Our business depends on healthy relationships with customers, business partners and suppliers.
- **Social responsibility:** Being socially responsible is integral to what we do. We aim to make a positive difference to the communities where we operate and seek ways to assist them.
- **People:** Our people are our business. We are professional, high-performing team-players, focussed on delivering and drawing on our global expertise.
- **Innovation:** Innovation gives us a competitive advantage. We promote collaboration and sharing of ideas across our business.
- **Financial responsibility:** We expect to receive fair reward for our business performance. We are cost aware and carefully manage our own and our customers' costs.
- **Integrity:** We are proud of our reputation, built over many years, which depends on us doing the right thing.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the law the directors have elected to prepare financial statements in accordance applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquiries of fellow directors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no relevant information of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed.

On behalf of the Board

W. Setter
Director
29 June 2015

Report on the financial statements

Our opinion
In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited
The financial statements, which are prepared by Wood Group Management Services Limited, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements ("the Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Julie Watson

Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
29 June 2015

Wood Group Management Services Limited
Profit and loss account
for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	3	58,595	69,217
Cost of sales		(48,676)	(33,911)
Gross profit		**9,919**	**35,306**
Administrative expenses		(4,992)	(6,805)
Other operating income		25	100
Operating profit	6	**4,952**	**28,601**
Interest receivable and similar income	7	141	16
Interest payable and similar charges	8	(26)	(131)
Profit on ordinary activities before taxation		**5,067**	**28,486**
Tax on profit on ordinary activities	9	(2,671)	(4,851)
Profit and total comprehensive income for the year		**2,396**	**23,635**

Attributable to:		
Equity owners of the Company	**2,396**	**23,635**

The company had no recognised gains or losses other than the results for the financial years reported above.

Wood Group Management Services Limited
Balance sheet
As at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	10	577	2,462
Tangible assets	11	4	3,765
		581	**6,227**
Current assets			
Debtors	12	37,337	66,004
Cash at bank and in hand		44,826	13,712
		82,163	**79,716**
Creditors: amounts falling due within one year	13	**(29,172)**	**(36,675)**
Net current assets		**52,991**	**43,041**
Total assets less current liabilities		**53,572**	**49,268**
Creditors: amounts falling due after more than one year	14	(1,419)	(1,658)
Net assets		**52,153**	**47,610**
Capital and reserves			
Called-up share capital	15	20,000	20,000
Profit and loss account		32,153	27,610
Total shareholders' funds		**52,153**	**47,610**

The financial statements on pages 9 to 24 were approved by the Board of Directors on 29 June 2015 and were signed on its behalf by:

W. Setter
Director
29 June 2015

Wood Group Management Services Limited
Statement of changes in equity
for the year ended 31 December 2014

	Called-up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2013	**20,000**	**768**	**20,768**
Profit for the year	-	23,635	23,635
Share-based charges	-	3,207	3,207
At 31 December 2013	**20,000**	**27,610**	**47,610**
Profit for the year	-	2,396	2,396
Share-based charges	-	2,147	2,147
At 31 December 2014	**20,000**	**32,153**	**52,153**

1 General information

Wood Group Management Services Limited is a limited liability company incorporated and domiciled in Scotland. The principal activity of the Company is the provision of management and related services to group companies.

2 Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards – in particular FRS 101 and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the Company's ultimate parent and from where consolidated financial statements prepared in accordance with IFRS may be obtained.

The application of FRS 101 has enabled the Company to to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are;

- no detailed disclosures in relation to financial instruments;
- no cash flow statement;
- no analysis of fixed asset movements for the prior year;
- no disclosure of related party transactions with fellow 100% subsidiaries of John Wood Group PLC;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- for share-based payment, no details of the number and weighted-average exercise prices of share options;
- no disclosure of "key management compensation" for key management other than the directors, and
- no disclosures relating to the Company's policy on capital management.

The financial statements are presented in Pounds Sterling (GBP) and all values are rounded to the nearest thousand Pounds (£000) except where otherwise indicated.

The Company's business activities, together with the factors likely to affect its future, are set out in the Directors report. The financial position of the Company is shown in the balance sheet on page 10. In addition, note 19 includes the Company's objectives, policies and processes for managing its financial risks; details of its financial instruments and hedging activities, and its exposures to interest rate risk and liquidity risk. The Company has adopted the going concern basis of accounting in preparing the annual financial statements.

2.2 Functional and reporting currency

The financial statements are presented in Pounds Sterling which is the functional currency of the Company and comprises the principal income stream of the Company.

2 Summary of significant accounting policies - continued

2.3 Cash flows

The Company is a wholly-owned subsidiary of John Wood Group PLC and its cash flows are included in the consolidated group cash flow statements of that company (see note 20). Consequently the Company has taken advantage of the exemption available with FRS 101 from publishing a cash flow statement.

2.4 Foreign currency translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Non-monetary items are translated using the exchange rates as at the date of the original transactions.

2.5 Tangible and intangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Land is not depreciated and depreciation on other assets is calculated using the straight-line method to allocate their cost less estimated residual values over their estimated useful lives, as follows:

Computer equipment	4 years

Intangible assets relate to purchased computer software licences and development costs which are capitalised on the basis of the costs incurred to acquire and bring to use. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and amortised over their finite economic life, as follows;

Computer software and development	4 years

2.6 Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the profit and loss account.

2.7 Trade debtors

Trade debtors are recognised initially at fair value less an allowance for any amounts estimated to be uncollectible. An estimate for doubtful debts is made when there is objective evidence that the collection of the debt is no longer probable.

2 Summary of significant accounting policies - continued

2.8 Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowing costs are expensed through the profit and loss account.

2.9 De-recognition of financial assets and liabilities

Financial assets

A financial asset is de-recognised where the rights to receive cash flows from the asset have expired.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

2.10 Turnover and revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received net of value-added tax.

2.11 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, or whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys the right to use the asset.

The Company has entered into various operating leases, the payments for which are recognised as an expense in the profit and loss account on a straight-line basis over the lease terms.

2.12 Loans to subsidiaries

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment.

A provision for impairment will be made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original loan. The carrying amount of the loan would be reduced through use of an allowance account. Impaired debts are de-recognised when they are assessed as irrecoverable.

2.13 Employee benefits

The Company operates a defined contribution pension plan, and the expense incurred is taken to the profit and loss account. Contributions to the plan are recognised as an employee benefit expense when they fall due.

Up to June 30,2014 when the scheme closed to future accrual the Company made contributions to a defined benefit scheme operated by John Wood Group PLC. The scheme was run on a basis that did not enable individual companies within the group to identify their share of the underlying assets and liabilities. The IAS 19 'Employee Benefit' disclosures for the scheme are provided in the consolidated financial statements of John Wood Group PLC. Accordingly, the defined benefit scheme is accounted for as a defined contribution scheme in these financial statements. The charge to the profit and loss account is the amount of contributions payable to the scheme in the year.

2.14 Research and development

There are no research and development costs incurred and expensed to the profit and loss account.

2 Summary of significant accounting policies - continued

2.15 Taxation

The tax expense in the profit and loss account represents the sum of taxes currently payable and deferred taxes. The tax currently payable is based on taxable profit for the year and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the profit and loss account

2.16 Derivative financial instruments and hedging activities

The Company uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In all cases, these derivatives are entered into to provide economic hedges but are not designated as hedges for accounting purposes. Any gains and losses arising from changes in fair value are taken to the profit and loss account.

2.17 Share-based payment

The John Wood Group PLC group ("the Group") currently has a number of share schemes that give rise to share based charges to the Company. These are the Executive Share Option Scheme ('ESOS'), the Long Term Retention Plan ('LTRP'), the Long Term Incentive Plan ('LTIP'), the Long Term Cash Incentive Plan ('LTCIP') and the Long Term Plan ('LTP'). The assumptions made in arriving at the charge for each scheme are detailed below:

ESOS and LTRP:
Share options under Executive Share Option Schemes ('ESOS') are granted at market value. A charge is booked to the profit and loss account as an employee benefit expense for the fair value of share options expected to be exercised, accrued over the vesting period. The corresponding credit is taken to reserves. The fair value is calculated using an option pricing model.

Share options granted under the Long Term Retention Plan ('LTRP') are granted at par value. The charge to the profit and loss account for LTRP shares is also calculated using an option pricing model and, as with ESOS grants, the fair value of the share options expected to be exercised is accrued over the vesting period. The corresponding credit is taken to reserves.

2. Summary of significant accounting policies - continued

2.17 Share based payments (continued)

LTIP:
The LTIP scheme was in place from 2008 to 2012 and was applicable to certain directors and senior executives in key subsidiaries, whom in the opinion of the Group's Remuneration Committee are able to materially influence the achievement of the Group's long term business goals. Awards under the LTIP are determined based on certain market and non-market related performance targets. The charge to the profit and loss account for shares awarded under the LTIP is based on the fair value of those shares at the grant date, spread over the vesting period. The corresponding credit is taken to reserves. Further details can be found in the John Wood Group PLC financial statements.

LTCIP:
The LTCIP for senior management was in place in 2011 and 2012. Under this scheme, participants are paid a cash bonus dependent on the achievement of performance targets. The charge to the profit and loss account is based on the fair value of the awards at the balance sheet date. The charge is spread over the vesting period with the corresponding credit being recorded in liabilities.

LTP:
During 2013, the Group introduced the LTP to replace the LTRP, LTIP and LTCIP. The LTP comprises two separate awards, an award of share options on a similar basis to the LTRP and an award of shares or share options on a broadly similar basis to the LTIP scheme. The charge to the profit and loss account for the LTP is as outlined for the LTRP and LTIP above with the corresponding credit being recorded in reserves.

2.18 Employers NIC on share options
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Employers' National Insurance Contributions are payable on the exercise of unapproved share options on the difference between the market value of the ordinary shares at the date of exercise and the exercise price of the underlying options. Provision for this liability is made based upon the market value of options at the balance sheet date and spread over the vesting period of the options.

2.19 Judgements and key sources of estimation or uncertainty

The preparation of 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 that actual outcomes could differ from those estimates.

3 Turnover

The directors consider that turnover originates exclusively from the United Kingdom and that there is only one class of business, which is the provision of management and related services to Group companies.

Analysis of turnover by geographical destination is as follows:

	2014	**2013**
	£000	£000
United Kingdom	51,936	59,090
Rest of world	6,659	10,127
Total	**58,595**	**69,217**

4 Staff costs and employee information

	2014	**2013**
	£000	£000
Wages and salaries	14,042	18,151
Social security costs	1,607	1,958
Defined benefit pension costs	115	456
Defined contribution pension costs	711	706
Share-based payment	2,147	3,229
Total	**18,622**	**24,500**

The average "full time equivalent" number of employees for 2014 was 127 (2013: 169).

All employees are involved in the provision of management and related services to other group companies.

Share based payment (see note 2.17)

The charge to operating profit in 2014 in respect of the Group's four share schemes amounted to £2,147k (2013: £3,229k).

Year of grant	**Number of Ordinary shares under option at end of the year**		**Exercise price**	**Exercise period**
2008	-	515	381.75	2012-2018
2009	-	54,000	3.33	2013-2014
2009	21,085	21,460	222.00	2013-2019
2010	6,563	110,563	3.33	2014-2015
2010	44,500	130,458	377.43	2014-2020
2011	58,688	65,688	4.29	2015-2016
2011	103,750	130,293	529.50	2015-2021
2012	96,833	110,833	4.29	2016-2017
2012	83,381	101,803	680.50	2016-2022
2013	38,800	46,480	4.29	2017-2018
2013	88,886	104,000	845.33	2017-2023
2014	40,000	-	-	2018-2019
2014	59,500	-	767.67	2018-2024
	641,986	876,093		

5 Directors' remuneration

Staff costs include amounts payable to directors as follows:

	2014	**2013**
	£000	£000
Aggregate emoluments	1,044	1,393
Defined contribution pension costs	68	-
	1,112	1,393
Highest paid director:		
Aggregate emoluments including benefits	**417**	696

1 director exercised share options during the year (2013: 2).

At 31 December 2014, there were no retirement benefits accruing to directors under defined benefit schemes.

6 Operating profit

Operating profit is stated after charging/(crediting):

	2014	**2013**
	£000	£000
Amortisation of intangible assets (note 10)	1,253	1,120
Depreciation of tangible assets (note 11)	1,904	1,434
Net foreign exchange loss/(gain)	27	(88)
Operating lease expenditure:		
- Land and buildings	260	234
- Other	10	7
Services provided by the Company's UK statutory auditor:		
- Fees payable for the UK statutory audit	24	23

7 Interest receivable and similar income

	2014	**2013**
	£000	£000
Bank interest receivable	**141**	**16**

8 Interest payable and similar charges

	2014	**2013**
	£000	£000
Intercompany interest payable	-	6
Bank interest payable	26	125
	26	**131**

9 Tax on profit on ordinary activities

	2014	**2013**
	£000	£000
Current tax		
UK corporation tax	2,657	5,769
Adjustments in respect of prior years	(174)	(787)
Total current income tax	**2,483**	**4,982**
Deferred tax		
Origination and reversal of temporary differences	666	-
Effect of change in tax rate	-	(45)
Adjustments in respect of prior years	(478)	(86)
Total deferred tax	**188**	**(131)**
Tax on profit on ordinary activities	**2,671**	**4,851**

Tax on the Company's profit before tax is calculated based on the rates and laws prevailing in the UK.

9 Tax on profit on ordinary activities - continued

The tax in the profit and loss account for the year varied from the average standard rate of corporation tax in the UK due to the following factors:

	2014	2013
	£000	£000
Accounting profit of £5,067k (2013: profit of £28,486k) at average UK standard rate of corporation tax of 21.5% (2013: 23.25%)	1,089	6,623
Permanent differences	(211)	(899)
Effect of deferred tax rate change	214	-
Adjustments in respect of prior years	(652)	(873)
Transfer of assets and tax attributes	2,231	-
Tax charge for the year	**2,671**	**4,851**

Deferred tax

The deferred tax included in the balance sheet is as follows:

	2014	2013
	£000	£000
Fixed asset timing differences	(117)	262
Short term timing differences and losses	2,269	2,078
Deferred tax asset	**2,152**	**2,340**

The deferred tax asset has been recognised as the directors expect the timing differences to reverse in future periods.

Movement on deferred tax balance

	2014
	£000
Asset at 1 January	2,340
Charge to the profit and loss account	(188)
Asset at 31 December	**2,152**

The standard Corporation Tax rate in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for 2014 are taxed at 21.5%.

In addition, a further reduction to 20% was enacted in the Finance Act 2013, with effect from 1 April 2015. This change has no significant impact on these financial statements.

10 Intangible assets

	Computer Software £000
Cost	
At 1 January 2014	5,317
Additions	188
Disposals	(471)
Transfers	(1,690)
At 31 December 2014	**3,344**
Accumulated amortisation	
At 1 January 2014	2,855
Charge for the year	1,253
Transfers	(1,341)
At 31 December 2014	**2,767**
Net book value	
At 31 December 2014	**577**
At 31 December 2013	2,462

The charge for the year is included in administrative expenses.

11 Tangible fixed assets

	Computer equipment
	£000
Cost	
At 1 January 2014	11,350
Additions	886
Disposals	(891)
Transfers	(10,505)
At 31 December 2014	**840**
Accumulated depreciation	
At 1 January 2014	7,585
Charge for the year	1,904
Disposals	(691)
Transfers	(7,962)
At 31 December 2014	**836**
Net book value	
At 31 December 2014	**4**
At 31 December 2013	3,765

12 Debtors

	2014	**2013**
	£000	£000
Current		
Trade debtors – Group companies	34,576	58,095
Loans to Group companies	65	192
Prepayments and accrued revenue	76	4,535
Deferred tax	2,152	2,340
Other debtors	468	842
	37,337	**66,004**

Trade debtors are non-interest bearing and are generally on 30-60 days payment terms.

The loans to Wood Group companies do not contain formal repayment terms and are repayable on demand. Interest at normal market rates applies.

13 Creditors: amounts falling due within one year

	2014	**2013**
	£000	£000
Trade creditors – third party	-	661
Trade creditors – Group companies	130	1,026
Loans from Group companies	33	153
Bank loans and overdrafts	586	-
Accrued expenses and deferred income	8,293	9,599
Corporation tax	3,783	5,769
Group relief payable	-	1,827
Social security and other taxes	1,221	6,202
Other creditors	15,126	11,438
	29,172	**36,675**

Trade creditors are non-interest bearing and are normally settled on 15 - 60 day payment terms.

The loans from Group companies do not contain formal repayment terms and are repayable on demand. Interest at normal market rates applies.

14 Creditors: amounts falling due after more than one year

	2014	**2013**
	£000	£000
Other creditors	1,419	1,658
	1,419	**1,658**

15 Called-up share capital

	2014	**2013**
	£000	£000
Allotted and fully paid:		
20,000,001 (2013: 20,000,001) Ordinary shares of £ 1 each	20,000	20,000
Total issued share capital	**20,000**	**20,000**

16 Lease commitments

The Company has financial commitments in respect of non-cancellable operating leases for office space. The future minimum rental commitments under these leases are as follows:

	2014	**2013**
	£000	£000
Within one year	-	125
After one year but not more than five years	-	336
	-	461

17 Contingent liabilities

The Company has a contingent liability arising from a guarantee without limit extended to John Wood Group PLC's principal bankers in respect of sums advanced to the Company and to certain other members of the Group.

18 Related party transactions

Transactions and balances with fellow Wood Group companies

The Company has taken advantage of the exemptions within Financial Reporting Standard 101 not to disclose transactions and balances with John Wood Group PLC and its wholly-owned subsidiaries, on the grounds that the Company itself is a wholly-owned subsidiary of John Wood Group PLC, for which the consolidated financial statements of are publicly available.

19 Financial risk management objectives and policies

19.1 General

The Company's principal financial liabilities, other than derivatives, comprise intercompany loans and payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has various financial assets such as trade debtors and cash at bank, which arise directly from its operations.

The Company enters into forward currency contracts to manage the currency risks arising from its operations. It is, and has been throughout 2014 and 2013, the Company's policy that no speculative trading in derivatives is undertaken.

The main risks arising from the Company's financial instruments are (a) cash flow interest rate risk, (b) foreign currency risk, and (c) credit risk. The policies for managing each of these risks are summarised below, together with comments on liquidity risk.

(a) Cash flow interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to cash and borrowings.

The Company's bank accounts are part of the Group's UK cash pool which is managed by the Group's Treasury Function. Group Treasury also hedge the Group's interest rate risk. No specific hedges have been put in place at entity level.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on transactions where sales, purchases, receivables and payables are in currencies other than the Company's functional currency. The Company strives to raise invoices in the currency in which the costs have been incurred, and maintain intercompany balances in the functional currency of the Company, to eliminate the currency exposure wherever possible.

(c) Credit risk

The Company trades largely with other Group companies. No material provision for impairment of debtors has been recorded in respect of balances outstanding at December 31, 2014.

With respect to credit risk from other financial assets, this primarily relates to cash and cash equivalents and the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these balances.

19 Financial risk management objectives and policies (continued)

19.1 General (continued)

(d) Liquidity risk

The Company monitors its liquidity risk via regular communication with the Group Treasury function.

19.2 Derivative instruments

As noted above, the Company enters into forward currency contracts to manage the currency risks arising from its operations. Although an economic hedge exists, for accounting purposes the contracts are classified as held for trading, in accordance with IAS 39, and thus the Company bears the impact of the changes in the fair value of these contracts in the profit and loss account

The fair values of the Company's forward currency contracts at the balance sheet date were as follows:

	2014	**2013**
	£000	£000
Reported in other Debtors	-	296

20 Ultimate parent undertaking

The Company is a wholly owned subsidiary of John Wood Group PLC.

The directors regard John Wood Group PLC, a company registered in Scotland, as the ultimate parent undertaking and controlling party.

John Wood Group PLC is the only undertaking for which consolidated financial statements that include the financial statements of the Company, are prepared. Copies of John Wood Group PLC financial statements can be obtained from the Company Secretary at John Wood House, Greenwell Road, Aberdeen, AB12 3AX, Scotland.