

Wood Group Management Services Limited
Annual report and financial statements
for the year ended 31 December 2000

Registered Number 178510

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Wood Group Management Services Limited

Annual report and accounts

for the year ended 31 December 2000

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Wood Group Management Services Limited

Directors' report for the year ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company's principal activity during the year was the provision of management and related services to group companies.

Review of business and future developments

The profit and loss account for the year is set out on page 4. The directors consider the results for the period to be satisfactory and expect the current level of activity to be sustained in the coming year.

Results and dividends

The loss after tax for the financial year amounted to £1,578,000 (1999 : profit £58,000). The directors do not recommend the payment of a dividend (1999: Nil). The loss for the financial year will be transferred from reserves.

Directors

The directors of the company at 31 December 2000 are listed below:

Sir Ian Wood
W Edgar
T Motherwell (deceased 1 June 2000)
A G Langlands
C E M Watson
E C Garrett (appointed 31 December 2000)
A G Semple (appointed 1 August 2000)

Directors' interests

No director had an interest in the shares of the company.

The interests in the shares of John Wood Group PLC, the ultimate holding company, of those directors who are also directors of that company are disclosed in the holding company directors' report.

The interests of the remaining director in the shares of John Wood Group PLC are set out below:-

	At 31 December 2000		At 31 December 1999	
	Shares	Options	Shares	Options
Ordinary shares of 10p each				
C E M Watson	-	100,000	-	50,000
E C Garrett	470,000	-	625,000	-

Wood Group Management Services Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business for the foreseeable future.

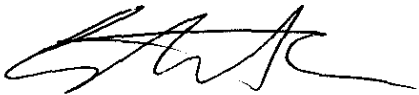
The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually has been passed. Accordingly, PricewaterhouseCoopers continue in office as auditors, having expressed their willingness to do so.

By order of the Board



C E M Watson
Company Secretary

Wood Group Management Services Limited

Auditors' report to the members of Wood Group Management Services Limited

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes *responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards*. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

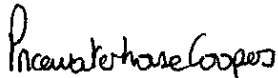
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen

Date: 10 May 2001

Wood Group Management Services Limited

Profit and loss account for the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	2	3,053	569
Cost of sales		(5,270)	(574)
Gross (loss)/profit		(2,217)	(5)
Net operating expenses	3	(84)	(111)
Operating loss		(2,301)	(116)
Net interest receivable	6	21	5
Loss on ordinary activities before taxation	7	(2,280)	(111)
Tax on loss on ordinary activities	8	702	169
Retained (loss)/profit for the year	14	(1,578)	58

The company commenced trading on 1 October 1999. All items dealt with in arriving at the (loss)/profit for 2000 and 1999 relate to continuing operations.

The company has no recognised gains and losses other than the (losses)/profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and retained (loss)/profit for the year stated above, and their historical cost equivalents.

Wood Group Management Services Limited

Balance sheet as at 31 December 2000

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets					
Tangible assets	9		81		163
Current assets					
Debtors	10	2,196		2,946	
Cash at bank and in hand		1,504	3,700	1,329	4,275
Creditors: amounts falling due within one year	11		(3,501)		(2,430)
Net current assets			199		1,845
Total assets less current liabilities			280		2,008
Provisions for liabilities and charges	12		(1,800)		(1,950)
Net (liabilities)/assets			(1,520)		58
Capital and reserves					
Called up share capital	13		-		-
Profit and loss account	14		(1,520)		58
(Deficiency)/surplus of equity shareholder's funds	15		(1,520)		58

The financial statements on pages 4 to 13 were approved by the board of directors on 10 May 2001 and were signed on its behalf by:

Director : *W Edgan*

Director : Albert C. Harris

Wood Group Management Services Limited

Notes to the financial statements for the year ended 31 December 2000

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The ultimate holding company has confirmed that it will provide the necessary support to enable the company to meet its obligations and liabilities as they fall due in the next twelve months. Accordingly, these financial statements have been prepared on a going concern basis.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Cash flows

At 31 December 2000 the company was a wholly owned subsidiary of John Wood Group PLC and is included in the consolidated financial statements of John Wood Group PLC which are publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less aggregate depreciation. Depreciation is calculated at rates estimated to write off by equal annual instalments the relevant assets over their expected useful lives, which are:-

Plant and equipment	3 – 10 years
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The company performs impairment reviews in respect of tangible fixed assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's net realisable value and its value in use, is less than its carrying amount.

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date, and differences on exchange arising thereon are dealt with through operating profit.

Deferred taxation

Provision is made on the liability method to recognise the deferment of taxation due to timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes to the extent that it is probable that a liability or asset will crystallise.

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Pension costs

The company participates in a group defined benefit pension scheme which is contracted out of the state scheme. The funds are valued every three years by a professionally qualified independent actuary and the rates of contribution payable are determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

Further details relating to the scheme are set out in the financial statements of John Wood Group PLC for the year ended 31 December 2000.

2 Turnover

Analysis of turnover by destination is given below:

	2000	1999
	£'000	£'000
UK	2,778	400
North America	275	169
	3,053	569

3 Net operating expenses

	2000	1999
	£'000	£'000
Administrative expenses	338	517
Other operating income	(104)	(256)
Release of provision (see note 12)	(150)	(150)
	84	111

Wood Group Management Services Limited

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2000	1999
Management and staff	58	51

Staff costs in respect of these persons amounted to:	2000	1999
	£'000	£'000
Wages and salaries	2,456	751
Social security costs	230	80
Pension costs	174	62
	2,860	893

5 Directors' emoluments

	2000	1999
	£'000	£'000
Staff costs include amounts payable to directors as follows:		
Aggregate emoluments	881	205

	2000	1999
	£'000	£'000
Highest paid director		
Aggregate emoluments including benefits	218	48
Defined benefit pension schemes:		
Accrued pension at end of year	93	76

Five directors (1999 : five) have retirement benefits accruing under the group's defined benefit pension scheme.

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6 Net interest receivable

	2000	1999
	£'000	£'000
Interest receivable	21	9
Interest payable	-	(4)
	21	5

7 Loss on ordinary activities before taxation

	2000	1999
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	5	2
Depreciation of tangible fixed assets	94	23
Operating leases – plant and machinery	73	17

8 Tax on loss on ordinary activities

	2000	1999
	£'000	£'000
United Kingdom corporation tax at 30% (1999 : 30.25%)		
Current	(648)	(25)
Deferred	(56)	(144)
Under provision in respect of prior years:		
Current	2	-
	(702)	(169)

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9 Tangible fixed assets

	Motor vehicles	Plant and machinery	Total
	£'000	£'000	£'000
Cost			
At 1 January 2000	82	279	361
Additions in year	-	35	35
Disposals in year	(12)	(57)	(69)
At 31 December 2000	70	257	327
Depreciation			
At 1 January 2000	78	120	198
Charge for the year	4	90	94
Disposals	(12)	(34)	(46)
At 31 December 2000	70	176	246
Net book amount			
At 31 December 2000	-	81	81
At 31 December 1999	4	159	163

10 Debtors

	2000	1999
	£'000	£'000
Amounts falling due within one year		
Trade debtors	3	134
Amounts owed by group undertakings	871	2,187
Amounts owed by associates and joint ventures of ultimate parent company	11	331
Other debtors	190	81
Prepayments and accrued income	449	44
Group relief receivable	472	25
	1,996	2,802
Due later than one year		
Deferred taxation	200	144
Total debtors	2,196	2,946

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Deferred taxation

Deferred taxation included in these financial statements comprises net corporation tax receivable deferred by:

	2000	1999
	£'000	£'000
Fixed asset timing differences	62	-
Other timing differences	138	144
Total	200	144
<i>The movement in deferred taxation comprises:</i>		
At 1 January 2000	144	-
Movement in year	56	144
At 31 December 2000	200	144

The deferred tax asset arises primarily from the transfer of the pension provision from another group company and is based on a corporation tax rate of 30% (1999 : 30%).

11 Creditors – amounts falling due within one year

	2000	1999
	£'000	£'000
Trade creditors	422	366
Amounts due to associated undertakings	-	7
Amounts due to group undertakings	161	6
Other creditors	487	393
Other taxation and social security	585	587
Accruals and deferred income	1,846	1,071
	3,501	2,430

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12 Provisions for liabilities and charges

Pension provision	2000 £'000	1999 £'000
At 1 January	1,950	-
Transferred from group company	-	2,100
Released in year	(150)	(150)
At 31 December	1,800	1,950

The provision represents the excess of the accumulated group pension costs over the payment of contributions to group pension funds.

13 Called up share capital

	2000 £	1999 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 ordinary shares of £1	1	1

14 Profit and loss account

	2000 £'000	1999 £'000
At 1 January	58	-
(Loss)/profit for the year	(1,578)	58
At 31 December	(1,520)	58

15 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Opening shareholder's funds	58	-
(Loss)/profit for the financial year	(1,578)	58
Closing shareholder's funds	(1,520)	58

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16 Financial commitments

At 31 December 2000, the company had annual commitments under other non-cancellable operating leases as follows:

	2000 £'000	1999 £'000
Within one year	13	-
Within two to five years	51	74
	64	74

17 Pension contributions

The company participates in a group defined benefit scheme further details of which are given in note 1. The pension cost represents contributions payable to the scheme and amounts to £174,000 (1999 : £62,000). There were no contributions outstanding as at 31 December 2000 (1999 : £7,000).

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary where 90% or more of the voting rights are controlled within the group, and the consolidated financial statements of John Wood Group PLC, its ultimate parent company, are publicly available.

19 Ultimate holding company

Wood Group Management Services Limited 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 company and controlling party at 31 December 2000.

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