Financial statements

Group financial statements
The audited financial statements of Wood for the year ended 31 December 2023.

Company financial statements

Independent auditor's report

to the members of John Wood Group PLC

1. Our opinion is unmodified

We have audited the financial statements of John Wood Group Plc ("the Company") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income/Expense, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes, including the accounting policies on pages 175 to 183.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit, risk and ethics committee.

We were first appointed as auditor by the shareholders on 11 May 2018. The period of total uninterrupted engagement is for the six financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	$30m (2022: $30m) 0.5% (2022: 0.5%) of revenue	
Coverage	79% (2022: 79%) of group revenue	
Key audit matters		**vs 2022**
Recurring risks	Goodwill impairment relating to Projects CGU	◀▶
	Revenue recognition on fixed price contracts	▼
New risk	Litigation and contract related provisions and contingent liabilities	▲
Parent Company recurring risk	Recoverability of Parent Company's investment in subsidiary	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Goodwill impairment relating to Projects CGU (Goodwill relating to Projects CGU - $2,195.7 million; 2022: $2,280.8 million). (Goodwill impairment relating to Projects - $nil; 2022: $nil). *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and Note 10 (financial disclosures).*	**Forecast-based assessment:** The Group estimates recoverable amounts based on value in use which requires significant estimation in forecasting future cash flows and determining growth rates and discount rates. Global market conditions continue to be challenging which is impacting the global economy. This includes increases in the risk free rate and rising prices, which result in higher discount rates and may impact the margins of the group. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of goodwill relating to the Projects cash generating unit ('CGU') has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (Note 10) disclose the sensitivity estimated by the Group.	Our procedures included: • **Assessing methodology:** we assessed whether the principles and integrity of the cash flow model are in accordance with applicable standards. • **Historical comparisons:** we assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of revenue growth assumptions to the actual outcomes. • **Benchmark assumptions:** we challenged the revenue and long-term growth rate assumptions used in the value in use calculations by comparing the Group's assumptions of growth against external data (such as GDP and industry sector forecasts (including current market expectations of the impact of climate where available)). • **Our valuation expertise:** we challenged the assumptions used by the Group in the calculation of the discount rates by involving our own valuation specialist to assist us in assessing the discount rate assumptions applied. • **Sensitivity analysis:** we performed our own sensitivity analysis including a reasonably possible reduction in forecast cash flows, alternative higher discount rate assumption and lower revenue growth to assess the level of sensitivity to these assumptions. • **Assessing transparency:** we assessed whether the Group's disclosures, relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate, revenue growth rate and long-term growth rate, reflected the risks inherent in the recoverable amount of goodwill. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the Group's conclusion that there is no impairment of goodwill to be acceptable (2022: We found the carrying amounts of goodwill relating to the Projects CGU to be acceptable).

Independent auditor's report continued

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Revenue recognition on fixed price contracts (Revenue from lump sum contracts - $1,195.3 million; 2022: $1,179.8 million) *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and note 2 (financial disclosures).*	**Subjective estimate:** Fixed price ("lump sum") contracts include both complex technical and commercial requirements and may last for a number of years. Recognition of revenue and profit on such contracts relies on: • estimating the forecast costs to complete the contract, as revenue is recognised with reference to the percentage of costs incurred relative to forecast total costs on the contract; • incorporating an allowance in the assessment of contract revenue and costs for technical and commercial risks arising either from customer claims or contract penalties (liquidated damages); • estimating the amount of variation orders that can be claimed under the existing contracts and the proportion of these that satisfy the highly probable revenue recognition criteria for variable consideration, as well as determining whether the company has an enforceable right to payment; and • appropriately identifying, estimating and providing for loss making contracts. The estimates above impacted revenue for the period, receivables and contract assets, contract liabilities and provisions, including those from onerous contracts. Our view is that the risk has slightly reduced in the current year as the group is entering into fewer large fixed price contracts and continues to settle legacy matters and due to the fact that the Aegis Poland contract (by far the group's largest fixed price contract) is physically complete and has moved into the settlement phase. The effect of these matters is that, as part of our risk assessment, we determined that revenue from fixed price contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. This includes the Aegis Poland contract, which has the single greatest effect on the estimate. The financial statements (Page 176 and Note 2) disclose the estimations made by the Group. Professional standards require us to make a rebuttable presumption that the fraud risk associated with revenue recognition is a significant risk. The incentive/pressures on management to achieve bonus targets and/or market consensus increase the risk of fraudulent revenue recognition. The opportunity is considered to apply to these long term fixed price contracts, given the factors noted above	We focused our work on a number of contracts where we consider there to be the highest degree of management judgment or estimation and designed specific procedures targeted at addressing the associated risks. Our procedures included: • **Historical comparisons:** we assessed the Group's ability to accurately forecast end of life contract margins by comparing the previous estimates of forecast total costs and variable consideration to final outcomes. • **Personnel interviews:** we obtained an understanding of the performance and status of selected contracts, including Aegis, through discussions with operational and finance contract project teams and both the Group's internal and external counsel where applicable, to consider whether relevant information was included in cost and revenue forecasts. • **Test of detail:** for selected contracts in litigation or pre-litigation, including Aegis, we inspected representation letters from external legal counsel to assess whether this corroborates or contradicts the Group's position. We performed further inquiries of the Group's external counsel to scrutinise the assessment of customer claims. • **Test of detail:** for selected contracts, including Aegis, we inspected the contracts and correspondence with customers to verify that where variation orders led to recognition of revenue these were either due to contract modifications that were determined to be approved, or variable consideration that was included in the existing contracts and considered to be highly probable. • **Test of detail:** inspected selected contracts for key financial clauses, such as liquidated damages, and correspondence with customers. We assessed whether such clauses were appropriately reflected in the revenue amounts recognised for each contract and challenged where different. • **Our project expertise:** we challenged the appropriateness of cumulative revenue and provisions recognised in relation to the Aegis contract by utilising our own Project specialists to identify the risks and opportunities associated with the contract and develop a range of possible contract out-turns. • **Test of detail:** for selected contracts, we reperformed the calculation of revenue based on percentage of completion, with reference to costs incurred. • **Site visits:** for a selected contract where physical progress could be observed, we performed an in-person site visit to inspect the physical progress on site and identify areas of complexity through observation and discussion with site personnel. • **Assessing transparency:** we assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the estimated revenue. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We considered the amount of revenue recognised on fixed price contracts to be acceptable. (2022: acceptable)

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Litigation and contract related provisions and contingent liabilities (Certain amounts forming part of Litigation related provisions – \$25.0 million, 2022: \$12.8 million and certain amounts forming part of Project related provisions - \$42.2m, 2022: \$63.3m, as disclosed in note 22) *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and notes 22 and 34 (financial disclosures).*	**Omitted exposures** In the normal course of business, potential exposures may arise from certain forms of adversarial claims proceedings, including litigation, arbitration or other forms of customer contractual disputes in respect of work carried out on customer projects or as a subcontractor to others. The uncertainties in line with IAS 37 are the determination of the probability of economic outflow and the assessment of the extent to which such outflow can be reliably measured, based on the information available to the Group. **Dispute outcome** The amounts involved are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective. A number of significant customer claims exist, where the potential exposure could be material. We consider those with a potential exposure greater than \$20 million to be the most significant. The outcome of any such claims is uncertain and any position taken by management typically involves significant judgements and estimates. The degree of estimation is generally dependent on the extent of information available at a point in time and many complex matters may require several years to be resolved. Ultimate resolution may be via negotiated settlement between the parties or formal process, such as mediation, arbitration or litigation. The effect of these matters is that, as part of our risk assessment, we determined that the provisions and contingent liabilities for such forms of claims has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (notes 22 and 34) disclose the estimations made by the Group.	**Our procedures included:** • **Enquiry of lawyers:** On all significant litigation cases and other higher risk legal cases to which counsel is appointed, we performed an assessment of correspondence with the group's external counsel accompanied by discussions and formal confirmations from that counsel in order to corroborate our understanding of these matters. • **Assessment of Lawyers:** For each scoped matter where enquiries of external counsel was performed, the audit team performed a detailed assessment of the competence and objectivity of external counsel by inspecting their terms of engagement, qualifications and credentials. • **Personnel interviews:** on all significant matters subject to adversarial proceedings, we discussed the status of those matters with internal counsel and considered the documentation available to support the assessment as to whether the matter should be recognised as a provision or disclosed as a contingent liability. • **Completeness and Accuracy:** we tested the completeness and accuracy of the Global Litigations Report and Pre-litigation report by identifying litigations from our board minute review, component audit team reporting, enquiries with external counsel and verifying that these matters were captured in the aforementioned reports. • **Assessing provisions:** where provisions were required we considered the case specific documentation (such as contracts, claim letters, expert reports) or other forms of evidence available (such as legal counsel representations), evaluated the assumptions used in determining the likely economic outflow (such as the probability of settlement or the outcome of certain legal principles) and assessed the basis of management's estimate based on that evidence. • **Our project expertise:** for contract claims where we considered it appropriate, we engaged our projects analysis specialists to support our review of the claim documentation, identify the risks and opportunities associated with the dispute and assess the adequacy of the provision. • **Historical comparisons:** We compared the value of settlement of historical litigations and contract related cases with similar fact patterns to assess the Group's estimate of provisions. • **Tests of detail:** We also tested settlements exceeding \$5m following the period end to ensure these are appropriately accounted for as at the balance sheet date. • **Assessing transparency:** we assessed whether the Group's disclosures detailing significant adversarial claims adequately disclose the potential liabilities of the Group, including the determination of matters that are contingent liabilities and the extent of specific disclosure required. We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We considered the provision recognised, and the contingent liability disclosures made, to be acceptable (2022: acceptable)

Independent auditor's report continued

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Parent Company risk: **Recoverability of Parent Company's investment in subsidiary** (Investment in subsidiary - $4,410.7 million; 2022: $4,391.1 million). (Investment in subsidiary impairment - $nil; 2022: $nil). *Refer to pages 124 to 127 (Audit, Risk and Ethics Committee Report), pages 175 to 183 (accounting policies) and Note 1 of the Company financial statements (financial disclosures).*	**Forecast-based assessment:** The carrying amount of the Parent Company's investment in subsidiary represents 50% of the Company's total assets. Due to its materiality, in the context of the Parent Company financial statements, this is considered to be the area that had the greatest overall effect on our Parent Company audit. Global market conditions continue to be challenging which is impacting the global economy. This includes increases in the risk free rate and rising prices, which result in higher discount rates and may impact the margins of the group. The market capitalisation of the group continues to be significantly below the carrying value of net assets. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the parent company's investment in subsidiary has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The parent company financial statements (Note 1) disclose the sensitivity estimated by the company.	**Our procedures included:** • **Comparing valuations:** we compared the carrying amount of the investment with the recoverable amount of the investment. The recoverable amount of the investment was derived from the net present value of relevant cash flows of the parent company's subsidiaries adjusted for the fair value of debt and other surplus assets and liabilities held by subsidiaries of the parent company. Our audit procedures over the net present value of relevant cash flows of the parent company's subsidiaries included those performed in the group Goodwill key audit matter above. We assessed the appropriateness of the adjustments made relating to the fair value of debt and other surplus assets and liabilities held by subsidiaries of the parent company. • **Assessing transparency:** we assessed whether the Group's disclosures, relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse change in the discount rate, revenue growth rate and long-term growth rate, reflected the risks inherent in the recoverable amount of the Parent Company's investment in subsidiary. We performed the tests above rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed substantive procedures described. **Our results** • We found the carrying amount of the investment in subsidiary, with no impairment, to be acceptable. (2022: We found the carrying amount of the investment in subsidiary, with no impairment, to be acceptable).

Goodwill impairment

We continue to perform procedures over goodwill impairment relating to Operations. However, in the current year, reasonable possible changes in the discount rate, long term growth rate and revenue growth rate would not result in an impairment and therefore we have not assessed the impairment risk relating to the Operations cash generating unit as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

US asbestos related provisions

We continue to perform procedures over US asbestos related provisions. However, relative to the other key audit matters identified in this report, the matter did not have the most significant impact on the overall audit strategy and allocation of audit resources and therefore we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at $30m (2022: $30m), determined with reference to a benchmark of Group revenue from continuing operations, of $5,900.7m, of which it represents 0.5% (2022: 0.5%). We consider Group revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax. This is consistent with 2022.

Materiality for the parent Company financial statements as a whole was set at $29m (2022: $29m), determined with reference to a benchmark of Company total assets, of which it represents 0.4% (2022: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to $22.5m (2022: $22.5m) for the Group and $21.75m (2022: $21.75m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

3. Our application of materiality and an overview of the scope of our audit (continued)

We agreed to report to the Audit, Risk and Ethics Committee any corrected or uncorrected identified misstatements exceeding $1.5m (2022: $1.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 24 (2022: 23) reporting components, we subjected 6 (2022: 6) to full scope audits for group purposes and 18 (2022: 17) to specified risk-focused audit procedures. The components for which we performed work other than audits for group reporting purposes were not individually significant but were included in the scope of our group reporting work in order to provide further coverage over the group's results. We subjected 16 (2022: 13) components to specified risk-focused audit procedures over: revenue and trade receivables; cost of sales (17 components (2022: 13)); gross amounts due from customers (14 components (2022: 13)); trade payables (11 components (2022: 9)); cash (15 components (2022: 15)); accruals and deferred income (13 components (2022: 11)); provisions (3 components (2022: 3)); administrative expenses (5 components (2022: 4); prepayments (2 components (2022: 1)); other receivables (6 components (2022: 2)); amortisation (0 components (2022: 1)); and profit from discontinued operations, net of tax (nil components (2022: 1)).

The group operates 1 shared service centre in India, the outputs of which are included in the financial information of the reporting components it services and therefore it is not a separate reporting component. This service centre is subject to specified risk-focussed audit procedures, predominantly the testing of transaction processing and controls.

The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

The Group team approved the component materiality's, which ranged from $1.7m to $14m (2022: $2.7m to $18m), having regard to the mix of size and risk profile of the Group across the components.

The work on 20 of the 24 components (2022: 21 of the 23 Components) was performed by the component auditors and the rest, including the audit of the parent company, was performed by the Group team.

The Group team visited 4 (2022: 3) component locations in the United States of America, Italy and the United Kingdom (2022: the United States of America and the United Kingdom), to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

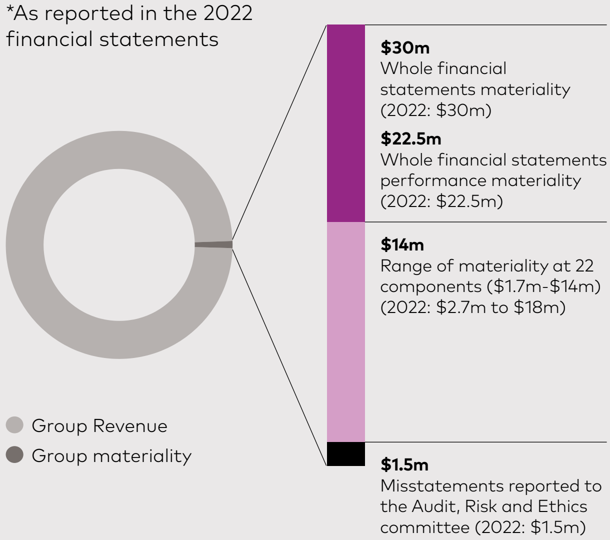
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

Revenue

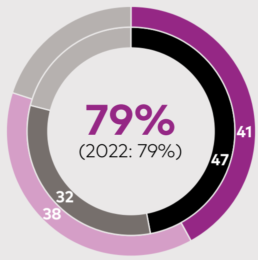
$5,900.7m (2022*: $5,432.2m)
*As reported in the 2022 financial statements

Group materiality

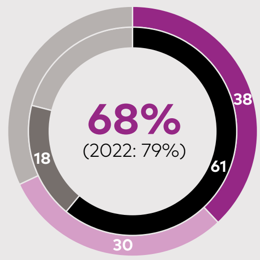
$30m (2022: $30m)



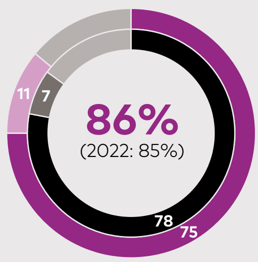
Group revenue



Total profits and losses that made up group loss before tax



Group total assets



- Full scope for group audit purposes 2023
- Specified risk-focused audit procedures 2023
- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022
- Residual components

Independent auditor's report continued

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group has set out its commitments on climate change to reduce scope 1 and 2 carbon emissions by 40% by 2030.

Climate change impacts the Group in a variety of ways creating both risks and opportunities to the group. The opportunities include potential for capitalising on the growth in markets arising from energy transition. The risks include demand uncertainty relating to the market's response to climate issues, the pattern of energy transition, and the group's ability to respond to this.

As part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Our risk assessment focused on the risk climate change may pose to the determination of future cash flows used in assessments such as impairment. We held discussions with our own climate change professionals to challenge our risk assessment.

On the basis of our risk assessment, we determined that goodwill impairment is the area which will be the most impacted area of our audit.

As explained in Note 10 of the financial statements, in preparing the value-in-use calculations, management has projected growth in the Cash Generating Unit ("CGU") based on the assumptions of increase in market share in future climate related projects. Our audit response to the goodwill impairment key audit matter includes specific procedures to address the risks arising from climate change. Please refer to that key audit matter response for further details. In our response we explain how we have challenged management's growth assumptions by comparing them against external data and performing sensitivity analysis of the carrying amount to the growth assumptions. Taking into account our risk assessment procedures and the relatively short-term nature of other assets we have not identified any other key audit matters relating to climate change.

We read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and the Company's available financial resources and metrics relevant to debt covenants over this period were worsening economic conditions which could lead to unexpected deferrals or cancellations of contracts by customers, higher interest rates or a combination of these.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- Inspecting the Revolving Credit Facility Agreement (the "RCF Agreement"), the term loan agreement and the US private placement loan note agreements, evaluating if there were any restrictions in the use of the funds. We inspected these agreements to understand the terms, including assessing the definitions of covenant metrics such as Adjusted EBITA and Net Interest Charges and whether the forecasts used for the purpose of assessing compliance with covenants appropriately reflected those definitions. We reperformed calculations for key financial covenants at each test date falling into the going concern assessment period, in order to test the expected compliance with these covenants and mathematical accuracy of the Directors' calculations.
- Assessing the ability of the Group to forecast accurately, by comparing budgets to historical results for key metrics. We challenged the current forecast assumptions by reference to the findings from the above and assessed whether they reflected market forecasts and the Group's strategy.
- Evaluating whether the key assumptions over revenue growth, Adjusted EBITA and Adjusted EBITDA margin are realistic, achievable and consistent with the external and internal environment and other matters identified in the audit.

We considered whether the going concern disclosure on page 175 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 175 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 175 to be acceptable; and
- the related statement under the Listing Rules set out on pages 85 and 86 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Risk and Ethics committee, internal audit, the ethics and compliance team, the internal legal team, external law firms and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Risk and Ethics committee, Remuneration committee, Nomination committee and Safety Assurance and Business Ethics committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the annual bonus plan and long-term incentive plan.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Our forensic specialists assisted us in identifying key fraud risks. This included holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer, and assisting with designing and executing relevant audit procedures to respond to the identified fraud risks.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets and external debt covenant thresholds, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular over fixed price contracts where there is increased judgement in determining key metrics impacting revenue recognition and the risk of bias in accounting estimates and judgements such as goodwill impairment assumptions.

We did not identify any additional fraud risks.

Further detail in respect of revenue recognition on fixed price contracts is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:

- Identifying journal entries and other adjustments to test at Group-level and for all in-scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words which may indicate a high risk, those posted to unusual accounts and all material post-close journal entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias, including assessing revenue recognition on fixed price contracts for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and anti-corruption, money laundering legislation, employment law and social security legislation, contract legislation, Foreign Corrupt Practices Act, environmental protection legislation, federal acquisition regulations and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the asbestos related litigation and contingent liability matters discussed in notes 21 and 34, we assessed disclosures against our understanding gained through the audit procedures performed including inspection of legal correspondence.

We discussed with the Audit, Risk and Ethics committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Independent auditor's report continued

6. Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement page 86 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Analysis of Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement, set out on page 86 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Risk and Ethics Committee, including the significant issues that the Audit Risk and Ethics Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 156, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities.**

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

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.

Paul Glendenning (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

28 March 2024

Consolidated income statement

for the year ended 31 December 2023

		2023			2022 (re-presented*)		
	Note	Pre–exceptional items $m	Exceptional items $m	Total $m	Pre–exceptional items $m	Exceptional items $m	Total $m
Continuing operations							
Revenue	1,2,5	5,900.7	-	5,900.7	5,469.3	(8.0)	5,461.3
Cost of sales	5	(5,191.1)	(24.7)	(5,215.8)	(4,800.6)	(17.0)	(4,817.6)
Gross profit		709.6	(24.7)	684.9	668.7	(25.0)	643.7
Administrative expenses	5	(614.4)	(31.6)	(646.0)	(600.8)	(96.2)	(697.0)
Impairment loss on trade receivables and contract assets		(23.8)	(20.4)	(44.2)	-	-	-
Impairment of goodwill and intangible assets	5	-	-	-	-	(542.3)	(542.3)
Share of post-tax profit from joint ventures	13	42.8	-	42.8	30.4	-	30.4
Operating profit/(loss)		114.2	(76.7)	37.5	98.3	(663.5)	(565.2)
Finance income	3	19.4	-	19.4	6.9	-	6.9
Finance expense	3,5	(108.5)	(11.1)	(119.6)	(127.2)	(5.9)	(133.1)
Profit/(loss) before taxation from continuing operations	4,5	25.1	(87.8)	(62.7)	(22.0)	(669.4)	(691.4)
Taxation	5,6	(54.6)	(10.4)	(65.0)	(47.3)	36.4	(10.9)
Loss for the year from continuing operations		(29.5)	(98.2)	(127.7)	(69.3)	(633.0)	(702.3)
Discontinued operations							
(Loss)/profit from discontinued operations, net of tax	7	(10.2)	32.7	22.5	60.2	290.4	350.6
Loss for the period		(39.7)	(65.5)	(105.2)	(9.1)	(342.6)	(351.7)
(Loss)/profit attributable to							
Owners of the parent		(45.2)	(65.5)	(110.7)	(13.7)	(342.6)	(356.3)
Non-controlling interests	30	5.5	–	5.5	4.6	–	4.6
		(39.7)	(65.5)	(105.2)	(9.1)	(342.6)	(351.7)
Earnings per share (expressed in cents per share)							
Basic	9			(16.1)			(52.4)
Diluted	9			(16.1)			(52.4)
Earnings per share – continuing operations (expressed in cents per share)							
Basic	9			(19.4)			(103.9)
Diluted	9			(19.4)			(103.9)

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

* The comparative information has been re-presented in line with the requirements of IFRS 5, paragraph 36, due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations following a decision not to dispose of that business (note 7).

Consolidated statement of comprehensive income/expense

for the year ended 31 December 2023

	Note	2023 $m	2022 *restated $m
Loss for the year		**(105.2)**	(351.7)
Other comprehensive (expense)/income from continuing operations			
Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on retirement benefit obligations	**33**	**(82.2)**	168.0
Movement in deferred tax relating to retirement benefit obligations	**6**	**18.0**	(41.6)
Total items that will not be reclassified to profit or loss		**(64.2)**	126.4
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**29**	**3.8**	5.1
Tax on derivative financial instruments	**6**	**(0.4)**	(1.7)
Exchange movements on retranslation of foreign operations	**29**	**58.2**	(165.1)
Total items that may be reclassified subsequently to profit or loss		**61.6**	(161.7)
Other comprehensive expense from continuing operations for the year, net of tax		**(2.6)**	(35.3)
Other comprehensive (expense)/income from discontinued operations			
Re-measurement gains on retirement benefit schemes	**33**	**-**	2.9
Net exchange movements on disposal of foreign currency operations*		**-**	54.5
Exchange movements on retranslation of foreign operations	**29**	**-**	(57.9)
Other comprehensive expense from discontinued operations for the year, net of tax		**-**	(0.5)
Total comprehensive expense for the year		**(107.8)**	(387.5)
Total comprehensive expense for the year is attributable to:			
Owners of the parent		**(113.3)**	(392.1)
Non-controlling interests		**5.5**	4.6
		(107.8)	(387.5)

Exchange movements on the retranslation of foreign operations could be subsequently reclassified to profit or loss in the event of the disposal of a business.

* Based on the requirements of IAS 1 Presentation of Financial Statements, the net exchange movements on disposal of foreign currency operations of $54.5m should have been deducted from the statement of comprehensive income and expense for the year ending 31 December 2022, and the prior year comparative has been adjusted to reflect this. This matter came to the attention of the directors following the Financial Reporting Council's Corporate Reporting Review Team ("FRC") enquiry, as described in more detail in the Audit, Risks and Ethics Committee report on page 127. The reclassification adjustment had no impact on loss for the year, cash flows or any of the balance sheet captions in the current or prior period.

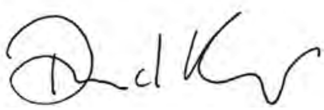
The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 December 2023

	Note	2023 $m	2022 $m
Assets			
Non-current assets			
Goodwill and other intangible assets	10	4,319.0	4,309.1
Property plant and equipment	11	65.3	82.4
Right of use assets	12	355.9	276.0
Investment in joint ventures	13	178.1	156.5
Other investments	13	51.3	56.0
Long term receivables	15	184.2	129.5
Retirement benefit scheme surplus	33	391.9	432.4
Deferred tax assets	23	43.1	61.2
		5,588.8	5,503.1
Current assets			
Inventories	14	16.3	11.1
Trade and other receivables	15	1,554.4	1,545.0
Financial assets	15	9.2	10.8
Income tax receivable		57.9	40.7
Assets held for sale		-	21.0
Cash and cash equivalents	16	434.0	536.7
		2,071.8	2,165.3
Total assets		7,660.6	7,668.4
Liabilities			
Current liabilities			
Borrowings	18	315.3	345.9
Trade and other payables	17	1,706.7	1,687.6
Income tax liabilities		115.8	218.1
Lease liabilities	12	83.4	83.2
Provisions	22	57.6	44.9
Liabilities held for sale		-	20.6
		2,278.8	2,400.3
Net current liabilities		(207.0)	(235.0)
Non-current liabilities			
Borrowings	18	812.2	584.0
Deferred tax liabilities	23	76.6	100.1
Retirement benefit scheme deficit	33	80.1	73.2
Lease liabilities	12	317.4	259.7
Other non-current liabilities	19	69.4	106.8
Asbestos related litigation	21	306.5	311.4
Provisions	22	77.7	103.4
		1,739.9	1,538.6
Total liabilities		4,018.7	3,938.9
Net assets		3,641.9	3,729.5
Equity attributable to owners of the parent			
Share capital	25	41.3	41.3
Share premium	26	63.9	63.9
Retained earnings	27	1,312.9	1,224.4
Merger reserve	28	2,298.8	2,540.8
Other reserves	29	(80.4)	(142.4)
Total equity attributable to owners of the parent		3,636.5	3,728.0
Non-controlling interests	30	5.4	1.5
Total equity		3,641.9	3,729.5

The financial statements on pages 168 to 244 were approved by the board of directors on 28 March 2024 and signed on its behalf by:



Ken Gilmartin, Director David Kemp, Director

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

*restated	Note	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Equity attributable to owners of the parent $m	Non–controlling interests $m	Total equity $m
At 1 January 2022		**41.3**	**63.9**	**1,415.0**	**2,540.8**	**21.0**	**4,082.0**	**3.3**	**4,085.3**
(Loss)/Profit for the year		–	–	(356.3)	–	–	**(356.3)**	4.6	**(351.7)**
Other comprehensive income/(expense):									
Re-measurement gains on retirement benefit schemes	**33**	–	–	168.0	–	–	**168.0**	–	**168.0**
Re-measurement gains on retirement benefit schemes (discontinued)	**33**	–	–	2.9	–	–	**2.9**	–	**2.9**
Movement in deferred tax relating to retirement benefit schemes	**6**	–	–	(41.6)	–	–	**(41.6)**	–	**(41.6)**
Cash flow hedges	**29**	–	–	–	–	5.1	**5.1**	–	**5.1**
Tax on derivative financial instruments	**6**	–	–	(1.7)	–	–	**(1.7)**	–	**(1.7)**
Net exchange movements on retranslation of foreign operations	**29**	–	–	–	–	(165.1)	**(165.1)**	–	**(165.1)**
Net exchange movements on disposal of foreign currency operations*	**29**	–	–	–	–	54.5	**54.5**	–	**54.5**
Net exchange movements on retranslation of foreign operations (discontinued)	**29**	–	–	–	–	(57.9)	**(57.9)**	–	**(57.9)**
Total comprehensive (expense)/income for the year*		**–**	**–**	**(228.7)**	**–**	**(163.4)**	**(392.1)**	**4.6**	**(387.5)**
Transactions with owners:									
Dividends paid	**8,30**	–	–	–	–	–	**–**	(1.1)	**(1.1)**
Credit relating to share based charges	**24**	–	–	20.7	–	–	**20.7**	–	**20.7**
Deferred tax impact of rate change in equity	**6**	–	–	(0.8)	–	–	**(0.8)**	–	**(0.8)**
Other tax movements in equity	**6**	–	–	(1.3)	–	–	**(1.3)**	–	**(1.3)**
Exchange movements in respect of shares held by employee share trusts	**27**	–	–	12.5	–	–	**12.5**	–	**12.5**
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	**27**	–	–	1.7	–	–	**1.7**	–	**1.7**
Transactions with non-controlling interests	**30**	–	–	5.3	–	–	**5.3**	(5.3)	**-**
At 31 December 2022		**41.3**	**63.9**	**1,224.4**	**2,540.8**	**(142.4)**	**3,728.0**	**1.5**	**3,729.5**

* Based on the requirements of IAS 1 Presentation of Financial Statements, the net exchange movements on disposal of foreign currency operations of $54.5m should have been deducted from the statement of comprehensive income and expense for the year ending 31 December 2022. Within the Consolidated statement of changes in equity, the $54.5m was previously presented as a transaction with owners and so has been reclassified to total comprehensive income and expense. This matter came to the attention of the directors following the Financial Reporting Council's Corporate Reporting Review Team ("FRC") enquiry, as described in more detail in the Audit, Risks and Ethics Committee report on page 127. The reclassification adjustment had no impact on loss for the year, cash flows or any of the balance sheet captions in the current or prior period.

Consolidated statement of changes in equity continued

for the year ended 31 December 2023

	Note	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Equity attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2023		41.3	63.9	1,224.4	2,540.8	(142.4)	**3,728.0**	1.5	**3,729.5**
(Loss)/Profit for the year		–	–	(110.7)	–	–	**(110.7)**	5.5	**(105.2)**
Other comprehensive income/(expense):									
Re-measurement losses on retirement benefit schemes	**33**	–	–	(82.2)	–	–	**(82.2)**	–	**(82.2)**
Movement in deferred tax relating to retirement benefit schemes	**6**	–	–	18.0	–	–	**18.0**	–	**18.0**
Cash flow hedges	**29**	–	–	–	–	3.8	**3.8**	–	**3.8**
Tax on derivative financial instruments	**6**	–	–	(0.4)	–	–	**(0.4)**	–	**(0.4)**
Net exchange movements on retranslation of foreign operations	**29**	–	–	–	–	58.2	**58.2**	–	**58.2**
Total comprehensive (expense)/income for the year			**–**	**(175.3)**	**–**	**62.0**	**(113.3)**	**5.5**	**(107.8)**
Transactions with owners:									
Dividends paid	**8,30**	–	–	–	–	–	**–**	(1.6)	**(1.6)**
Credit relating to share based charges	**24**	–	–	19.6	–	–	**19.6**	–	**19.6**
Deferred tax impact of rate change in equity	**6**	–	–	0.7	–	–	**0.7**	–	**0.7**
Other tax movements in equity	**6**	–	–	(0.1)	–	–	**(0.1)**	–	**(0.1)**
Purchase of company shares by employee share trust for the Share Incentive Plan (SIP)	**27**	–	–	1.6	–	–	**1.6**	–	**1.6**
Transfer from merger reserve to retained earnings	**28**	–	–	242.0	(242.0)	–	**–**	–	**–**
At 31 December 2023		**41.3**	**63.9**	**1,312.9**	**2,298.8**	**(80.4)**	**3,636.5**	**5.4**	**3,641.9**

During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note, which was put in place during 2019. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

Other reserves include the capital redemption reserve, capital reduction reserve, currency translation reserve and the hedging reserve.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Reconciliation of loss to cash generated from operations:			
Loss for the period		**(105.2)**	(351.7)
Adjustments:			
Depreciation	**11**	**21.0**	25.2
Depreciation on right of use assets	**12**	**95.2**	82.3
Gain on disposal of leases		**(1.7)**	–
Gain on disposal of property plant and equipment	**4**	**(2.6)**	(1.6)
Impairment of goodwill and intangible assets	**10**	**–**	542.3
Impairment of property, plant and equipment	**11**	**1.8**	0.4
Impairment of joint ventures	**13**	**–**	2.0
Gain on disposal of investment in joint ventures	**13**	**(6.2)**	–
Amortisation of intangible assets	**10**	**159.7**	151.9
Share of post-tax profit from joint ventures	**13**	**(42.8)**	(30.4)
Gain on disposal of business		**(33.0)**	(514.5)
Net finance costs	**3**	**100.2**	127.9
Share based charges	**24**	**19.6**	20.7
Decrease in provisions and employee benefits		**(91.0)**	(123.1)
Dividends from joint ventures	**13**	**15.6**	30.1
Other exceptional items – non-cash impact	**1**	**84.5**	35.3
Tax charge	**6**	**58.3**	236.2
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Decrease/(increase) in inventories		**1.5**	(1.6)
Increase in receivables		**(77.5)**	(97.5)
Decrease in payables		**(54.4)**	(398.9)
Exchange movements		**3.1**	8.1
Cash generated from/(used in) operations		**146.1**	(256.9)
Tax paid		**(97.7)**	(103.9)
Net cash generated from /(used in) operating activities		**48.4**	(360.8)

Consolidated cash flow statement continued

for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Cash flows from investing activities			
Disposal of businesses (net of cash disposed and tax paid)		**(22.5)**	1,751.4
Proceeds from disposal of investment in joint ventures	**13**	**15.9**	–
Purchase of property plant and equipment	**11**	**(18.8)**	(27.6)
Proceeds from sale of property plant and equipment		**8.2**	7.1
Purchase of intangible assets	**10**	**(126.4)**	(109.2)
Interest received	**3**	**1.1**	4.5
Net cash (used in)/ generated from investing activities		**(142.5)**	1,626.2
Cash flows from financing activities			
Repayment of short-term borrowings	**31**	**(133.5)**	(35.0)
Proceeds from short-term borrowings	**31**	**–**	88.0
Proceeds from long term borrowings	**31**	**515.0**	–
Repayment of long-term borrowings	**31**	**(200.0)**	(1,039.1)
Payment of lease liabilities	**31**	**(113.3)**	(121.6)
Proceeds from SIP shares	**27**	**1.6**	1.7
Interest paid		**(81.7)**	(98.1)
Dividends paid to non-controlling interests	**30**	**(1.6)**	(1.1)
Net cash used in financing activities		**(13.5)**	(1,205.2)
Net (decrease)/increase in cash and cash equivalents	**31**	**(107.6)**	60.2
Effect of exchange rate changes on cash and cash equivalents	**31**	**4.9**	(26.5)
Opening cash and cash equivalents		**536.7**	503.0
Closing cash and cash equivalents	**16**	**434.0**	536.7

Cash at bank and in hand at 31 December 2023 includes $127.7m (2022: $328.4m) that is part of the Group's cash pooling arrangements. For internal reporting and for the purposes of the calculation of interest by the bank, this amount is netted with short-term overdrafts. However, in preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount. Movement in short-term overdrafts are presented as part of the cash flows from financing activities as the overdraft facilities form part of the Group's financing.

The proceeds from long-term borrowings of $515.0m reflects the increased utilisation of the long-term revolving credit facility and the new $200.0m term loan which was issued in December 2023. The new term loan of $200.0m led to the early repayment of the UKEF loan.

Payment of lease liabilities includes the cash payments for the principal portion of lease payments of $94.6m (2022: $103.7m) and for the interest portion of $18.7m (2022: $17.9m). The classification of interest paid within financing activities is in line with the Group accounting policy.

The Group has elected to present a cash flow statement that includes an analysis of all cash flows in total, including both continuing and discontinued operations. Amounts related to the discontinued operation by operating, investing and financing activities are disclosed in note 7.

Included in the disposal of businesses are proceeds received of $27.1m relating to the sale of Built Environment Consulting and $17.5m on the Gulf of Mexico asset sale, offset by $65.0m of tax paid and $2.1m professional fees.

The notes on pages 175 to 244 are an integral part of these consolidated financial statements.

Notes to the financial statements

for the year ended 31 December 2023

General information

John Wood Group PLC, its subsidiaries and joint ventures, ('the Group') delivers comprehensive services to support its customers across the complete lifecycle of their assets, from concept to decommissioning, across a range of energy and materials markets. Details of the Group's activities during the year are provided in the Strategic Report. John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. Copies of the Group financial statements are available from the Company's registered office at Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen AB12 3LE.

Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards. The Group financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement. The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m, unless otherwise stated.

Going concern

The directors have undertaken a rigorous assessment of going concern and liquidity over a period of at least 12 months from the date of approval of these financial statements (the going concern period), which includes financial forecasts up to the end of 2025 to reflect severe, but plausible scenarios. The directors have considered as part of this assessment the impact of the events that happened post balance sheet date and up to the date of issue of these financial statements.

To satisfy themselves that the Group has adequate resources for the going concern assessment period, the directors have reviewed the Group's existing debt levels, the forecast compliance with debt covenants, and the Group's ability to generate cash from trading activities. As of 31 December 2023, the Group's principal debt facilities comprise a $1,200.0m revolving credit facility maturing in October 2026; a $200.0m term loan which matures in October 2026 and $352.5m of US private placement debt repayable in various tranches between July 2024 and July 2031, with around 75% due after the end of 2025. The weighted average maturity of the Group's debt profile has been extended as a result of a new term loan being put in place which replaced an existing facility of the same value and that was due to mature in September 2024. At 31 December 2023, the Group had headroom of $843.1m under its principal debt facilities and a further $59.8m of other undrawn borrowing facilities. The Group also expects to have sufficient levels of headroom in the severe but plausible downside scenarios modelled.

At 31 December 2023, the Group had net current liabilities of $207.0m (2022: $235.0m).

The directors have considered a range of scenarios on the Group's future financial performance and cash flows. These scenarios reflect our outlook for the energy and materials end markets. Energy includes oil and gas and the Group forecasts growth in this area underpinned by increased focus on energy security and decarbonisation of operations. During 2023, for example, the Group secured a new long-term strategic partnership around the management of UK North Sea Operations and deployed the Group's expertise in decarbonisation, digitalisation and asset life extension to enhance an international energy company's global portfolio of assets. Materials includes minerals, chemicals and life sciences which are underpinned by growing populations and global net zero ambitions.

The order book gives significant coverage over 2024 and 2025 revenues. Further, the order book is 86% reimbursable which reflects the lower risk profile of the Group's forecast cash flows over the going concern period.

The directors have also considered severe, but plausible, downside scenarios which reflect material reductions in 2024 and 2025 revenue of 7% and 5% respectively and reductions of 1% in gross margin percentage from the base, board approved, scenario. The directors believe that the additional reductions represent a severe, but plausible, downside case. This could result from a worsening economic climate which could lead to unexpected deferrals or cancellations of contracts by our clients. In each of the scenarios modelled, the financial covenants were passed with significant facility headroom remaining available. The interest cover covenant has increased levels of headroom after adjusting for the non-recurring interest related to facilities repaid and cancelled within the 12-month period up to 31 December 2023. The directors included the impact of the removal of the receivables financing facilities (which are not committed) of $200m in the base scenario and the impact of additional adverse movements in working capital as additional, more severe, downside scenarios. The Group still had sufficient headroom to meet its liabilities as they fall due with these additional sensitivities.

Consequently, the directors are confident that the Group and company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Critical accounting judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

(a) Revenue recognition on fixed price and long-term contracts (estimate)

The Group has a large number of fixed price long-term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. Fixed price contracts revenue from continuing operations amounted to $1,195.3m in 2023 (2022: $1,179.8m), and is comprised of several hundred relatively low value contracts which are ongoing at any one point in time and these often span reporting periods and include small short duration consultancy contracts. They are all at varying stages of completion and carry their own unique risks. Hence, with the exception of the Aegis contract, which is described further in note 2, it is impracticable to provide any meaningful disclosure on the key sensitivities that would impact on revenue recognition, such as those outlined below.

Notes to the financial statements continued

Uncertainties include the estimation of:

Forecast costs to complete the contract

At the end of the reporting period the Group is required to estimate costs to complete on fixed price contracts based on the work to be performed after the reporting date, which may span more than one reporting period. This involves an objective evaluation of project progress against the delivery schedule, evaluation of the work to be performed and the associated costs to fully deliver the contract to the customer and contingencies. These factors are affected by a variety of uncertainties that depend on the outcome of future events, and so often need to be revised as events unfold, and therefore it is not practically possible to present these sensitivities which will be different across a large number of relatively low value contracts. The estimates from these contracts, in aggregate, could nevertheless have a possible material impact on revenue, cost of sales, gross amounts due to customers and gross amounts due from customers.

Recognition of revenue from variation orders ("VOs")

As contracts progress management may deem that the company is entitled to VOs increasing the contract price under the existing contracts (variable considerations). In some instances, changes to the scope or requirements of a project equate to changing the contract in a way that entitles the Company to additional consideration (contract modifications).

Where VOs are linked to variable consideration management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the uncertainty associated with the VO is subsequently resolved. This assessment is reconsidered at each reporting date. The assessment is based on discussions with the customer and a range of factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

Where VOs are linked to contract modifications, management recognise associated revenue when such modifications are approved and when the company has an enforceable right to payment. In cases where the price has not been agreed, management estimate the value of revenue to be recognised such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur when the final price for the contract modification has been agreed. The Group has governance processes in place, whereby unapproved variation orders in excess of $5m require approval by senior management. As at the year end, there were two unapproved variation orders totalling $17m which were approved under this process. Revenue recognised in 2023 and 2022 associated with unapproved variation orders was immaterial.

On the Aegis contract, management deem that the Company is entitled to variable consideration under the existing contractual arrangements. Only the proportion of this deemed entitlement that is assessed as highly probable is recognised as part of the revenue calculation. The assessment of the proportion of the deemed entitlement to VOs that is considered to be highly probable is a judgement made by management in consultation with internal and external experts. The amount of the accumulated recognised VOs in relation to the Aegis contract is material.

Liquidated damages ("LDs")

LDs are designated damages (negative variable considerations) that are paid by the defaulting party in the event that certain contractual requirements are not met. Management make an assessment of the value of LDs to be provided at the reporting date such that it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the LDs is subsequently resolved. This initial assessment is reconsidered at each reporting date. The assessment is based on a best estimate of the monetary amount of LDs payable which involves a number of management assumptions and judgements including discussions with the customer, contractual entitlement, prior experience of the customer, prior experience of similar contracts with other customers and other forms of documentary evidence. Other than the Aegis contract, there were no other individually material contractual liquidated damages as at the year ended 31 December 2023. On Aegis, given the delay in achieving completion, there is potential under the contract for LDs to be material, although we believe that we have strong arguments for extension of time and dispute how the damages are being applied. As at 31 December 2023 management has assessed the extent to which LDs are likely to apply and these have been deducted from cumulative revenue recognised. Refer to note 2 for further details of this contract.

Estimates are updated regularly, and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue including income from incentive payments, scope variations and claims.

See note 2 for further details.

(b) Impairment of goodwill (estimate)

The Group carries out impairment reviews whenever events or changes in circumstance indicate that the carrying value of goodwill may not be recoverable. In addition, the Group carries out an annual impairment review. Management expectations are formed in line with performance to date and experience, as well as available external market data.

An impairment loss is recognised when the recoverable amount of goodwill is less than the carrying amount. The impairment tests are carried out by CGU ('Cash Generating Unit') and reflect the latest Group budgets and forecasts as approved by the Board. The budgets and forecasts are based on various assumptions relating to the Group's businesses including assumptions relating to market outlook, resource utilisation, contract awards and contract margins. The outlook for the Group is discussed in the Chief Executive's Review. The discount rate, revenue CAGR and long term growth rates are critical assumptions. Pre-tax discount rates of between 10.8% and 12.3% have been used to discount the CGU cash flows and a terminal value is applied using long term growth rates of 2.4%. The revenue CAGR assumption ranges from 8.3% to 13.4%. A sensitivity analysis has been performed allowing for possible changes to the key assumptions used in the impairment model.

See note 10 for further details.

(c) Provisions and contingent liabilities (judgement and estimate)

The Group records provisions where it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes contract provisions and provisions for pending legal issues.

As a result of the acquisition of Amec Foster Wheeler ("AFW") in 2017, the Group has acquired a significant asbestos related liability. Some of AFW's legacy US and UK subsidiaries are defendants in asbestos related lawsuits and there are out of court informal claims pending in both jurisdictions. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to the use of asbestos in connection with work allegedly performed by subsidiary companies in the 1970s and earlier. The provision for asbestos liabilities is the Group's best estimate of the obligation required to settle claims up until 2050. Group policy is to record annual changes to the underlying gross estimates where they move by more than 5%.

The critical assumptions applied in determining the asbestos provision include: indemnity settlement amount, forecasted number of new claims, estimated defence costs and the discount rate. The Group uses a blended yield curve rate to discount its asbestos liabilities. This rate is matched to the expected duration of the liabilities and the rate used at the end of December 2023 is 3.64%.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence.

The Group has recorded a $29.4m exceptional charge with respect to the asbestos liability in the period and is principally as a result of an updated actuarial review which updated the best estimate for recent claims experience and latest projections. Further details of the asbestos liabilities are provided in note 21 including a sensitivity analysis showing the impact of changes to the key assumptions.

(d) Retirement benefit schemes (estimate)

The value of the Group's retirement benefit schemes' surplus/deficit is determined on an actuarial basis using several assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. A sensitivity analysis showing the impact of changes to these assumptions is provided in note 33. The principal assumptions that impact the carrying value are the discount rate, the inflation rate and life expectancy. The Group determines the appropriate assumptions to be used in the actuarial valuations at the end of each financial year following consultation with the retirement benefit schemes' actuaries. In determining the discount rate, consideration is given to the interest rates of high-quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The inflation rate is derived from the yield curve used in deriving the discount rate and adjusted by an agreed risk premium.

Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. The Group, in conjunction with the schemes' actuaries, continues to monitor the impact of the Covid-19 pandemic on mortality data. The tax rate applied to the surplus of the UK scheme is 25%, on the basis that there is no expectation that the manner of any future recovery would be in the form of a refund, which would be taxed at 35%. Following the Authorised Surplus Payments Charge (Variation of Rate) Order 2024, the tax rate of 35% will be reduced to 25% from 6 April 2024. As at the balance sheet date, there are no plans to request a refund and other avenues are being explored to use the surplus. The technical surplus is not as large as the IAS 19 surplus and so there is a lower limit to what could be accessed in any event.

The majority of pension scheme assets have quoted prices in active markets. Scheme assets are revalued at least once per annum to reflect their fair value. Fair value is based on market price information. If this is not available, the most recent transaction price, revenue or earnings-based valuations using unobservable inputs may be used for level 3 investments in the fair value hierarchy.

Further details of the assumptions and measurements outlined can be seen in note 33.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of acquisition or up until the date of divestment as appropriate. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Joint ventures and joint operations

A joint venture is a type of joint arrangement where the parties to the arrangement share rights to its net assets. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's interests in joint ventures are accounted for using equity accounting. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture from the acquisition date. The results of the joint ventures are included in the consolidated financial statements from the date the joint control commences until the date that it ceases. The Group includes its share of joint venture profit on the line 'Share of post-tax profit from joint ventures' in the Group income statement and its share of joint venture net assets in the 'investment in joint ventures' line in the Group balance sheet.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for joint operations by recognising the appropriate proportional share of revenue, expenses, assets and liabilities.

Notes to the financial statements continued

Presentational currency

The Group's earnings stream is primarily US dollars and the Group therefore uses the US dollar as its presentational currency.

The following exchange rates have been used in the preparation of these financial statements:

	2023	2022
Average rate £1 = $	**1.2425**	1.2324
Closing rate £1 = $	**1.2749**	1.2029

Foreign currencies

In each individual entity, transactions in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Income statements of entities whose functional currency is not the US dollar are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date with any exchange differences taken to the currency translation reserve.

Foreign currency differences are recognised in Other Comprehensive Income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interests ("NCI").

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss. The directors consider it appropriate to record sterling denominated equity share capital in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Revenue recognition

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Group recognises revenue when it transfers control over a good or service to a customer.

With regard to cost reimbursable projects and fixed price contracts, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and the related revenue recognition policies.

Cost reimbursable projects

Revenue is recognised over time as the services are provided based on contractual rates per man hour in respect of multi-year service contracts. The amount of variable revenue related to the achievement of key performance indicators (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

Fixed price contacts

Revenue on fixed price contracts for services, construction contracts and fixed price long-term service agreements is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. Margin is only recognised when the outcome of the contract can be measured reliably.

Contract modifications are generally not distinct from those in the original contract due to the significant integration service provided in the context of the contract and are priced according to the same standalone selling prices of the original contract. Therefore, modifications are accounted for as a modification of the existing contract and performance obligations with a cumulative catch-up adjustment recognised within revenue.

Management assess the value of revenue to be recognised in respect of variation orders based on the considerations described in the critical accounting judgements and estimates section above in the paragraph regarding recognition of revenue from variation orders ("VOs").

A claim is an amount that the contractor seeks to collect from the customer as reimbursement for costs whose inclusion in the contract price is disputed, and may arise from, for example, delays caused by the customer, errors in specification or design and disputed variations in contract work. Claims are also usually variable considerations and are included in contract revenue only to the extent that it is highly probable that a significant reversal of revenue will not occur. Appropriate legal advice is taken in advance of any material revenue being recognised in respect of claims.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

The Group's payment terms state that all invoices are generally payable within 30 days.

Details of the services provided by the Group are provided under the 'Segmental Reporting' heading.

Contract balances

A contract asset includes gross amounts due from customers which reflects work completed for the client which has not yet been billed at the reporting date. Gross amounts due from customers reflects revenue recognised on the contract according to the stage of completion, less any progress payments received, and amounts are transferred to trade receivables when the right to consideration becomes unconditional. Contract assets are adjusted for any expected credit loss allowance considering the probability of default by the counterparty.

Contract liabilities include gross amounts due to customers and primarily relate to advance consideration received from customers, for which revenue is recognised over time.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses; write downs or impairments of assets including goodwill; restructuring and redundancy costs or provisions; litigation or regulatory settlements; asbestos related income or charges; tax provisions or payments; provisions for onerous contracts and acquisition and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements (note 5).

Restructuring and redundancy costs or provisions will include those costs associated with major Board approved programmes which will deliver longer term benefits to the Group. If this involves closure of a material office, discrete operating unit or service line the exceptional cost will include redundancy and severance of impacted employees, onerous contract provisions, the write off any unrecoverable net assets and any reversals in future periods. Provisions for restructuring will be recognised in line with the policy on Provisions below.

Finance expense/income

Interest income and expense is recorded in the income statement in the period to which it relates. Arrangement fees and expenses in respect of the Group's debt facilities are amortised over the period which the Group expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration, IFRS 16 lease liabilities and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the Group's retirement benefit schemes are also included in finance income/expense. See note 3 for further details.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Dividends payable

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. See note 8 for further details.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting when control is transferred to the Group. The consideration transferred is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Intangible assets arising on business combinations are tested for impairment when indicators of impairment exist. Acquisition costs are expensed and included in administrative expenses in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the Group acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Software	3-5 years
Development costs and licenses	3-5 years

Intangible assets on acquisition

Customer contracts and relationships	5-13 years
Order backlog	2-5 years
Brands	16 years

Property plant and equipment

Property plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Freehold buildings	25-50 years
Leasehold improvements	period of lease
Plant and equipment	3-10 years

When estimating the useful life of an asset group, the principal factors the Group takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the Group's policy with respect to the right of use assets.

Notes to the financial statements continued

Impairment

The Group performs impairment reviews in respect of PP&E, investment in joint ventures and intangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the Group carries out impairment reviews in respect of goodwill, at least annually. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Impairment losses are recognised in profit or loss. They are allocated to first reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to the appropriate CGU or groups of CGUs that are expected to benefit from the synergies of the combination. The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

See note 10 for further details of goodwill impairment testing and note 13 for details of impairment of investment in joint ventures.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The Group presents balances that are part of a pooling arrangement with no right of offset on a gross basis in both cash and short-term borrowings.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are typically classified as Held to Collect.

The Group recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group has non-recourse financing arrangements in which funds are received in relation to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 15 for further details.

Asbestos related receivables

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims. They are only recognised when it is virtually certain that the claim will be paid. Asbestos related assets under executed settlement agreements with insurers due in the next 12 months are recorded within Trade and other receivables and beyond 12 months are recorded within Long term receivables. The Group's asbestos related assets have been discounted using an appropriate rate of interest.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Taxation

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. When actual liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's tax charge for the year.

Deferred tax asset recognition is based on two factors. Firstly, deferred tax liabilities in the same jurisdiction as assets that are legally capable of being offset and the timing of the reversal of the asset and liability would enable the deduction from the asset to be utilised against the taxable income from the liability. Secondly, forecast profits support the recognition of deferred tax assets not otherwise supported by deferred tax liabilities. Management uses in-house tax experts to determine the forecast period to support recognition, this is considered by jurisdiction or entity dependent on the tax laws of the jurisdiction. If actual results differ from the forecasts the impact of not being able to utilise the expected amount of deferred tax assets can have a material impact on the Group's tax charge for the year.

See note 6 and 23 for details.

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes.

The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

The Group has applied the exception in the Amendments to IAS 12 issued in May 2023 and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Where hedging is to be undertaken, the Group documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as the risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of interest rate swaps is calculated as the present value of their estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date. The fair values of all derivative financial instruments are verified by comparison to valuations provided by financial institutions.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control or use an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The Group leases real estate, including land, buildings and warehouses, machinery/equipment, vehicles and IT equipment. The right of use assets generate cash flows as part of the cash generating units disclosed in note 10. The majority of the lease liability relates to real estate with leases generally entered into for fixed periods of up to five years, unless of strategic importance to the Group. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate ("IBR") and is subsequently increased by the interest cost on the lease liability and reduced by repayments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may affect the amount of lease liabilities and right of use assets recognised.

Notes to the financial statements continued

The Group applies the practical expedient for short-term leases in which a lessee is permitted to make an accounting policy election not to recognise lease assets and lease liabilities for leases with a term of 12 months or less and do not include an option to purchase the underlying asset. Lease costs of short-term leases are recognised on a straight-line basis over the term of the lease term and disclosed within the consolidated financial statements. The Group believes short-term lease commitments are not materially different than the short-term lease cost for the period.

Retirement benefit scheme surplus/deficit

The Group operates a number of defined benefit and defined contribution pension schemes. The surplus or deficit recognised in respect of the defined benefit schemes represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of these schemes are held in separate trustee administered funds. The schemes are largely closed to future accrual.

The defined benefit schemes' assets are measured using fair values. Pension scheme liabilities are measured annually by an independent actuary using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit schemes expected to arise from employee service in the period is charged to operating profit. The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are netted and included in finance income/expense. Re-measurement gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. The defined benefit schemes surplus or deficit is recognised in full and presented on the face of the Group balance sheet.

Group management consider it appropriate to recognise the IAS 19 surplus in the Wood Pension Plan as the rules governing the scheme provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until there are no members left, as per IFRIC 14.11 (b). On a winding up scenario, any surplus would be returned to the Group.

The Group's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

The Group operates a Supplemental Executive Retirement Plan (SERP) pension arrangement in the US for certain employees. Contributions are paid into a separate investment vehicle and invested in a portfolio of US funds that are recognised by the Group in other investments with a corresponding liability in other non-current liabilities. Investments are carried at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

Provisions

Provisions are recognised where the Group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The Group has taken internal and external advice in considering known and reasonably likely legal claims made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which, in the view of the directors, are less than probable or for which no amount can be reliably measured.

See note 22 for further details.

Where the outcome is less than probable, but more than remote or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material.

Share based charges relating to employee share schemes

The Group has recorded share based charges in relation to a number of employee share schemes.

Charges are recorded in the income statement as an employee benefit expense for the fair value of share options (as at the grant date) expected to be exercised under the Executive Share Option Schemes ('ESOS'). Amounts are accrued over the vesting period with the corresponding credit recorded in retained earnings.

Awards are allocated under the Group's Long Term Plan ('LTP') or the new Discretionary Share Plan ('DSP') which are the incentive plans in place for executive directors and certain senior executives. The charge for awards granted under the LTP/DSP are based on the fair value of those awards at the grant date, spread over the vesting period. The corresponding credit is recorded in retained earnings. For awards that have a market related performance measure, the fair value of the market related element is calculated using a Monte Carlo simulation model.

Employees may also be granted non-performance awards either in the form of conditional share awards or share options. These awards typically have a three year vesting period.

The Group has an Employee Share Plan ('ESP') under which employees contribute regular monthly amounts of up to a maximum of 10% of their gross salary which are used to purchase shares over a one year period. At the end of the year the participating employees are awarded one free share for every two shares purchased providing they remain in employment for a further year. A charge is calculated for the award of free shares and accrued over the vesting period with the corresponding credit taken to retained earnings.

Under the plan the Group also has a UK Share Incentive Plan ('SIP'), which is recognised by HM Revenue and Customs, employees contribute regular monthly amounts of up to £150 per month to purchase shares. The participating employees are awarded one free share for every two purchased, provided that they hold the purchased shares for 3 years and remain in employment.

Share capital

John Wood Group PLC has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

The Group is deemed to have control of the assets, liabilities, income and costs of its employee share trusts, therefore they have been consolidated in the financial statements of the Group. Shares acquired by and disposed of by the employee share trusts are recorded at cost. The cost of shares held by the employee share trusts is deducted from equity.

Merger reserve

Where an acquisition qualifies for merger relief under Section 612 of the Companies Act 2006, the premium arising on the issue of shares to fund the acquisition is credited to a merger reserve. See note 28 for further information.

Discontinued operations

The Group classified its Built Environment Consulting business as a discontinued operation for the reporting period ending 31 December 2022. A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income are presented as if the operation had been discontinued from the start of the comparative period. Classification as held for sale was from 1 January 2022 and in September 2022, the sale of this business was completed. Details are outlined in note 7.

Segmental reporting

The Group has determined that its operating segments are based on management reports reviewed by the Chief Operating Decision Maker ('CODM'), the Group's Chief Executive. Our financial reporting segments reflect our current operating model which consists of Projects, Operations, Consulting and Investment Services ("IVS"). Projects is focused on providing front-end engineering services, procurement and project management. Our Operations segment focuses on improving operational efficiency by providing maintenance, modification and operation services. Consulting is a multi-sector specialist technical consultancy division providing innovative thinking needed to maximise value at every stage of the asset life cycle. Investment Services manages a range of legacy or non-core businesses and investments with a view to generating value via remediation and restructuring.

The comparative information has been re-presented due to the reclassification of Built Environment Consulting Saudi Arabia from discontinued into continuing operations. This relates to the sale of a subsidiary, previously classified as held for sale, which did not complete during 2023 and will now be retained by the Group.

The Chief Executive measures the operating performance of these segments using 'Adjusted EBITDA' (Earnings before interest, tax, depreciation and amortisation). Operating segments are reported in a manner consistent with the internal management reports provided to the Chief Executive who is responsible for allocating resources and assessing performance of the operating segments.

Assets and liabilities held for sale

Disposal groups are classified as assets and liabilities held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Disposal groups are measured at the lower of carrying value and fair value less costs to sell and their assets and liabilities are presented separately from other assets and liabilities on the balance sheet.

Research and development government credits

The Group claims research and development government credits predominantly in the UK, US, Canada and Australia. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

Government grants

The Group recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and that the grant will be received. This may be a judgemental matter, particularly when governments are introducing new programmes that may require new legislation, or for which there is little established practice for assessing whether the conditions to receive a grant are met. If the conditions are met, then the Group recognises government grants as a credit in profit or loss in line with its recognition of the expenses that the grants are intended to compensate.

The Disclosure of impact of new and future accounting standards

Standards issued but not yet effective

The Group is required to comply with the requirements of IFRS 17 *Insurance Contracts* for reporting periods beginning on or after 1 January 2023. The new accounting standard sets out the requirements that the Group should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group has undertaken an assessment of its insurance contracts including those held under its captive insurance company, Garlan Insurance Limited. The impact of the accounting standard does not have any material impact on the Group financial statements.

The Group has early adopted the amendments to IAS 1 – *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* which are required to be effective from 1 January 2024. The impact of the amendments does not have any material impact on the Group financial statements.

Amendments to other existing standards do not have a material impact on the financial statements.

Notes to the financial statements continued

1 Segmental reporting

During the year, the Group monitored activity and performance through four operating segments; Projects, Operations, Consulting and Investment Services ('IVS') plus the legacy Built Environment Consulting segment (divested in September 2022).

Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting. Adjusted EBITDA as shown in the table below includes our share of joint venture profits and excludes exceptional items, which is consistent with the way management review the performance of the business units. Joint venture results are reported on an equity accounting basis and therefore revenue figures exclude joint venture revenue.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the year ended 31 December 2023 includes the following:

	Revenue (3)		Adjusted EBITDA(1)		Operating profit/(loss)	
Reportable operating segments	**2023 $m**	2022 $m	**2023 $m**	2022 $m	**2023 $m**	2022 $m
Projects	**2,424.2**	2,211.2	**177.2**	168.7	**11.2**	(125.3)
Operations	**2,482.2**	2,406.9	**165.2**	147.6	**88.0**	(344.3)
Consulting (re-presented) (4)	**739.1**	652.4	**79.5**	76.2	**50.4**	(3.1)
Built Environment Consulting (discontinued) (4)	**–**	854.0	**(10.2)**	69.8	**(15.2)**	63.1
Investment Services	**255.2**	198.8	**77.1**	69.3	**23.0**	46.2
Central costs (2)	**–**	–	**(76.3)**	(73.6)	**(135.1)**	(138.7)
Total Group	**5,900.7**	6,323.3	**412.5**	458.0	**22.3**	(502.1)
Elimination of discontinued operation (4)	**–**	(854.0)	**10.2**	(69.8)	**15.2**	(63.1)
Total (continuing operations)	**5,900.7**	5,469.3	**422.7**	388.2	**37.5**	(565.2)
Finance income					**19.4**	6.9
Finance expense					**(119.6)**	(133.1)
Loss before taxation from continuing operations					**(62.7)**	(691.4)
Taxation					**(65.0)**	(10.9)
Loss for the year from continuing operations					**(127.7)**	(702.3)
Profit from discontinued operation, net of tax					**22.5**	350.6
Loss for the year					**(105.2)**	(351.7)

Notes

1. A reconciliation of operating profit/(loss) to Adjusted EBITDA is provided in the table below. Adjusted EBITDA is provided as it is a unit of measurement used by the Group in the management of its business. Adjusted EBITDA is stated before exceptional items (see note 5).
2. Central includes the costs of certain Group management personnel, along with an element of Group infrastructure costs.
3. Revenue arising from sales between segments is not material, and does not include the impact of the exceptional item disclosed on the face of the income statement of $nil (2022: $8.0m) which is in respect of the Projects operating segment.
4. The comparative periods have been re-presented due to a reclassification of a business operation from discontinued into continuing operations for the year ended 31 December 2023 (see note 7). The revenue of this business for the period to 31 December 2022 was $27.1m and Adjusted EBITDA was $3.1m.

Reconciliation of Alternative Performance Measures	**2023 $m**	2022 (re-presented) $m
Operating profit/(loss) per income statement	**37.5**	(565.2)
Share of joint venture finance expense and tax (note 13)	**16.3**	14.3
Exceptional items (note 5)	**76.7**	663.5
Amortisation (including joint ventures)	**161.1**	153.4
Depreciation (including joint ventures)	**26.2**	29.3
Depreciation of right of use assets	**103.1**	90.5
Impairment of joint venture investments and PPE	**1.8**	2.4
Adjusted EBITDA (continuing operations)	**422.7**	388.2
Discontinued operation		
Operating (loss)/profit (discontinued)	**(15.2)**	63.1
Exceptional items	**5.0**	6.7
Adjusted EBITDA (discontinued operation)	**(10.2)**	69.8
Total Group Adjusted EBITDA	**412.5**	458.0

Upon classification as a discontinued operation and held for sale on 1 January 2022, the Built Environment Consulting disposal group was not depreciated or amortised in line with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1 Segmental reporting (continued)

	Adjusted EBITDA(1)		Operating profit	
Analysis of joint venture profits by segment	**2023 $m**	2022 $m	**2023 $m**	2022 $m
Projects	**3.4**	3.9	**3.1**	3.5
Operations	**13.0**	15.2	**11.3**	13.0
Investment Services	**57.2**	39.4	**44.7**	28.2
Total	**73.6**	58.5	**59.1**	44.7

The main joint ventures contributing to Adjusted EBITDA and Operating Profit within the Investment Services segment are EthosEnergy and RWG. The results of these joint ventures are disclosed further in note 13.

Other segment items

At 31 December 2023	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	**6.5**	**6.0**	**2.5**	**–**	**4.3**	**1.2**	**20.5**
Intangible assets	**47.2**	**55.6**	**20.4**	**–**	**1.9**	**5.9**	**131.0**
Non-cash expense							
Depreciation	**6.9**	**6.0**	**1.3**	**–**	**2.4**	**4.4**	**21.0**
Depreciation of right of use assets	**33.3**	**25.0**	**8.6**	**–**	**15.2**	**13.1**	**95.2**
Amortisation	**81.7**	**41.1**	**19.2**	**–**	**–**	**17.7**	**159.7**
Exceptional items (non-cash element)	**43.4**	**–**	**–**	**5.0**	**–**	**36.1**	**84.5**

At 31 December 2022	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Unallocated $m	Total $m
Capital expenditure							
PP&E	7.3	11.6	1.3	3.1	3.2	1.1	27.6
Intangible assets	43.3	49.5	18.2	0.2	–	4.7	115.9
Non-cash expense							
Depreciation	8.7	10.3	1.0	–	1.1	4.1	25.2
Depreciation of right of use assets	34.4	17.5	8.3	–	10.6	11.5	82.3
Amortisation	77.7	36.7	27.5	–	–	10.0	151.9
Impairment of intangible assets	113.3	396.3	32.7	–	–	–	542.3
Exceptional items (non-cash element)	14.3	–	1.8	–	–	19.2	35.3

The figures in the tables above exclude the share of joint ventures.

Depreciation in respect of joint ventures totals $5.2m (2022: $4.1m), depreciation in respect of joint venture right of use assets totals $7.9m (2022: $8.2m) and joint venture amortisation amounts to $1.4m (2022: $1.5m).

Non-cash exceptionals of $84.5m (2022: $35.3m) primarily comprises $43.4m relating to the Power and Industrial EPC charges, $38.4m of asbestos charges and the disposal of the built environment business has led to a R&D tax credit being determined to be unrecoverable in the foreseeable future, and a non-cash charge of $5.0m has been recognised in addition to the charge previously recognised in 2022, following the filing of the relevant 2022 tax returns. Further detail of these charges is outlined in notes 5 and 7.

	Non-current assets		Revenue (continuing operations)	
Geographical segments	**2023 $m**	2022 $m	**2023 $m**	2022 $m
United States of America	**2,037.7**	2,082.2	**1,402.1**	1,423.5
United Kingdom	**949.4**	803.4	**792.7**	731.5
Canada	**439.6**	436.8	**379.6**	383.2
Australia	**147.9**	150.3	**330.1**	331.9
Singapore	**93.6**	96.6	**301.1**	109.0
Norway	**103.0**	103.2	**283.2**	342.3
Brunei	**8.8**	10.2	**255.6**	232.9
Saudi Arabia	**101.7**	102.6	**245.7**	214.6
Iraq	**0.8**	0.4	**235.1**	197.5
South Africa	**4.1**	2.0	**151.7**	102.8
Papua New Guinea	**–**	–	**153.2**	125.9
Rest of the world	**1,083.0**	1,092.3	**1,370.6**	1,274.2
Total	**4,969.6**	4,880.0	**5,900.7**	5,469.3

Non-current assets includes goodwill and other intangible assets, property plant and equipment, right of use assets, investment in joint ventures and other investments. Revenue in the table above analyses total revenue and in 2022 does not reflect the $8.0m exceptional item as disclosed on the Income Statement.

Notes to the financial statements continued

2 Revenue

Revenue by geographical segment is based on the location of the ultimate project. Revenue is attributable to the provision of services.

In the following table, revenue is disaggregated by primary geographical market and major service line. The tables provided below analyses total revenue excluding our share of joint venture revenue.

Primary geographical market	Projects 2023 $m	Projects 2022 (re-presented) $m	Operations 2023 $m	Operations 2022 $m	Consulting 2023 $m	Consulting 2022 (re-presented) $m	IVS 2023 $m	IVS 2022 $m	Total 2023 $m	Total 2022 (re-presented) $m
USA	**535.5**	593.7	**387.9**	457.5	**274.0**	233.3	**204.7**	139.0	**1,402.1**	1,423.5
Europe	**407.4**	379.1	**843.2**	820.4	**202.0**	188.2	**8.0**	27.5	**1,460.6**	1,415.2
Rest of the world	**1,481.3**	1,238.4	**1,251.1**	1,129.0	**263.1**	230.9	**42.5**	32.3	**3,038.0**	2,630.6
Revenue	**2,424.2**	2,211.2	**2,482.2**	2,406.9	**739.1**	652.4	**255.2**	198.8	**5,900.7**	5,469.3
Major service lines										
Energy										
Oil & Gas	**902.9**	694.7	**2,095.2**	1,989.7	**357.1**	316.6	**18.3**	18.7	**3,373.5**	3,019.7
Power, Renewables, Hydrogen and Carbon Capture	**144.2**	157.5	**112.6**	122.1	**151.3**	85.5	**55.5**	44.0	**463.6**	409.1
Materials										
Refining & chemicals	**881.9**	801.3	**237.4**	224.9	**96.8**	62.5	**–**	–	**1,216.1**	1,088.7
Minerals Processing and Life Sciences	**357.0**	417.4	**18.6**	19.5	**28.5**	43.9	**–**	–	**404.1**	480.8
Other										
Built Environment	**9.7**	5.4	**14.2**	44.2	**2.1**	37.3	**166.2**	136.1	**192.2**	223.0
Industrial Processes and other	**128.5**	134.9	**4.2**	6.5	**103.3**	106.6	**15.2**	–	**251.2**	248.0
Revenue	**2,424.2**	2,211.2	**2,482.2**	2,406.9	**739.1**	652.4	**255.2**	198.8	**5,900.7**	5,469.3
Sustainable solutions	**727.8**	664.2	**263.6**	228.7	**226.9**	154.8	**55.6**	62.7	**1,273.9**	1,110.4

The comparative periods have been re-presented due to a reclassification of a business operation from discontinued into continuing operations for the year ended 31 December 2023 (see note 7). The revenue of this business for the period to 31 December 2022 was $27.1m.

The Group's revenue is largely derived from the provision of services over time.

Sustainable solutions consist of activities related to renewable energy, hydrogen, carbon capture & storage, electrification and electricity transmission & distribution, LNG, waste to energy, sustainable fuels & feedstocks and recycling, processing of energy transition minerals, life sciences, decarbonisation in oil & gas, refining & chemicals, minerals processing and other industrial processes. In the case of mixed scopes including a decarbonisation element, these are only included in sustainable solutions if 75% or more of the scope relates to that element, in which case the total revenue is recorded in sustainable solutions. Sustainable solutions with respect to the discontinued operation have not been captured.

Revenue from continuing operations in 2023 included $4,705.4m (80%) (2022: $4,289.5m, 78%) from reimbursable contracts and $1,195.3m (20%) (2022: $1,179.8m, 22%) from fixed price contracts. The calculation of revenue from lump sum contracts is based on estimates and the amount recognised could increase or decrease.

	Continuing operations		Discontinued operations		Total	
	2023 $m	2022 (re-presented) $m	**2023 $m**	2022 (re-presented) $m	**2023 $m**	2022 $m
Total revenue	**5,900.7**	5,469.3	**–**	854.0	**5,900.7**	6,323.3

Total revenue in 2022 does not reflect the $8.0m exceptional item as disclosed on the Income Statement. This exceptional item related to the Projects business unit.

Contract balances

The following table provides a summary of receivables, contract assets and liabilities arising from the Group's contracts with customers.

	2023 $m	2022 $m
Trade receivables	**729.5**	679.6
Non-current contract assets	**153.7**	97.0
Gross amounts due from customers	**522.9**	556.9
Gross amounts due to customers	**(99.0)**	(113.0)
	1,307.1	1,220.5

2 Revenue (continued)

The contract balances include amounts the Group has invoiced to customers (trade receivables) as well as amounts where the Group has the right to receive consideration for work completed which has not been billed at the reporting date (gross amounts due from customers). Gross amounts due from customers are transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced. Gross amounts due to customers primarily relates to advance consideration received from customers, for which revenue is recognised over time.

Non-current contract assets of $153.7m (2022: $97.0m) includes $81.2m (2022: $72.9m) of gross amounts due from customers and $15.5m (2022: $1.4m) of trade receivables in relation to the Aegis contract as at 31 December 2023. See further details on this contract below. The increase in the non-current contract assets is mainly as a result of reclassifications from current to non-current and the Aegis contract completion in the year. The Group has classified certain receivable balances, including Aegis as non-current due to the element of uncertainty surrounding the timing of the receipt of these balances. Provisions held in relation to the Aegis contract are not material.

Trade receivables and gross amounts due from customers are included within the 'Trade and other receivables' heading in the Group balance sheet. Gross amounts due to customers are included within the 'Trade and other payables' heading in the Group balance sheet.

Revenue recognised in 2023 which was included in gross amounts due to customers and deferred income at the beginning of the year of $127.0m represents amounts included within contract liabilities, including $20.6m previously disclosed within held for sale liabilities at 1 January 2023. Revenue recognised from performance obligations satisfied in previous periods of $6.6m represents revenue recognised in 2023 for performance obligations which were considered operationally complete at 31 December 2022.

Aegis Poland

This legacy AFW project involved the construction of various buildings to house the Aegis Ashore anti-missile defence facility for the United States Army Corps of Engineers ("USACE"). Wood's construction scope is now complete and the facilities were formally handed over to USACE in July 2023. The corresponding warranty period for facilities will end at various points through to July 2024. There has been no change in management's assessment of the loss at completion which remains at $222m. The full amount of this loss has been recognised to date. The Group's assessment of the ultimate loss includes change orders which have not been approved by the customer. As at 31 December 2023, $186m of certified claims had been submitted to our client, and we continue to progress further claims which could be material. The revenue recognised is estimated based on the amount that is deemed to be highly probable to be recovered. That estimation is made considering the risks and likelihood of recovery of change orders. The Group's assessment of liquidated damages also involves an expectation of relief from possible obligations linked to delays on the contract. These liquidated damages and relief assumptions are estimates prepared in conjunction with the change orders estimates noted above. Disclosure of the value of liquidated damages included in the loss at completion is not disclosed as the directors believe that this would be seriously prejudicial while commercial settlement negotiations are ongoing. The range of possible outcomes in respect to the change orders that are highly likely to be recoverable and the liquidated damages for which a relief will be obtained is material. The Group has classified the receivable balances as non-current, due to the element of uncertainty surrounding the timing of the receipt of these balances. The ultimate loss also includes the Group's assessment of the total legal costs necessary to achieve recovery of the amounts believed to be recoverable and defend our position on liquidated damages. At this point in time this is an estimate based on a weighted average of several possible outcomes and the actual costs could be materially higher or lower depending on actual route to settlement. If the amounts agreed are different to the assumptions made, then the ultimate loss could be materially different. In reaching its assessment of this loss, management have made certain estimates and assumptions relating to the date of completion and recovery of costs from USACE. If the actual outcome differs from these estimates and assumptions, the ultimate loss will be different.

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 was as follows:

$m	Year 1	Year 2	Total
Revenue	3,497.3	2,140.2	**5,637.5**

The Group has not adopted the practical expedients permitted by IFRS 15, therefore all contracts which have an original expected duration of one year or less have been included in the table above. The estimate of the transaction price represents contractually agreed backlog and does not include any amounts of variable consideration which are constrained. The Group continues to move into a reimbursable contract model, moving away from turnkey lump sum contracts which are inherently riskier. 86% of future performance obligations relate to reimbursable contracts and the remainder to fixed price.

Notes to the financial statements continued

3 Finance expense/(income)

	2023 $m	2022 $m
Interest payable on senior loan notes	**16.6**	40.3
Interest payable on borrowings	**59.4**	47.2
Amortisation of bank facility fees	**4.2**	10.5
Unwinding of discount on other liabilities	**1.2**	0.9
Lease interest (note 12)	**18.7**	16.4
Other interest expense	**8.4**	11.9
Finance expense – continuing operations (pre-exceptional items)	**108.5**	127.2
Unwinding of discount on asbestos provision (note 5)	**11.1**	5.9
Finance expense – total	**119.6**	133.1
Interest receivable	**(1.1)**	(4.5)
Interest income – retirement benefit obligations (note 33)	**(18.3)**	(2.4)
Finance income	**(19.4)**	(6.9)
Finance expense – total – net	**100.2**	126.2

Net interest expense of $6.5m (2022: $4.4m) has been deducted in arriving at the share of post-tax profit from joint ventures. The unwinding of discount on the asbestos provision is $11.1m (2022: $5.9m) and includes the unwinding of discount on long-term asbestos receivables (note 21). This is presented within exceptional items in line with the Group's accounting policies.

4 Profit before taxation

	2023 $m	2022 $m
The following items have been charged/(credited) in arriving at profit before taxation:		
Employee benefits expense (note 32)	**2,714.8**	3,130.0
Amortisation of intangible assets (note 10)	**159.7**	151.9
Depreciation of property plant and equipment (note 11)	**21.0**	25.2
Depreciation of right of use assets (note 12)	**95.2**	82.3
Gain on disposal of property plant and equipment	**(2.6)**	(1.6)
Impairment of intangible assets	**–**	542.3
Foreign exchange losses	**1.0**	4.2

Depreciation of property plant and equipment is included in cost of sales or administrative expenses in the income statement. Amortisation of intangible assets is included in administrative expenses in the income statement.

An impairment charge of $542.3m was recorded in the prior year against intangible assets and related to goodwill, brands and customer relationships.

Services provided by the Group's auditors and associate firms

During the year the Group obtained the following services from its auditors, KPMG and associate firms at costs as detailed below:

	2023 $m	2022 $m
Fees payable to the Group's auditors and its associate firms for		
Audit of parent company and consolidated financial statements	**7.5**	8.7
Audit of financial statements of subsidiaries of the Company	**2.7**	2.4
Total statutory audit fees	**10.2**	11.1
Fees payable to the Group's auditor for the audit on non-statutory financial statements	**–**	0.6
Audit related assurance services	**0.5**	0.5
Other assurance services	**–**	1.4
Tax and other services	**–**	–
	10.7	13.6

The fees of $8.7m disclosed for 'Audit of parent company and consolidated financial statements' in 2022 include $1.8m relating to audit work performed in respect of the 2021 consolidated financial statements.

Fees payable to the Group's auditor for the audit of non-statutory financial statements in 2022 relate to the audit of carve-out financial statements of Built Environment Consulting.

Other assurance services in 2022 are Reporting Accountant services performed by KPMG in relation to the Built Environment Consulting disposal.

5 Exceptional items

	2023 $m	2022 $m
Exceptional items included in continuing operations		
Power and Industrial EPC losses	**45.1**	25.0
Impairment of goodwill and intangible assets (note 10)	**–**	542.3
Apollo related costs	**4.8**	–
Redundancy, restructuring and integration costs	**–**	30.1
Investigation support costs and provisions	**(2.6)**	(4.2)
Enterprise settlement	**–**	35.6
Asbestos yield curve, costs and charges	**29.4**	21.5
Russia exit costs and charges	**–**	13.2
Exceptional items included in continuing operations, before interest and tax	**76.7**	663.5
Unwinding of discount on asbestos provision	**11.1**	5.9
Tax (credit)/charge in relation to exceptional items	**(0.2)**	5.2
Release of uncertain tax provision	**(7.4)**	–
Derecognition/(recognition) of deferred tax assets due to UK pension actuarial movements	**18.0**	(41.6)
Exceptional items included in continuing operations, net of interest and tax	**98.2**	633.0

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Power and Industrial EPC losses

The Group made a strategic decision in 2021 to exit certain business segments within the Power and Industrials sub business group. Following that decision, we ceased to operate in the large-scale or lump sum turnkey business segment.

The costs of exiting that business and any subsequent costs related to the wind down of contracts in that business, to the extent they are material in size, have been treated as exceptional on the basis that they relate to a segment in which the Group no longer operates.

In the first half of 2023 the Group recorded a non-cash exceptional charge of $20.4m relating to a write down of receivable balances arising from activity in the Power and Industrial EPC business. The Group had expected to recover these balances, but these have since been disputed.

In the second half of 2023, a former client raised an arbitration claim against the Group in respect of alleged damages and costs arising from a legacy Power and Industrial contract. Following evaluation of the claim, the Group has recognised a provision of $23.0m with a charge to exceptional items, representing our assessment of probable outflows arising from the matter.

During the year additional costs relating to the discontinued business of $1.7m were recorded as an exceptional charge. This follows previous write downs made during 2022 of $25.0m, including a revenue reversal of $8.0m which represents the impact of a reduction in total value of the contract and is in relation to revenue recognised in prior years.

Apollo related costs

The Group incurred $4.8m in relation to legal and advisor costs arising from Apollo's preliminary approach to potentially acquire the ordinary share capital of the Group, which did not ultimately lead to an offer.

Investigation support costs and provisions

The regulatory investigations were all closed out during 2021 and the agreed settlements were materially in line with the provision made in 2020. The $2.6m credit relates to the release of provisions made for additional legal and other costs which were ultimately not needed.

Asbestos

All asbestos costs have been treated as exceptional on the basis that movements in the provision are non-trading and can be large and driven by market conditions which are out with the Group's control. Excluding these amounts from the trading results improves the understandability of the underlying trading performance of the Group.

The $29.4m charge (2022: $21.5m) principally comprises a $34.2m charge (2022: $52.8m) in the period that was a result of an updated actuarial review which updated the best estimate for recent claims experience and $5.4m (2022: $4.3m) of costs in relation to managing the claims. These are offset by a credit of $10.0m which relates to the collection of insurance proceeds from an insolvent insurer and a yield curve credit of $0.2m (2022: $35.6m). The lower yield curve credit recognised in 2023 is principally due to the 27 year blended yield curve rate of 3.64% not being materially different to the 30 year flat rate of 3.97% in 2022.

$11.1m of interest costs which relate to the unwinding of discount on the asbestos provision are also shown as exceptional (2022: $5.9m).

Notes to the financial statements continued

5 Exceptional items (continued)

Redundancy, restructuring and integration costs

No costs were incurred in 2023. In the prior year, $30.1m was incurred in relation to redundancy and restructuring activities.

Enterprise settlement

In the prior year, the Enterprise claim was concluded, with the amount settled being in excess of the amount provided for. The charge in the prior year was classed as an exceptional both by its nature (historic litigation settlement) and by size.

Tax

An exceptional tax charge of $10.4m (2022: $36.4m credit) has been recorded during the period. It consists of a tax credit of $0.2m on exceptional items (2022: $5.2m charge), a $7.4m credit in relation to the release of an uncertain tax provision created through exceptional items on the disposal of the Well Support business in 2011, offset by an exceptional charge of $18.0m (2022: $41.6m credit) recognised due to the actuarial loss in relation to the UK defined benefit pension scheme. As deferred tax liabilities support the recognition of deferred tax assets, the reduction of $18.0m of deferred tax assets have been recognised through exceptional items based on its size.

6 Taxation

	2023 $m	2022 $m
Current tax		
Current year	**86.1**	188.5
Adjustment in respect of prior years	**(38.3)**	(14.8)
	47.8	173.7
Deferred tax		
Origination and reversal of temporary differences	**17.0**	62.7
Adjustment in respect of prior years	**(6.5)**	(0.2)
	10.5	62.5
Total tax charge	**58.3**	236.2
Comprising		
Tax on continuing operations before exceptional items	**54.6**	47.3
Tax (credit)/charge in relation to exceptional items (note 5)	**(7.6)**	5.2
Derecognition/(recognition) of deferred tax assets due to UK pension actuarial movements (note 5)	**18.0**	(41.6)
Tax on discontinued operations	**(6.7)**	225.3
Total tax charge	**58.3**	236.2

Tax (credited)/charged to other comprehensive income/expense	2023 $m	2022 $m
Deferred tax movement on retirement benefit liabilities	**(18.0)**	41.6
Tax on derivative financial instruments	**0.4**	1.7
Total (credited)/charged to other comprehensive income/expense	**(17.6)**	43.3

Tax (credited)/charged to equity	2023 $m	2022 $m
Deferred tax impact of rate change	**(0.7)**	0.8
Other	**0.1**	1.3
Total (credited)/charged to equity	**(0.6)**	2.1

Tax payments differ from the current tax charge primarily due to the time lag between tax charge and payments in most jurisdictions and movements in uncertain tax provisions differing from the timing of any related payments.

6 Taxation (continued)

Reconciliation of applicable tax charge at statutory rates to tax charge	2023 $m	2022 $m
Loss before taxation from continuing operations	**(62.7)**	(691.4)
(Loss)/profit before taxation from discontinued operations (note 7)	**(15.2)**	61.4
Gain on sale of discontinued operation (note 7)	**31.0**	514.5
Less: Share of post-tax profit from joint ventures (note 13)	**(42.8)**	(30.4)
Loss before taxation from total operations (excluding profits from joint ventures)	**(89.7)**	(145.9)
Applicable tax charge at statutory rates	**(1.4)**	36.5
Effects of:		
Non-deductible expenses	**18.7**	8.2
Non-taxable income	**–**	(1.0)
Non-deductible expenses – exceptional	**4.1**	332.8
Non-taxable income – exceptional	**(9.9)**	(0.3)
Deferred tax recognition:		
Recognition of deferred tax assets not previously recognised	**(5.5)**	(4.3)
Utilisation of tax assets not previously recognised	**(3.4)**	(12.4)
Current year deferred tax assets not recognised	**62.0**	37.7
Write off of previously recognised deferred tax assets	**2.2**	5.2
Derecognition/(recognition) due to UK pension actuarial movements	**18.0**	(41.6)
Utilisation of unrecognised deferred tax assets due to the Built Environment Consulting disposal	**–**	(145.5)
Irrecoverable withholding tax	**14.3**	20.4
US Base Erosion and Anti-abuse Tax	**–**	6.7
CFC charges	**5.7**	2.3
Uncertain tax provisions	**(0.4)**	7.5
Uncertain tax provisions - exceptional	**0.6**	–
Uncertain tax provisions prior year adjustments	**(10.6)**	(26.7)
Uncertain tax provisions prior year adjustments – exceptional	**(7.4)**	1.5
Prior year adjustments	**(14.4)**	7.7
Prior year adjustments – exceptional	**(11.2)**	2.5
Impact of change in rates on deferred tax	**(3.1)**	(1.0)
Total tax charge	**58.3**	236.2
Comprising		
Tax charge on continuing operations	**65.0**	10.9
Tax (credit)/charge on discontinued operations	**(6.7)**	225.3
Total tax charge	**58.3**	236.2

The weighted average of statutory tax rates is 1.5% in 2023 (2022: (25.0%)). The low tax rate reflects an overall loss, however profits in jurisdictions with higher tax rates outweigh those at lower tax rates such that there is a small net tax amount at the Group weighted average tax level.

The adjustments in respect of prior years largely relate to the release of uncertain tax positions as the final outcome on certain issues was agreed with tax authorities during the year or the statute of limitations for audit by the tax authorities expiring without challenge, and amendments in respect of the US following more detailed analysis as part of the tax return work. The most significant uncertain tax position release elements relate to the release of legacy Well Support business related provisions of $7.4m within exceptional items and final assessments received without a penalty which had previously been provided for of $7.0m. US related prior year adjustments are a credit of $15.9m and relate to technical areas of the tax return around the availability of losses due to change of ownership rules, the apportionment of profits between states factoring in the Built Environment disposal and a full analysis of the level of Base Erosion and Anti-Abuse tax payable.

During the year, the UK defined benefit pension fund asset on the Wood Pension Plan decreased due to actuarial losses of $82.8m, resulting in the associated deferred tax liability decreasing, with a credit shown in Other Comprehensive Income. The deferred tax liability supports the recognition of deferred tax assets, and as a result $18.0m (2022: $41.6m additional recognition) has been derecognised and a corresponding debit recognised in the profit and loss account. Consistent with the prior year, this has been recognised as an exceptional item.

Notes to the financial statements continued

6 Taxation (continued)

Net income tax liabilities in the Group balance sheet include $87.1m (2022: $108.0m) relating to uncertain tax positions where management has had to exercise judgement in determining the most likely outcome in respect of the relevant issue. The larger amounts relate to recoverability of withholding taxes ($38.0m, 2022: $36.4m), group financing ($25.7m, 2022: $25.2m) and transfer pricing and tax residence ($9.4m, 2022: $9.6m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

Of the uncertain tax positions, $80.4m are currently under audit by tax authorities and the provision reflects the maximum potential liability reflecting the outcome of the audits being either no liability or the full risk being challenged. The outcome of the audits will determine if there is a credit to taxation in 2024. The remaining $6.7m comprises uncertain tax positions not yet under audit, none of which are individually material. Of the $6.7m, $0.9m will become statute barred for tax authority audit during 2024 if the tax authorities do not commence an audit.

Factors affecting the tax charge in future years

There are a number of factors that may affect the Group's future tax charge including the resolution of open issues with the tax authorities, corporate acquisitions and disposals, the use of brought forward losses and changes in tax legislation and rates. The following outlines key factors that may impact on future tax charges.

On 8 October 2021, 136 countries signed up to the OECDs Inclusive Framework (Pillar II). This includes an agreement for a minimum level of tax of 15% which applies to the Group from 1 January 2024. Based on the 2023 results and an analysis of the jurisdictions to which a Pillar II charge may apply, the anticipated range of the additional charge is between $1m and $4m depending on the outcome of technical uncertainties on which guidance has yet to be provided by the OECD. The Jurisdictions Pillar II will have the greatest impact in relation to are the UAE and the captive insurance company incorporated in Guernsey but UK tax resident.

During 2022, the actuarial loss in relation to the UK pension fund has resulted in a derecognition of deferred tax assets as less can now be supported by the deferred tax liability related to the pensions asset. Whilst the movement in the deferred tax liability is taken to Other Comprehensive Income, the additional recognition of assets is taken to the Income Statement. The future tax charge will therefore be impacted by movements in the pension asset valuation with actuarial gains increasing deferred tax asset recognition and actuarial losses decreasing recognition. The deferred tax liability in relation to the UK pension fund at 31 December 2023 is $100.8m.

The UK Government announced in its budget on 3 March 2021, a rise in the rate of Corporation Tax from 19% to 25% from 1 April 2023. The increase is reflected in deferred tax in the accounts, however there is no impact as deferred tax assets are only recognised to the extent there are deferred tax liabilities in the UK. We anticipate the tax charge and cash tax payable is likely to increase from the 2024 year end onwards as a result of the rate rise to full calendar years from then on.

Tax Policy

The Group is committed to complying with all relevant tax laws, rules, regulations and reporting and disclosure requirements wherever it operates. All tax planning undertaken is consistent with the Group's overall strategy and approach to risk. The Group aims to use incentives and reliefs to minimise the tax cost of conducting business but will not use them for purposes which are knowingly contradictory to the intent of the legislation. A full copy of the Group's tax strategy can be found on the Group's website at www.woodplc.com

7 Discontinued operation

In September 2022, the Group announced it had completed an agreement to sell the Built Environment Consulting business, which is included within the Built Environment Consulting operating segment. The Built Environment Consulting business was classified as a discontinued operation from 1 January 2022, at which point the conditions under IFRS 5 were met. The Group income statement and statement of comprehensive income were re-presented to show the discontinued operation separately from continuing operations.

As per the terms of the agreement, the Group had a residual element of the transaction classified as held for sale in the 2022 Annual Report. The sale of the remaining underlying subsidiary, residing in Saudi Arabia, did not complete during 2023 and will now be retained by the Group. The results in the comparative periods arising from discontinued operations have been re-presented in the table below, with the performance of this subsidiary now showing within the Group income statement as part of continuing operations. This restatement is in accordance with the requirements of IFRS 5 paragraph 36. The revenue and profit before tax associated with this subsidiary in 2022 was $27.1m and $3.1m respectively.

(i) Results of discontinued operation

	Note	2023 $m	2022 (re-presented) $m
External revenue		–	854.0
Cost of sales		**(10.2)**	(735.8)
Gross (loss)/profit		**(10.2)**	118.2
Administrative expenses		–	(48.4)
Exceptional items – administrative expenses		**(5.0)**	(6.7)
Operating (loss)/profit		**(15.2)**	63.1
Finance expense		–	(1.7)
(Loss)/profit before tax		**(15.2)**	61.4
Taxation		–	(7.9)
Results from operating activities, net of tax		**(15.2)**	53.5
Gain on sale of discontinued operation		**31.0**	514.5
Income tax on gain on sale of discontinued operation (exceptional)		**6.7**	(217.4)
Profit from discontinued operation, net of tax		**22.5**	350.6
Earnings per share (cents)			
Basic	9	**3.3**	51.5
Diluted	9	**3.3**	51.5

The profit from the discontinued operation, net of tax of $22.5m (2022: $350.6m) is attributable entirely to the owners of the Company. Cost of sales of $10.2m relates to contract costs incurred in respect of the Built Environment Consulting business prior to its sale that were not known at the time of the disposal and should have been accrued in that business in the prior year. As the adjustment is not material the prior year comparatives have not been restated and the charge included in 2023.

The final proceeds from the disposal of the Built Environmental Consulting business were agreed during 2023 upon agreement of the completion balance sheet between the Group and WSP. This has resulted in an additional gain of $31.0m, comprising $27.1m of cash proceeds and the release of completion accruals, being recognised in discontinued operations.

The disposal of the built environment business has led to a R&D tax credit being determined to be unrecoverable in the foreseeable future, and a charge of $5.0m has been recognised in addition to the charge previously recognised in 2022, following the filing of the relevant 2022 tax returns.

(ii) Cash flows from/(used in) discontinued operation

	Note	2023 $m	2022 $m
Net cash used in operating activities		–	(6.0)
Net cash (used in)/generated from investing activities		**(40.0)**	1,748.4
Net cash flows for the period		**(40.0)**	1,742.4

Notes to the financial statements continued

8 Dividends

No decision has been taken to resume the dividend and this will be kept under review by the directors. Any decision to resume payment of a dividend will consider the Group's future profitability and cash requirements.

9 Earnings per share

	2023			2022		
	(Losses)/earnings attributable to owners of the parent $m	Number of shares m	Earnings/ (losses) per share cents	Earnings/(losses) attributable to owners of the parent $m	Number of shares m	Earnings/ (losses) per share cents
Basic pre-exceptional	**(45.2)**	**685.9**	**(6.6)**	(13.7)	680.4	(2.0)
Exceptional items, net of tax	**(65.5)**	**–**	**(9.5)**	(342.6)	–	(50.4)
Basic	**(110.7)**	**685.9**	**(16.1)**	(356.3)	680.4	(52.4)
Diluted	**(110.7)**	**685.9**	**(16.1)**	(356.3)	680.4	(52.4)
Adjusted diluted earnings per share calculation						
Basic	**(110.7)**	**685.9**	**(16.1)**	(356.3)	680.4	(52.4)
Exceptional items, net of tax	**65.5**	**–**	**9.5**	342.6	–	50.4
Amortisation related to acquisitions, net of tax	**50.8**	**–**	**7.4**	52.5	–	7.7
Adjusted diluted	**5.6**	**685.9**	**0.8**	38.8	680.4	5.7
Adjusted basic	**5.6**	**685.9**	**0.8**	38.8	680.4	5.7

9 Earnings per share (continued)

i) (Losses)/earnings attributable to equity shareholders

	2023			2022		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (re-presented) $m	Discontinued operations (re-presented) $m	Total (re-presented) $m
(Losses)/earnings attributable to equity shareholders (basic pre-exceptional)	**(35.0)**	**(10.2)**	**(45.2)**	(73.9)	60.2	(13.7)
Exceptional items, net of tax	**(98.2)**	**32.7**	**(65.5)**	(633.0)	290.4	(342.6)
(Losses)/earnings attributable to equity shareholders	**(133.2)**	**22.5**	**(110.7)**	(706.9)	350.6	(356.3)
Number of shares (basic)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Number of shares (diluted)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Basic earnings per share (cents)	**(19.4)**	**3.3**	**(16.1)**	(103.9)	51.5	(52.4)
Diluted earnings per share (cents)	**(19.4)**	**3.3**	**(16.1)**	(103.9)	51.5	(52.4)

	2023			2022		
	Continuing operations $m	**Discontinued operations $m**	**Total $m**	Continuing operations (re-presented) $m	Discontinued operations (re-presented) $m	Total (re-presented) $m
(Losses)/earnings attributable to equity shareholders	**(133.2)**	**22.5**	**(110.7)**	(706.9)	350.6	(356.3)
Exceptional items, net of tax	**98.2**	**(32.7)**	**65.5**	633.0	(290.4)	342.6
Amortisation of intangibles on acquisition, net of tax	**50.8**	**-**	**50.8**	52.5	–	52.5
(Losses)/earnings attributable to equity shareholders (adjusted diluted)	**15.8**	**(10.2)**	**5.6**	(21.4)	60.2	38.8
(Losses)/earnings attributable to equity shareholders (adjusted basic)	**15.8**	**(10.2)**	**5.6**	(21.4)	60.2	38.8
Number of shares (diluted)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Number of shares (basic)	**685.9**	**685.9**	**685.9**	680.4	680.4	680.4
Adjusted diluted (cents)	**2.3**	**(1.5)**	**0.8**	(3.1)	8.8	5.7
Adjusted basic (cents)	**2.3**	**(1.5)**	**0.8**	(3.1)	8.8	5.7

The calculation of basic earnings per share is based on the earnings attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year excluding shares held by the Group's employee share trusts. For the calculation of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares, only when there is a profit per share. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes, shares and share options awarded under the Group's Long-Term Plan and shares awarded under the Group's Employee Share Plan and Share Incentive Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation related to acquisitions, net of tax.

For the year ended 31 December 2023, the Group reported a basic loss (2022: loss) per ordinary share, therefore the effect of dilutive ordinary shares are excluded (2022: excluded) in the calculation of diluted earnings per share. Where profits have been made when disaggregating discontinued and continuing operations, the calculation of diluted earnings per share was performed on the same basis as the whole Group. Had the result been a profit, an additional 22.0m of dilutive potential shares would have been used in the calculation of diluted EPS metrics, which would have reduced the adjusted diluted EPS by 0.01 cents.

Notes to the financial statements continued

10 Goodwill and other intangible assets

	Goodwill $m	Software and development costs $m	Customer contracts and relationships $m	Order backlog $m	Brands $m	Total $m
Cost						
At 1 January 2023	4,277.4	343.2	656.1	157.0	479.4	5,913.1
Exchange movements	49.4	24.1	4.8	1.2	5.4	84.9
Additions	–	131.0	–	–	–	131.0
Disposals	–	(2.1)	–	–	–	(2.1)
Businesses divested	(15.0)	–	–	–	–	(15.0)
At 31 December 2023	**4,311.8**	**496.2**	**660.9**	**158.2**	**484.8**	**6,111.9**
Amortisation and impairment						
At 1 January 2023	488.8	239.4	547.7	157.0	171.1	1,604.0
Exchange movements	6.5	19.0	2.8	1.2	1.8	31.3
Amortisation charge	–	105.2	26.3	–	28.2	159.7
Disposals	–	(2.1)	–	–	–	(2.1)
At 31 December 2023	**495.3**	**361.5**	**576.8**	**158.2**	**201.1**	**1,792.9**
Net book value at 31 December 2023	**3,816.5**	**134.7**	**84.1**	–	**283.7**	**4,319.0**
Cost						
At 1 January 2022	5,226.2	288.8	815.7	183.9	661.0	7,175.6
Exchange movements	(173.2)	(40.3)	(21.8)	(2.8)	(13.3)	(251.4)
Additions	–	115.9	–	–	–	115.9
Disposals	–	(3.4)	–	–	–	(3.4)
Businesses divested	(775.6)	(17.8)	(137.8)	(24.1)	(168.3)	(1,123.6)
At 31 December 2022	**4,277.4**	**343.2**	**656.1**	**157.0**	**479.4**	**5,913.1**
Amortisation and impairment						
At 1 January 2022	0.8	205.7	581.2	171.7	140.9	1,100.3
Exchange movements	(5.2)	(33.4)	(15.8)	(2.5)	(3.0)	(59.9)
Amortisation charge	–	87.5	28.4	11.9	24.1	151.9
Impairment	493.2	–	4.2	–	44.9	542.3
Disposals	–	(3.4)	–	–	–	(3.4)
Businesses divested	–	(17.0)	(50.3)	(24.1)	(35.8)	(127.2)
At 31 December 2022	**488.8**	**239.4**	**547.7**	**157.0**	**171.1**	**1,604.0**
Net book value at 31 December 2022	**3,788.6**	**103.8**	**108.4**	**–**	**308.3**	**4,309.1**

10 Goodwill and other intangible assets (continued)

General

In accordance with IAS 36 'Impairment of assets', goodwill was tested for impairment during the year. The impairment tests were carried out by Cash Generating Unit ('CGU') as at 31 December 2023 (the "test date"). The Group has five CGUs and Goodwill is monitored by management at CGU level. The allocation of Goodwill by CGU as at the test date is shown in the table below.

The carrying value of the goodwill for each CGU as at the test date is shown in the table below.

Cash Generating Unit	**Goodwill carrying value 2023 Test date $m**	Goodwill carrying value 2022 Test date $m
Projects	**2,195.7**	2,280.8
Operations	**1,231.2**	1,594.8
Consulting	**356.4**	372.4
Kelchner	**16.9**	16.9
Swaggart	**16.3**	16.3

Basis for determining recoverable amount

The recoverable amount was determined by preparing value-in-use calculations prepared for each CGU using the cash flow projections included in the financial forecasts prepared by management and approved by the Board for the period 2024 through to 2028. Management have updated the forecasts which were underpinned by the new strategy announced in November 2022 based on an updated assessment of market outlook; growth in market share; resource utilisation; contract backlog; contract margins; assumed contract awards based on the current pipeline; and actual performance in 2023. The key market drivers, within energy, include energy security driven by the ongoing conflict in Ukraine and supporting energy transition in our focus markets. Our materials growth drivers are also underpinned by transition to net zero, as well as increased consumer demand driven by population growth and higher standards of living.

The projected growth in the CGUs is underpinned by the Group's strategy to fully capitalise on the engineering capabilities of each of the CGUs to help our clients move to net zero through energy transition and decarbonisation. In addition to applying decarbonization capabilities within each CGU across each of the growth markets, digitization is another key driver which is expected to draw demand for the digital tools, products and capabilities offered by the Consulting CGU. During 2023 each of the CGUs have had significant contract wins in energy transition and decarbonisation and are therefore well placed to benefit from significant levels of investment required by our clients to achieve net zero. The Group have also considered that there are risks associated with energy transition, including energy transition and industrial decarbonisation markets not generating sufficient revenues to meet targets, which may also impact the Group's ability to attract or retain the appropriately skilled workforce which could prevent the Group from competing for work in this space. However, offsetting this risk is the large near-term addressable market focused on energy security within oil and gas along with the desire of those clients to pursue net-zero and decarbonization efforts. These projects are supporting the energy security agenda as major economies aim to reduce their dependency on Russian oil and gas, whilst also ensuring affordable energy for consumers.

Critical assumptions

The revenue CAGR for each of the CGUs ranges from 8.3% to 13.4% (2022: 4.8% to 14.2%). The Projects revenue CAGR includes growth from its Middle East region, process and chemicals sector and minerals and processing sectors. Projects is expected to leverage from its existing engineering capabilities and client relationships to grow its market share in the minerals sectors, whilst population growth is expected to underpin growth in the process and chemicals sector. The Projects Middle East business is underpinned by the Group's deep history in that region. If this growth does not materialise, there is a risk of an impairment in the Projects CGU.

The Operations revenue CAGR includes growth from the oil and gas sector in Europe and the Middle East and is underpinned by a global focus on energy security and supporting the energy transition. Operations have secured a number of contract awards with large, multinational energy companies during 2023, and this is reflected in a higher orderbook as at 31 December 2023 compared with 31 December 2022. Reasonably possible changes in the critical assumptions used in the Operations impairment test did not result in an impairment.

The terminal growth rates assumed from 2028 do not exceed the long-term average historical growth rates for the regions and sectors in which the CGUs operate. The Group is well placed to benefit from the significant long term growth opportunities from Energy Transition, which has been considered in determining long term growth rates. Management reviewed independent forecasts which set out the long-term investment required in order to achieve net zero. This long-term annual growth was then applied to each of the CGUs based on current activity levels. Accordingly, the long-term growth rates assumed in the model are 2.4% for Operations (2022: 2.4%); 2.4% for Projects (2022: 2.4%); and 2.4% (2022: 2.4%) for Consulting.

Notes to the financial statements continued

10 Goodwill and other intangible assets (continued)

The cash flows have been discounted using discount rates appropriate for each CGU, and these rates are reviewed for each impairment review performed. The discount rate is a critical assumption in the impairment test and the significant volatility in financial markets has led to an increase in the discount rate. The Group have considered the additional specific risks related to each business such as country risk and forecasting risk. The Group have considered the ongoing conflict in Israel on its operations in the Middle East as part of its assessment of country risk premium. The pre-tax rates used for the 2023 review are tabulated as follows and were derived from the Group WACC calculation with specific adjustments for CGU specific risks including country risk premiums.

The discount rates tabulated below reflect the view that the cash flows have been risk adjusted in 2023, whereas risk adjustments were reflected in the discount rate in 2022. The 2023 pre-tax discount rates, with risk reflected in the discount rate would have been 13.1% for Projects, 13.7% for Operations, 12.3% for Consulting, 12.9% for Kelchner and 13.1% for Swaggart.

Cash Generating Unit	**Pre–tax discount rate 2023 %**	Pre–tax discount rate 2022 %	**Post–tax discount rate 2023 %**	Post–tax discount rate 2022 %
Projects	**12.0**	**13.2**	**10.3**	11.0
Operations	**12.3**	**12.9**	**10.5**	10.5
Consulting	**12.0**	**12.2**	**10.3**	9.9
Kelchner	**10.8**	**12.4**	**9.4**	10.4
Swaggart	**11.0**	**12.8**	**9.4**	10.4

Sensitivity analysis

In order to reduce headroom to $nil in 2023, the post-tax discount rate would need to increase to:

Cash Generating Unit	%
Projects	10.7
Operations	13.0
Consulting	16.8
Kelchner	20.0
Swaggart	17.4

The headroom for Projects was $112m based on the assumptions described above. The key assumptions used in the impairment model for the CGU include discount rate, long term growth rate and revenue growth. There are reasonably possible changes in assumptions that would result in an impairment for Projects. If the post-tax discount rate was 1.0% higher for Projects, the impairment would be $171m. A 1.2% reduction in revenue CAGR over the forecast period would reduce headroom to $nil and a 0.5% reduction in the long-term growth rate would also reduce headroom to $nil.

Reasonably possible changes in the assumptions used in the impairment tests in the other CGUs did not result in an impairment.

Group test

The carrying values of the corporate assets that were not allocated to the above cash generating units above were $111.8m (2022: $73.2m) and were tested for impairment at the group level, taking into account the estimates and assumptions discussed above in respect of the Group's cash generating units. The Group post tax discount rate was 9.6% (pre-tax 11.2%) and a terminal growth rate of 2.4% was applied to the forecast consolidated cash flows of the Group, including the unallocated central costs. The recoverable amount of the Group at the test date was $4,767m. The Group post-tax discount rate would need to be 0.5% higher to reduce the headroom to $nil.

Intangibles

Customer relationships relate mainly to the acquisition of Amec Foster Wheeler in 2017 and are being amortised over periods of 5 to 13 years. Order backlog relates entirely to the acquisition of AFW and was being amortised over periods of 2 to 5 years and has fully amortised. Brands recognised relate entirely to the acquisition of AFW and the remaining carrying value is being amortised over a period of 11 years.

Software and development costs includes internally generated assets with a net book value of $47.5m at 31 December 2023 (2022: $36.9m). $18.7m (2022: $19.9m) of internally generated intangibles is included in additions in the year.

The software disposals relate to the write off of fully depreciated assets that are no longer in use.

11 Property plant and equipment

	Land and Buildings $m	Plant and equipment $m	Total $m
Cost			
At 1 January 2023	51.6	79.3	130.9
Exchange movements	1.9	4.1	6.0
Additions	2.7	17.8	20.5
Disposals	(17.4)	(25.7)	(43.1)
Reclassifications	-	(14.8)	(14.8)
At 31 December 2023	**38.8**	**60.7**	**99.5**
Accumulated depreciation and impairment			
At 1 January 2023	28.5	20.0	48.5
Exchange movements	0.9	3.3	4.2
Charge for the year	5.1	15.9	21.0
Disposals	(12.1)	(25.4)	(37.5)
Impairment	1.1	0.7	1.8
Reclassifications	-	(3.8)	(3.8)
At 31 December 2023	**23.5**	**10.7**	**34.2**
Net book value at 31 December 2023	**15.3**	**50.0**	**65.3**
Cost			
At 1 January 2022	86.7	115.7	202.4
Exchange movements	(5.3)	(10.9)	(16.2)
Additions	1.5	26.1	27.6
Disposals	(11.0)	(21.7)	(32.7)
Businesses divested (note 7)	(22.1)	(28.1)	(50.2)
Reclassifications	1.8	(1.8)	–
At 31 December 2022	**51.6**	**79.3**	**130.9**
Accumulated depreciation and impairment			
At 1 January 2022	50.5	49.7	100.2
Exchange movements	(3.5)	(11.4)	(14.9)
Charge for the year	5.5	19.7	25.2
Disposals	(7.5)	(19.4)	(26.9)
Businesses divested (note 7)	(18.3)	(17.2)	(35.5)
Reclassifications	1.8	(1.8)	–
Impairment	–	0.4	0.4
At 31 December 2022	**28.5**	**20.0**	**48.5**
Net book value at 31 December 2022	**23.1**	**59.3**	**82.4**

The net book value of Land and Buildings includes $7.9m (2022: $14.0m) of Long Leasehold and Freehold property and $7.4m (2022: $9.1m) of Short Leasehold property. There were no material amounts in assets under construction at 31 December 2023.

During the year there were finance lease assets with a net book value of $11.5m transferred from Plant and Equipment to Right of Use Assets.

Notes to the financial statements continued

12 Leases

Right of use assets	Land and Buildings $m	Plant and equipment $m	Total $m
Net book value			
At 1 January 2023	249.5	26.5	276.0
Exchange movements	10.3	0.8	11.1
Additions	121.2	35.0	156.2
Disposals	(2.8)	(0.9)	(3.7)
Reclassifications	-	11.5	11.5
Depreciation of right of use assets	(61.4)	(33.8)	(95.2)
At 31 December 2023	**316.8**	**39.1**	**355.9**

Lease liabilities	
At 1 January 2023	342.9
Exchange movements	10.3
Additions	147.6
Disposals	(5.4)
Interest expense related to lease liabilities	18.7
Repayment of lease liabilities	(113.3)
At 31 December 2023	**400.8**

Right of use assets			
Net book value			
At 1 January 2022	316.6	39.5	356.1
Exchange movements	(17.5)	(2.1)	(19.6)
Additions	67.8	27.0	94.8
Disposals	(1.5)	–	(1.5)
Businesses divested (note 7)	(53.7)	(17.8)	(71.5)
Depreciation of right of use assets	(62.2)	(20.1)	(82.3)
At 31 December 2022	**249.5**	**26.5**	**276.0**

Lease liabilities	
At 1 January 2022	449.8
Exchange movements	(27.0)
Additions	91.9
Disposals	(5.4)
Businesses divested (note 7)	(62.7)
Interest expense related to lease liabilities	17.9
Repayment of lease liabilities	(121.6)
At 31 December 2022	**342.9**

Included in the above, the Group has finance leases liabilities totalling $17.7m (2022: $16.2m) in addition to the IFRS 16 lease liabilities in respect of leases previously classified as operating leases under IAS 17.

12 Leases (continued)

A maturity analysis of the Group's total lease liability is shown below:

	2023 $m	2022 $m
Current lease liability	**83.4**	83.2
Non-current lease liability	**317.4**	259.7
Total lease liability	**400.8**	342.9

The following table shows the breakdown of lease expense between amounts charged to operating profit and amounts charged to finance costs.

	$m	$m
Depreciation charge for right of use assets		
Property	**61.4**	62.2
Plant and equipment	**33.8**	20.1
Charged to operating profit	**95.2**	82.3
Interest expense related to lease liabilities	**18.7**	17.9
Charge to profit/(loss) before taxation for leases	**113.9**	100.2

Notes to the financial statements continued

13 Investment in joint ventures and other investments

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG (Repair & Overhauls) Limited. The Group considers these to be joint arrangements on the basis that two or more parties have joint control, which is defined as the contractually agreed sharing of control and exists only when decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties sharing control. The Group has a 51% shareholding in EthosEnergy, a provider of rotating equipment services and solutions to the power, oil and gas and industrial markets. EthosEnergy is domiciled and headquartered in Aberdeen, Scotland. The Group has a 50% shareholding in RWG, a provider of repair and overhaul services to the oil and gas, power generation and marine propulsion industries. RWG is based in Aberdeen, Scotland.

The assets, liabilities, income and expenses of the EthosEnergy and RWG are shown below. The financial information below has been extracted from the management accounts for these entities.

	EthosEnergy (100%)		**RWG (100%)**	
	2023 $m	2022 $m	**2023 $m**	2022 $m
Non-current assets	**145.7**	137.9	**58.7**	57.9
Current assets	**534.7**	520.7	**160.8**	141.4
Current liabilities	**(353.8)**	(347.7)	**(78.5)**	(74.6)
Non-current liabilities	**(65.7)**	(78.7)	**(2.7)**	(7.7)
Net assets	**260.9**	232.2	**138.3**	117.0
Wood Group share	**133.1**	118.4	**69.2**	58.5
Accumulated impairments and other adjustments	**(65.9)**	(65.9)	**-**	–
Wood Group investment	**67.2**	52.5	**69.2**	58.5
Revenue	**861.0**	824.8	**253.4**	234.3
Cost of sales	**(726.2)**	(721.5)	**(181.6)**	(169.8)
Administrative expenses	**(86.9)**	(80.5)	**(31.1)**	(31.2)
Exceptional items	**-**	–	**-**	–
Operating profit	**47.9**	22.8	**40.7**	33.3
Finance expense	**(11.7)**	(7.5)	**(1.0)**	(0.8)
Profit before tax	**36.2**	15.3	**39.7**	32.5
Tax	**(5.9)**	(6.4)	**(7.1)**	(6.5)
Post-tax profit from joint ventures	**30.3**	8.9	**32.6**	26.0
Wood Group share	**15.5**	4.5	**16.3**	13.0

Cash and cash equivalents amounted to $30.8m (2022: $48.2m) and $3.2m (2022: $13.9m) for EthosEnergy and RWG respectively.

Depreciation amounted to $17.0m (2022: $29.0m) and $4.6m (2022: $9.2m) for EthosEnergy and RWG respectively.

Amortisation amounted to $1.0m (2022: $0.9m) and $1.9m (2022: $2.1m) for EthosEnergy and RWG respectively.

EthosEnergy's net debt at 31 December 2023 amounted to $75.9m (2022: $85.7m).

RWG had net debt at 31 December 2023 of $0.5m (2022: $5.1m net cash).

The aggregate carrying amount of the Group's other equity accounted joint ventures, which individually are not material, amounted to $41.7m at 31 December 2023 (2022: $45.5m).

13 Investment in joint ventures and other investments (continued)

The Group's share of its joint venture income and expenses is shown below:

	2023 $m	2022 $m
Revenue	**733.5**	754.7
Cost of sales	**(602.5)**	(641.8)
Administrative expenses	**(71.9)**	(68.2)
Operating profit	**59.1**	44.7
Net finance expense	**(6.5)**	(4.4)
Profit before tax	**52.6**	40.3
Tax	**(9.8)**	(9.9)
Share of post-tax profit from joint ventures	**42.8**	30.4

The movement in investment in joint ventures is shown below:

	2023 $m	2022 $m
At 1 January	**156.5**	169.7
Exchange movements on retranslation of net assets	**3.9**	(11.9)
Share of profit after tax	**42.8**	30.4
Dividends received	**(15.6)**	(30.1)
Impairment of joint ventures	**–**	(2.0)
Additions	**0.2**	0.4
Disposals	**(9.7)**	–
At 31 December	**178.1**	156.5

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures other than those decribed in note 34.

A full list of subsidiary and joint venture entities is included in note 38.

Other investments

Other investments of $51.3m (2022: $56.0m) relates to the US SERP defined contribution scheme referred to in note 33. The SERP invests in a mixture of equities, bonds and money market funds as part of a pension arrangement for US based employees. The liabilities of the SERP are included in non-current liabilities (see note 19).

Notes to the financial statements continued

14 Inventories

	2023 $m	2022 $m
Materials	**7.8**	3.1
Finished goods and goods for resale	**8.5**	8.0
	16.3	11.1

15 Trade and other receivables

	2023 $m	2022 $m
Trade receivables	**805.4**	744.6
Less: provision for impairment of trade receivables	**(75.9)**	(65.0)
Trade receivables – net	**729.5**	679.6
Gross amounts due from customers	**522.9**	556.9
Prepayments	**76.3**	84.6
Amounts due from joint ventures	**9.8**	8.9
Asbestos related insurance recoveries	**5.6**	11.1
Research and development credits	**26.9**	24.7
Other receivables	**183.4**	179.2
Trade and other receivables – current	**1,554.4**	1,545.0
Long term receivables – asbestos related insurance recoveries	**23.2**	24.4
Long term receivables – other	**161.0**	105.1
Total receivables	**1,738.6**	1,674.5

As at 31 December 2023, the Group had received $198.2m (2022: $200.0m) of cash relating to non-recourse financing arrangements. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 31 December 2023, $111.7m (2022: $113.6m) had been received from customers in the normal course of business in relation to the same amounts received from the factors. This $111.7m (2022: $113.6m) is due to be paid over to the factors and is included in trade payables. The impact of both the cash received from the facility and the cash received from customers is included within cash generated from operations.

Included within other long-term receivables of $161.0m (2022: $105.1m) are contract assets of $96.7m (2022: $74.3m) in relation to the Aegis contract.

Financial assets

	2023 $m	2022 $m
Derivative financial instruments (note 20)	**9.2**	10.8
	9.2	10.8

15 Trade and other receivables (continued)

The Group's trade receivables balance is shown in the table below.

31 December 2023	**Trade receivables – Gross $m**	**Provision for impairment $m**	**Trade receivables – Net $m**	**Receivable days**
Projects	**420.5**	**(40.4)**	**380.1**	**93**
Operations	**218.7**	**(4.7)**	**214.0**	**49**
Consulting	**96.2**	**(5.2)**	**91.0**	**51**
Investment Services	**70.0**	**(25.6)**	**44.4**	**131**
Total Group	**805.4**	**(75.9)**	**729.5**	**75**

31 December 2022	Trade receivables – Gross $m	Provision for impairment $m	Trade receivables – Net $m	Receivable days
Projects	371.1	(40.4)	330.7	76
Operations	197.4	(5.3)	192.1	42
Consulting	105.1	(3.8)	101.3	75
Investment Services	71.0	(15.5)	55.5	73
Total Group	744.6	(65.0)	679.6	67

Receivable days are calculated by allocating the closing trade receivables and gross amounts due from customers balances to current revenue. A receivable days calculation of 75 indicates that closing trade receivables represent on average the most recent 75 days of revenue.

Receivable days for Investment Services has been adjusted to exclude the impact of the Aegis project for both 2023 and 2022. The Total Group Receivable days reflects all Group activity including Aegis.

The ageing of the provision for impairment of trade receivables is as follows:

	2023 $m	2022 $m
Up to 3 months	**0.2**	2.6
Over 3 months	**75.7**	62.4
	75.9	65.0

Notes to the financial statements continued

15 Trade and other receivables (continued)

The movement on the provision for impairment of trade receivables is as follows:

2023	Projects $m	Operations $m	Consulting $m	Built Environment Consulting $m	Investment Services $m	Total $m
At 1 January	**40.4**	**5.3**	**3.8**	**–**	**15.5**	**65.0**
Exchange movements	**1.0**	**(0.1)**	**0.2**	**–**	**0.1**	**1.2**
Reclassed during year	**(20.7)**	**–**	**1.7**	**–**	**–**	**(19.0)**
Provided during year	**20.0**	**1.5**	**0.4**	**–**	**18.2**	**40.1**
Utilised during year	**(0.3)**	**(0.6)**	**–**	**–**	**(6.8)**	**(7.7)**
Released during year	**–**	**(1.4)**	**(0.9)**	**–**	**(1.4)**	**(3.7)**
At 31 December	**40.4**	**4.7**	**5.2**	**–**	**25.6**	**75.9**

2022						
At 1 January	43.7	8.2	3.7	5.1	15.2	75.9
Exchange movements	(2.7)	(0.1)	0.1	–	(0.6)	(3.3)
Disposed during year	–	–	–	(4.1)	–	(4.1)
Reclassed during year	(0.1)	0.2	(0.9)	-	0.1	(0.7)
Provided during year	4.2	0.7	1.6	(0.2)	1.5	7.8
Utilised during year	(3.5)	(3.3)	(0.2)	–	–	(7.0)
Released during year	(1.2)	(0.4)	(0.5)	(0.8)	(0.7)	(3.6)
At 31 December	40.4	5.3	3.8	–	15.5	65.0

Other receivables of $183.4m includes an impairment charge of $2.3m against a foreign VAT receivable. The other classes within trade and other receivables do not contain impaired assets. Of the $40.1m provided during the year, $23.8m remains subject to enforcement activity.

The total expected credit loss was $44.2m in 2023 and includes a $20.4m exceptional charge in relation to a receivable balance within the Power and industrial EPC business, see note 5 for further details. The remaining balance of $23.8m principally arose within the Projects business unit.

Included within gross trade receivables of $805.4m above (2022: $744.6m) and gross amounts due from customers of $522.9m (2022: $556.9m) are contract assets of $299.2m (2022: $244.6m) which were past due. These relate to customers for whom there is no recent history or expectation of default. The ageing analysis of these contract assets is as follows:

	2023 $m	2022 $m
Up to 3 months overdue	**149.0**	117.9
Over 3 months overdue	**150.2**	126.7
	299.2	244.6

The above analysis excludes retentions relating to contracts in progress of $64.5m (2022: $67.2m).

16 Cash and cash equivalents

	2023 $m	2022 $m
Cash at bank and in hand	**356.2**	521.7
Short-term bank deposits	**28.4**	–
Restricted cash	**49.4**	15.0
	434.0	536.7

Cash at bank and in hand at 31 December 2023 includes $127.7m (2022: $328.4m) that is part of the Group's cash pooling arrangements and both cash and borrowings are grossed up by this amount in the financial statements.

The effective interest rate on short-term deposits at 31 December 2023 was 6.65% (2022: nil%) and these deposits have no maturity date.

The restricted cash balance comprises $38.1m (2022: not considered restricted) of cash held in Equatorial Guinea where the Group are seeking Central Bank approval in order to repatriate cash from a subsidiary via dividends or intercompany loans. A further $9.3m (2022: $10.0m) of cash is held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $2.0m (2022: $5.0m) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group.

17 Trade and other payables

	2023 $m	2022 $m
Trade payables	**639.2**	550.6
Gross amounts due to customers	**99.0**	113.0
Other tax and social security payable	**57.2**	58.2
Accruals	**570.2**	637.0
Derivative financial instruments	**3.4**	10.8
Amounts due to joint ventures	**12.1**	0.3
Asbestos related payables	**50.4**	59.5
Other payables	**275.2**	258.2
	1,706.7	1,687.6

Trade payables includes $111.7m (2022: $113.6m) relating to cash received from customers which is due to be paid over to the bank.

Gross amounts due to customers included above represent payments on account received in excess of amounts due from customers on fixed price contracts.

Accruals includes amounts due to suppliers and sub-contractors that have not yet been invoiced, unpaid wages, salaries and bonuses.

Other payables includes project related and other liabilities which include the amounts due under the investigation which was concluded in 2021. At 31 December 2023 there is one remaining payment in relation to the investigation of $35.6m which was paid in January 2024.

18 Borrowings

	2023 $m	2022 $m
Bank loans and overdrafts due within one year or on demand		
Unsecured	**225.7**	345.9
Senior loan notes		
Unsecured	**89.6**	–
Total current borrowings	**315.3**	345.9
Non-current bank loans		
Unsecured	**549.3**	232.0
Senior loan notes		
Unsecured	**262.9**	352.0
Total non-current borrowings	**812.2**	584.0

Borrowings of $127.7m (2022: $328.4m) that are part of the Group's cash pooling arrangements, and are netted against cash for internal reporting purposes, are grossed up in the short-term borrowings figure above.

Bank overdrafts are denominated in a number of currencies and bear interest based on the Bank of England base rate or the relevant foreign currency equivalent.

Following the disposal of the Built Environment Consulting business in September 2022, the Group repaid $400.0m of the $600.0m term loan and agreed the early repayment of the US Private Placement loan notes totalling $416.3m. The Group had total facilities of $1,901.9m as at 31 December 2023, which comprises of a $200.0m term loan maturing in October 2026, $1,200.0m of Revolving Credit Facility maturing in October 2026, $352.5m of senior loan notes in the US private placement market with varying maturities and $149.4m of other banking facilities.

Of the non-current borrowings of $812.2m, $366.5m is denominated in sterling and the balance in US dollars.

As noted in the Basis of Preparation, based on the latest forecasts approved by the directors, the Group expect to pass the covenant requirements during the forecast period, including in the severe but plausible downside scenario. Given that the June and December 2023 covenants were passed, all debts under the RCF facility were disclosed as non-current.

Notes to the financial statements continued

18 Borrowings (continued)

The Group's principal borrowing facilities at 31 December 2023 are set out in the table below.

Facility	Total available $m	Drawn at 31 December 2023 $m	Undrawn at 31 December 2023 $m	Repayable
Term loan	**200.0**	**200.0**	**–**	October 2026
Revolving credit facility	**1,200.0**	**356.9**	**843.1**	October 2026
Senior loan notes	**352.5**	**352.5**	**–**	Various dates
Other facilities	**149.4**	**89.6**	**59.8**	Various dates
Accrued interest	**–**	**8.4**	**(8.4)**	N/A
Unamortised fees	**–**	**(7.6)**	**7.6**	N/A
	1,901.9	**999.8**	**902.1**	

The above table excludes borrowings of $127.7m that are part of the Group's cash pooling arrangements and are offset by equivalent cash balances.

The Group has $352.5m (2022: $352.0m) of unsecured senior loan notes issued in the US private placement market. The notes mature at varying dates between 2024 and 2031 as shown in the table below. Interest is payable at an average rate of 4.58% (2022: 4.58%).

Repayable	2023 $m	2022 $m
July 2024	**11.5**	11.5
August 2024	**55.1**	55.1
November 2024	**23.0**	23.0
July 2026	**57.9**	57.4
August 2026	**58.8**	58.8
February 2027	**18.4**	18.4
February 2029	**46.0**	46.0
July 2029	**59.5**	59.5
July 2031	**22.3**	22.3
	352.5	352.0

The effective interest rates on the Group's bank loans and overdrafts at the balance sheet date were as follows:

	2023 %	2022 %
US dollar	**7.07**	4.79
Sterling	**6.67**	5.09
Euro	**4.95**	3.02

The carrying amounts of the Group's borrowings, including those held within pooling arrangements, are denominated in the following currencies:

	2023 $m	2022 $m
US Dollar	**658.7**	611.6
Sterling	**371.8**	176.7
Euro	**67.0**	120.0
Other	**30.0**	21.6
	1,127.5	929.9

The Group is required to issue tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit to certain customers. Management have assessed that the possibility of these being triggered is remote. At 31 December 2023, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to $1,230.9m (2022: $1,244.2m). At 31 December 2023, these facilities were 58% utilised (2022: 61%).

18 Borrowings (continued)

Borrowing facilities

The Group has the following undrawn borrowing facilities available at 31 December:

	2023 $m	2022 $m
Expiring within one year	**59.8**	109.7
Expiring between one and two years	**-**	–
Expiring between two and five years	**842.3**	1,155.7
	902.1	1,265.4

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2024. The Group was in compliance with its bank covenants throughout the year.

A reconciliation of movements of borrowings and lease liabilities to cash flows arising from financing activities is presented in the table below.

	Short term borrowings $m	**Long term borrowings $m**	**Lease liabilities $m**	**Total $m**
Balance 1 January 2023	**345.9**	**584.0**	**342.9**	**1,272.8**
Changes from financing cash flows				
Repayments of long-term borrowings	**–**	**(200.0)**	**–**	**(200.0)**
Repayments of short-term borrowings	**(133.5)**	**–**	**–**	**(133.5)**
Proceeds from long-term borrowings	**–**	**515.0**	**–**	**515.0**
Payment of lease liabilities (note 12)	**–**	**–**	**(113.3)**	**(113.3)**
Total changes from financing activities	**(133.5)**	**315.0**	**(113.3)**	**68.2**
Effects of changes in foreign exchange rates (note 31)	**17.1**	**0.4**	**10.3**	**27.8**
Other changes				
New leases (note 12)	**–**	**–**	**142.2**	**142.2**
Reclassification of senior loan notes	**89.6**	**(89.6)**	**–**	**–**
Interest expense	**–**	**81.7**	**18.7**	**100.4**
Interest paid	**–**	**(81.7)**	**–**	**(81.7)**
Other movements	**(3.8)**	**2.4**	**–**	**(1.4)**
Total liability other changes	**85.8**	**(87.2)**	**160.9**	**159.5**
Balance at 31 December 2023	**315.3**	**812.2**	**400.8**	**1,528.3**

	Short term borrowings $m	**Long term borrowings $m**	**Lease liabilities $m**	**Total $m**
Balance 1 January 2022	281.9	1,614.1	449.8	2,345.8
Changes from financing cash flows				
Repayment of long-term borrowings	–	(1,039.1)	–	(1,039.1)
Repayment of short-term borrowings	(35.0)	–	–	(35.0)
Proceeds from short-term borrowings	88.0	–	–	88.0
Payment of lease liabilities (note 12)	–	–	(121.6)	(121.6)
Total changes from financing activities	53.0	(1,039.1)	(121.6)	(1,107.7)
Effects of changes in foreign exchange rates (note 31)	(1.2)	0.1	(27.0)	(28.1)
Other changes				
New leases (note 12)	–	–	23.8	23.8
Interest expense	–	98.1	17.9	116.0
Interest paid	–	(98.1)	–	(98.1)
Other movements	12.2	8.9	–	21.1
Total liability other changes	12.2	8.9	41.7	62.8
Balance at 31 December 2022	345.9	584.0	342.9	1,272.8

Notes to the financial statements continued

19 Other non-current liabilities

	2023 $m	2022 $m
Other payables	**69.4**	106.8
	69.4	106.8

Other payables include $51.3m (2022: $55.6m) relating to the US SERP pension arrangement referred to in note 33 and unfavourable leases of $nil (2022: $3.3m). The SERP payables are offset by investments of $51.3m which are included in note 13. Unfavourable lease liabilities represent non-lease components, such as facilities costs which are not included within the IFRS 16 lease liability.

20 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Group's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies. Group Treasury, together with the Group's business units identify, evaluate and where appropriate, hedge financial risks. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investment of excess cash.

Where the Board considers that a material element of the Group's profits and net assets are exposed to a country in which there is significant geo-political uncertainty a strategy is agreed to ensure that the risk is minimised.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. The Group has subsidiary companies whose revenue and expenses are denominated in currencies other than the US dollar. Where possible, the Group's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are booked through the income statement, except where hedge accounting is used in which case the change in fair value is recorded in equity.

Hedging of foreign currency exchange risk – cash flow hedges

The notional contract amount, carrying amount and fair values of forward contracts and currency swaps designated as cash flow hedges at the balance sheet date are shown in the table below.

	2023 Notional contract amount $m	2022 Notional contract amount $m	2023 Carrying amount and fair value $m	2022 Carrying amount and fair value $m
Current assets	**136.1**	144.9	**2.1**	2.1
Current liabilities	**(42.1)**	(180.7)	**(0.9)**	(4.8)

A net foreign exchange gain of $3.8m (2022: loss $3.0m) was recognised in the hedging reserve as a result of fair value movements on forward contracts and currency swaps designated as cash flow hedges.

20 Financial instruments (continued)

Hedging of foreign currency exchange risk – fair value through income statement

The notional contract amount, carrying amount and fair value of all other forward contracts and currency swaps at the balance sheet date are shown in the table below.

	2023 Notional contract amount $m	2022 Notional contract amount $m	**2023 Carrying amount and fair value $m**	2022 Carrying amount and fair value $m
Current assets	**930.1**	990.4	**7.1**	8.7
Current liabilities	**(443.4)**	(337.8)	**(2.5)**	(6.0)

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate can impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. A weakening of the pound has a negative impact on translation of UK companies' profits and net assets. Sterling denominated trading profits in the UK are offset by the Group's corporate overhead and a 10% change in the sterling/dollar rate would result in a change to Adjusted EBITDA of less than 1%. A 10% change in the sterling/dollar rate would impact net assets by less than 1%. 10% has been used in these calculations as it represents a reasonable possible change in the sterling/US dollar exchange rate. The Group also has foreign exchange risk in relation a number of other currencies, such as the Australian dollar, the Canadian dollar and the Euro.

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and debt. The Group borrows in the desired currencies at a mixture of fixed and floating rates of interest to manage the Group's exposure to interest rate fluctuations. At 31 December 2023, 30% (2022: 53%) of the Group's borrowings were at fixed rates. The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits and where possible and deposit cash with a financial institution with a credit rating of BBB+ or better.

If average interest rates had been 2% higher or lower during 2023 (2022: 2%), post-tax profit for the year would have been $10.3m lower or higher respectively (2022: $5.8m). 2% has been used in this calculation as it represents a reasonable possible change in interest rates.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 6 months past due and considers a financial asset to be in default when the financial asset is more than 12 months past due. Responsibility for managing credit risk lies within the businesses with support being provided by Group and divisional management where appropriate.

The credit risk associated with customers is considered as part of each tender review process and is addressed initially through contract payment terms. Trade finance instruments such as letters of credit, bonds, guarantees and credit insurance are used to manage credit risk where appropriate. Credit control practices are applied thereafter during the project execution phase. A right to interest and suspension is normally sought in all contracts. There is significant management focus on customers that are classified as high risk in the current challenging market although the Group had no material write offs in the year.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

The Group uses the simplified provision matrix when calculating expected credit losses on financial assets. The provision matrix is based on historical default rates and is adjusted for forward looking estimates. The historical default rate is determined by comparing actual contract write offs against revenue recognised over each of the prior five years. The average write off over the historical period can be applied to current year revenue. The forward-looking assessment also considers post-year end cash collection, country risk scoring, customer disputes and specific financial uncertainties.

Management review trade receivables based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 15. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The maximum credit risk exposure on cash and cash equivalents and bank deposits (more than three months) at 31 December 2023 was $434.0m (2022: $536.7m). The Group treasury department monitors counterparty exposure on a global basis to avoid any over exposure to any one counterparty. The Group's policy is to deposit cash at institutions with a credit rating of at least BBB+. 100% of cash held on deposit at 31 December 2023 was held with such institutions.

Notes to the financial statements continued

20 Financial instruments (continued)

(c) Liquidity risk

The Group's policy is to ensure the availability of an appropriate amount of funding to meet both current and future forecast requirements consistent with the Group's budget and strategic plans. The Group will finance operations and growth from its existing cash resources and the $902.1m undrawn portion of the Group's committed banking facilities. The 2023 average net debt (excluding leases) was $846.4m (2022: $1,489.1m). The cash balance and undrawn portion of the Group's committed banking facilities can fluctuate throughout the year. Around the covenant remeasurement dates of 30 June and 31 December the Group's net debt is typically lower than these averages due to a combination of factors including a strong focus on collection of receipts from customers. Although revenue is typically weighted towards the second half of the year it is usually higher in June than in December, which means the level of working capital required is typically higher at the end of June and net debt is typically lower by the end of December.

At 31 December 2023, 100% (2022: 100%) of the Group's principal borrowing facilities (including senior loan notes) were due to mature in more than one year. Based on the Group's latest forecasts the Group has sufficient funding in place to meet its future obligations.

The Group's total bank facilities comprise of a $200.0m term loan maturing in October 2026 and a $1,200.0m revolving credit facility which matures in October 2026. The revolving credit facility includes KPIs linked to growing revenues related to energy transition and sustainable infrastructure and reducing scope 1 and 2 carbon emissions.

The Group has $352.5m of unsecured senior loan notes issued in the US private placement market. The notes mature in various tranches between July 2024 and 2031.

(d) Capital risk

The Group seeks to maintain an optimal capital structure by monitoring its ratio of net debt to adjusted EBITDA, its interest cover and its gearing ratio.

The ratio of net debt to Adjusted EBITDA at 31 December 2023 was 2.08 times (2022: 1.3 times). This ratio is calculated by dividing net debt before leases by Adjusted EBITDA on a frozen GAAP basis which excludes the impact of IFRS 16.

Interest cover is calculated by dividing Adjusted EBITA, excluding the impact of IFRS 16, by net recurring finance expense and was 4.0 times for the year ended 31 December 2023 (2022: 4.2 times).

Gearing is calculated by dividing net debt, before leases, by equity attributable to owners of the parent. Gearing at 31 December 2023 was 19.1% (2022: 10.5%).

20 Financial instruments (continued)

Financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which are not usually closed out before contractual maturity.

At 31 December 2023	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m
Borrowings	**365.2**	**55.6**	**855.9**	**24.0**
Trade and other payables	**1,706.7**	**–**	**–**	**–**
Lease liabilities	**104.1**	**74.4**	**138.9**	**228.3**
Other non-current liabilities	**–**	**17.7**	**51.7**	**–**
At 31 December 2022				
Borrowings	361.2	116.2	431.2	132.7
Trade and other payables	1,628.7	–	–	–
Lease liabilities	107.0	80.5	123.6	145.2
Other non-current liabilities	–	51.2	55.6	–

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables, financial assets, short-term deposits and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

The fair value of non-current bank borrowings as at 31 December 2023 was $256.0m (book value $242.9m) (2022: $231.1m, book value $244.3m). The fair value of the US Private Placement debt at 31 December 2023 was $360.3m (book value $352.5m) (2022: $358.1m, book value $352.0m).

Fair values (excluding the fair value of assets and liabilities classified as held for sale) are determined using observable market prices (level 2 as defined by IFRS 13 'Fair Value Measurement') as follows:

- The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.
- The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates.

All derivative fair values are verified by comparison to valuations provided by the derivative counterparty banks.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2023 and 31 December 2022, there were no transfers into or out of level 2 fair value measurements.

Notes to the financial statements continued

21 Asbestos related litigation

2023

	$m
At 1 January 2023	311.4
Reclassifications	9.5
Utilised	(58.4)
Charge to income statement	45.1
Release of provisions	(2.6)
Exchange movements	1.5
At 31 December 2023	**306.5**
Presented as	
Current	–
Non-current	306.5

2022

At 1 January 2022	342.1
Reclassifications	(5.6)
Utilised	(44.1)
Charge to income statement	59.6
Release of provisions	(37.0)
Exchange movements	(3.6)
At 31 December 2022	**311.4**
Presented as	
Current	–
Non-current	311.4

Asbestos related litigation

The Group assumed the majority of its asbestos-related liabilities when it acquired Amec Foster Wheeler in October 2017. Whilst some of the asbestos claims have been and are expected to be made in the United Kingdom, the overwhelming majority have been and are expected to be made in the United States.

Some of Amec Foster Wheeler's US subsidiaries are defendants in numerous asbestos-related lawsuits and out-of-court informal claims pending. Plaintiffs claim damages for personal injury alleged to have arisen from exposure to, or use of, asbestos in connection with work allegedly performed during the 1970s and earlier. The estimates and averages presented have been calculated on the basis of the historical US asbestos claims since the initiation of claims filed against these entities.

The number and cost of current and future asbestos claims in the US could be substantially higher than estimated and the timing of payment of claims could be sooner than estimated, which could adversely affect the Group's financial position, its results and its cash flows.

The Group expects these subsidiaries to be named as defendants in similar suits and that new claims will be filed in the future. For purposes of these financial statements, management have estimated the indemnity and defence costs to be incurred in resolving pending and forecasted claims through to 2050. Although we believe that these estimates are reasonable, the actual number of future claims brought against these subsidiaries and the cost of resolving these claims could be higher.

Some of the factors that may result in the costs of asbestos claims being higher than the current estimates include:

- an increase in the rate at which new claims are filed and an increase in the number of new claimants
- increases in legal fees or other defence costs associated with asbestos claims
- increases in indemnity payments, decreases in the proportion of claims dismissed with zero payment and payments being required to be made sooner than expected

The Group has worked with its advisors with respect to projecting asbestos liabilities and to estimate the amount of asbestos-related indemnity and defence costs at each year-end through to 2050. Each year the Group records its estimated asbestos liability at a level consistent with the advisors' reasonable best estimate. The Group's advisors perform a quarterly and annual review of asbestos indemnity payments, defence costs and claims activity and compare them to the forecast prepared at the previous year-end. Based on its review, they may recommend that the assumptions used to estimate future asbestos liabilities are updated, as appropriate.

The total liability recorded in the Group's balance sheet at 31 December 2023 is based on estimated indemnity and defence costs expected to be incurred to 2050. Management believe that any new claims filed after 2050 will be minimal.

21 Asbestos related litigation (continued)

Asbestos related liabilities and assets recognised on the Group's balance sheet are as follows:

	2023			2022		
	US $m	**UK $m**	**Total $m**	US $m	UK $m	Total $m
Asbestos related provision						
Gross provision	**409.5**	**31.1**	**440.6**	425.4	32.5	457.9
Effect of discounting	**(83.8)**	**–**	**(83.8)**	(87.0)	–	(87.0)
Net provision	**325.7**	**31.1**	**356.8**	338.4	32.5	370.9
Insurance recoveries						
Gross recoveries	**–**	**(28.7)**	**(28.7)**	(6.0)	(29.5)	(35.5)
Effect of discounting	**–**	**–**	**–**	–	–	–
Net recoveries	**–**	**(28.7)**	**(28.7)**	(6.0)	(29.5)	(35.5)
Net asbestos related liabilities	**325.7**	**2.4**	**328.1**	332.4	3.0	335.4
Presented in accounts as follows						
Provisions – non-current			**306.5**			311.4
Trade and other payables			**50.4**			59.5
Trade and other receivables			**(5.6)**			(11.1)
Long term receivables			**(23.2)**			(24.4)
			328.1			335.4

The gross US asbestos related provision of $409.5m (2022: $425.4m) includes $23.3m (2022: $35.4m) relating to agreed settlements which have not been paid at 31 December 2023. The remaining $386.2m (2022: $390.0m) represents the gross US asbestos related provision which is discounted to a net present value of $302.4m (2022: $303.0m).

A net interest charge of $11.1m (2022: $5.9m) representing the unwinding of the discount over time and a yield curve credit of $0.2m (2022: $35.6m) are included within exceptional items since the movements in the provision are non-trading, can be large and are driven by market conditions which are out with the Group's control.

An additional $34.2m has been charged to the income statement in the year, reflecting future actuarial adjustments in the overall plan estimates. The increase to the estimates are driven by a higher number of filings compared to the underlying actuarial model, an increased number of settlements at higher settlement values and updated future inflation rates. A further credit or income of $10.0m has been recorded to the income statement in the year as a result of collecting insurance proceeds from an insolvent insurer, not previously recognised.

A summary of the Group's US asbestos claim activity is shown in the table below:

Number of open claims	**2023 Number**	2022 Number
At 1 January	**57,200**	57,490
New claims	**2,410**	2,330
Claims resolved	**(5,640)**	(2,620)
At 31 December	**53,970**	57,200
Claims not valued in liability	**(38,900)**	(42,170)
Open claims valued in liability at 31 December	**15,070**	15,030

Claims not valued in the liability include claims on certain inactive court dockets, claims over six years old that are considered abandoned and certain other items.

Based on 2023 activity, the Group's current forecast liabilities have been adjusted for payments made in 2023 of $58.4m and to reflect the impact of discounting.

In 2023, the liability for asbestos indemnity and defence costs to 2050 was calculated at a gross nominal amount of $440.6m (present value $356.8m), which brought the liability to a level consistent with our advisor's reasonable best estimate. The total asbestos-related liabilities are comprised of estimates for liabilities relating to open (outstanding) claims being valued and the liability for future unasserted claims to 2050.

The estimate takes account of the following information and/or assumptions:

- number of open claims
- forecasted number of future claims
- estimated average cost per claim by disease type – mesothelioma, lung cancer and non-malignancies

Notes to the financial statements continued

21 Asbestos related litigation (continued)

The total estimated liability, which has been discounted for the time value of money, includes both the estimate of forecasted indemnity amounts and forecasted defence costs. Total defence costs and indemnity liability payments are estimated to be incurred through to 2050. The Group believes that it is likely that there will be some claims filed after 2050, however these are projected to be minimal.

In the last 5 years from 2019 to 2023, the US average combined indemnity and defence cost per resolved claim has been approximately $10k. The average cost per resolved claim is increasing and management believe it will continue to increase in the future as the Group continues to resolve the current and estimated future claims inventory. A sensitivity analysis on average indemnity settlement and defence costs is included in the table below.

Asbestos related receivables represents management's best estimate of insurance recoveries relating to liabilities for pending and estimated future asbestos claims through to 2050. The receivables are only recognised when it is virtually certain that the claim will be paid.

The following table sets out the sensitivities associated with a change in certain estimates used in relation to the US asbestos-related liabilities:

Assumption	**Impact on asbestos liabilities (range) $m**
25% change in average indemnity settlement amount	50–60
25% change in forecasted number of new claims	50–60
25% change in estimated defence costs	40–50

In addition to the above, the impact on the income statement in the year is sensitive to changes in the discount rate used to calculate the time value of money.

The Group has used a 27-year blended yield curve rate, based on US Treasury strip rates, to discount its asbestos liabilities. The rate as at 31 December 2023 is 3.64% (2022: 3.97% using a 30-year US Treasury Bond rate). A change of 0.1% in the 27-year blended yield curve rate would give rise to a change to the income statement charge/credit of approximately $1.7m.

The Group's subsidiaries have been effective in managing the asbestos litigation, in part, because the Group has access to historical project documents and other business records going back more than 50 years, allowing it to defend itself by determining if the claimants were present at the location of the alleged asbestos exposure and, if so, the timing and extent of their presence. In addition, the Group has identified and validated insurance policies issued since 1952 and has consistently and vigorously defended claims that are without merit and settled meritorious claims for reasonable amounts.

The table below summarises the asbestos-related net cash impact for indemnity and defence costs and collection of insurance proceeds:

	2023 $m	2022 $m
Asbestos litigation, defence and case resolution payments	**58.4**	44.1
Insurance proceeds	**(16.4)**	(7.7)
Net asbestos related payments	**42.0**	36.4

The Group expects to have a net cash outflow of approximately $35m as a result of asbestos liability indemnity and defence payments in excess of insurance proceeds during 2024. This estimate assumes no elections by the Group to fund additional payments. The Group has discounted the expected future cash flows with respect to the asbestos related liabilities using the blended yield curve rates.

22 Provisions

2023	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2023	46.2	26.0	12.8	63.3	148.3
Reclassifications	1.3	–	–	–	1.3
Utilised	–	(0.4)	(11.2)	(17.0)	(28.6)
Charge to income statement	12.4	2.9	23.0	13.0	51.3
Release of provisions	(19.2)	(1.7)	–	(18.4)	(39.3)
Exchange movements	–	0.6	0.4	1.3	2.3
At 31 December 2023	**40.7**	**27.4**	**25.0**	**42.2**	**135.3**
Presented as					
Current	–	7.4	23.0	27.2	57.6
Non-current	40.7	20.0	2.0	15.0	77.7

2022	Insurance $m	Property $m	Litigation related provisions $m	Project related provisions $m	Total $m
At 1 January 2022	55.2	32.4	93.3	112.2	293.1
Reclassifications	1.3	–	1.1	4.5	6.9
Utilised	–	(3.2)	(88.5)	(45.5)	(137.2)
Divestments	–	–	–	(0.7)	(0.7)
Charge to income statement	17.4	0.4	10.0	15.3	43.1
Release of provisions	(27.7)	(2.3)	(2.5)	(18.1)	(50.6)
Exchange movements	–	(1.3)	(0.6)	(4.4)	(6.3)
At 31 December 2022	**46.2**	**26.0**	**12.8**	**63.3**	**148.3**
Presented as					
Current	–	3.3	11.0	30.6	44.9
Non-current	46.2	22.7	1.8	32.7	103.4

Insurance provisions

The Group has liabilities in relation to its captive insurance companies of $40.7m (2022: $46.2m).

The Group currently has one captive insurance company, Garlan Insurance Limited, which is active and is registered in Guernsey with tax domicile in the UK. The company provides insurance solely to other Group companies and does not provide any insurance to third parties. The provisions recorded represent amounts payable to external parties in respect of claims, the value of which is based on actuarial reports which assess the likelihood and value of these claims. These are reassessed annually, with movements in claim reserves being recorded in the income statement.

Property provisions

Property provisions total $27.4m (2022: $26.0m). Property provisions mainly comprise of dilapidations relating to the cost of restoring leased property back into its original, pre-let condition. The estimate of costs is the greatest area of uncertainty and the timing of future cash outflows is linked to the term dates of numerous individual leases.

Litigation related provisions

The Group is party to litigation involving clients and sub-contractors arising from its contracting activities. Management has taken internal and external legal advice in considering known or reasonably likely legal claims and actions by and against the Group. Where a known or likely claim or action is identified, management carefully assesses the likelihood of success of the claim or action. A provision is recognised only in respect of those claims or actions where management consider it is probable that a cash outflow will be required.

Notes to the financial statements continued

22 Provisions (continued)

Provision is made for management's best estimate of the likely settlement costs and/or damages to be awarded for those claims and actions that management considers are likely to be successful. Due to the inherent commercial, legal and technical uncertainties in estimating project claims, the amounts ultimately paid or realised by the Group could differ from the amounts that are recognised in the financial statements.

In the second half of 2023, and as noted in note 5, a third party raised an arbitration claim against the Group in respect of alleged damages and costs arising from a fixed price contract in the discontinued Power and Industrial EPC business. Management have recognised a provision of $23.0m as an exceptional charge, representing their assessment of probable outflows arising from the matter.

Investigations

At 31 December 2023, the Group continues to recognise the final instalment of outstanding penalties of $35.6m (2022: $37.3m) within Trade and other payables. The final instalment was paid in January 2024.

Project related provisions

The Group has numerous provisions relating to the projects it undertakes for its customers. The value of these provisions relies on specific judgements in areas such as the estimate of future costs or the outcome of disputes and litigation. Whether or not each of these provisions will be required, the exact amount that will require to be paid and the timing of any payment will depend on the actual outcomes. The balance is made up of a large number of provisions, which are not individually material or significant.

Certain of the jurisdictions in which the Group operates, in particular the US and the EU, have environmental laws under which current and past owners or operators of property may be jointly and severally liable for the costs of removal or remediation of toxic or hazardous substances on or under their property, regardless of whether such materials were released in violation of law and whether the operator or owner knew of, or was responsible for, the presence of such substances. Largely as a consequence of the acquisition of Amec Foster Wheeler, the Group currently owns and operates, or owned and operated, industrial facilities. It is likely that, as a result of the Group's current or former operations, hazardous substances have affected the property on which those facilities are or were situated.

As described in note 34, the Group agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. These principally relate to businesses that were sold by Amec Foster Wheeler prior to its acquisition by the Group.

23 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. The Group has provided deferred tax in relation to UK companies at 25% (2022: 25%). The movement on the deferred tax account is shown below:

	Re-presented As at 1 January 2023 $m	Income statement $m	OCI $m	Other $m	As at 31 December 2023 $m
Accelerated capital allowances	(31.5)	(2.6)	(1.8)	–	(35.9)
Intangibles	179.8	(4.7)	3.1	–	178.2
Pension	106.8	4.1	(11.8)	–	99.1
Share based charges	(1.4)	(0.3)	-	–	(1.7)
Other temporary differences	8.4	(2.4)	(3.3)	(0.6)	2.1
Provisions	(47.7)	13.7	(1.0)	–	(35.0)
Unremitted earnings	23.5	2.7	0.4	–	26.6
Deferred interest deduction	–	(3.8)	(0.2)	–	(4.0)
Tax credits	–	(0.2)	–	0.2	–
Losses	(199.0)	4.0	0.7	(1.6)	(195.9)
Total	**38.9**	**10.5**	**(13.9)**	**(2.0)**	**33.5**

(Asset)/liability	As at 1 January 2022 $m	Income statement $m	OCI $m	Other $m	Disposals $m	Re-presented As at 31 December 2022 $m
Accelerated capital allowances	(26.8)	(7.1)	2.4	–	–	(31.5)
Intangibles	240.3	1.2	(4.5)	–	(57.2)	179.8
Pension	63.6	10.0	33.2	–	–	106.8
Share based charges	(2.3)	0.9	–	–	–	(1.4)
Other temporary differences	(3.3)	7.5	4.6	(0.4)	–	8.4
Provisions	(50.7)	0.8	1.8	–	0.4	(47.7)
Unremitted earnings	21.7	3.1	(1.3)	–	–	23.5
Deferred interest deduction	(54.2)	54.2	–	–	–	–
Tax credits	–	1.5	–	(1.5)	–	–
Losses	(191.5)	(9.6)	1.9	(0.1)	0.3	(199.0)
Total	**(3.2)**	**62.5**	**38.1**	**(2.0)**	**(56.5)**	**38.9**

Deferred tax is presented in the financial statements as follows:

	2023 $m	2022 $m
Deferred tax assets	**(43.1)**	(61.2)
Deferred tax liabilities	**76.6**	100.1
Net deferred tax (asset)/liability	**33.5**	38.9

No deferred tax liability has been recognised in respect of $20,776.0m (2022: $21,722.0m) of unremitted reserves of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary difference and it is not probable that such differences will reverse in the foreseeable future. The amount of unrecognised deferred tax liabilities in respect of these unremitted reserves is estimated to be $49.4m (2022: $61.8m).

Notes to the financial statements continued

23 Deferred tax (continued)

The deferred tax balances are analysed below.

31 December 2023

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(49.6)	–	(1.8)	(1.7)	(1.5)	(35.0)	–	(4.0)	(195.9)	246.4	(43.1)
Deferred tax liabilities	13.7	178.2	100.9	–	3.6	–	26.6	–	–	(246.4)	76.6
Net	**(35.9)**	**178.2**	**99.1**	**(1.7)**	**2.1**	**(35.0)**	**26.6**	**(4.0)**	**(195.9)**	–	**33.5**

The prior year allocation of deferred tax has been reviewed and items previously classified as other temporary differences have been reallocated into categories that provide improved disclosure of what they relate to. Other temporary differences primarily relate to differences between IFRS and local GAAP accounts and temporary differences related to leases.

Included in the $195.9m (2022: $199.0m) of deferred tax assets in respect of losses is an amount of $104.5m (2022: $97.4m) relating to the UK tax group which has sufficient deferred tax liabilities to offset, and $84.4m (2022: $91.3m) relating to the US tax group of which no asset (2022: no asset) is recognised based on forecast profits of the US business, the balance is supported by deferred tax liabilities.

31 December 2022

	Accelerated capital allowances $m	Intangibles $m	Pension $m	Share based charges $m	Other temporary differences $m	Provisions $m	Unremitted earnings $m	Deferred interest deduction $m	Losses $m	Netting $m	Total $m
Deferred tax assets	(61.7)	-	(1.3)	(1.4)	(4.0)	(47.7)	–	–	(199.0)	253.9	(61.2)
Deferred tax liabilities	30.2	179.8	108.1	–	12.4	–	23.5	–	–	(253.9)	100.1
Net	**(31.5)**	**179.8**	**106.8**	**(1.4)**	**8.4**	**(47.7)**	**23.5**	**–**	**(199.0)**	**–**	**38.9**

The expiry dates of unrecognised gross deferred tax assets carried forward are as follows:

31 December 2023	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	711.0	123.1	834.1
Expiring within 6-10 years	19.6	–	19.6
Expiring within 11-20 years	170.1	–	170.1
Unlimited	7,047.3	1,511.7	8,559.0
	7,948.0	**1,634.8**	**9,582.8**

31 December 2022	Tax losses $m	Deductible temporary differences $m	Total $m
Expiring within 5 years	695.3	131.9	827.2
Expiring within 6-10 years	32.0	7.5	39.5
Expiring within 11-20 years	137.7	–	137.7
Unlimited	7,046.9	1,177.8	8,224.7
	7,911.9	**1,317.2**	**9,229.1**

24 Share based charges

The Group currently has a number of share plans that give rise to equity settled share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Plan ('LTP'), the Employee Share Plan ('ESP') and the Share Incentive Plan ('SIP'). The charge to operating profit for these plans for the year amounted to $19.6m (2022: $20.7m) and is included in administrative expenses with the corresponding credit included in retained earnings.

Long Term Plan and Discretionary Share plan

The Group's Long-Term Plan ('LTP') was introduced in 2013. The plan was replaced at the Group's Annual General Meeting in 2023 with the new Discretionary Share Plan ("DSP"). There are two distinct awards made under the DSP, performance-based awards to the executive leadership team made based on achievement of performance measures and non-performance awards to senior management either in the form of conditional share awards or nil cost share options.

The performance measures relevant to active cycles are total shareholder return, EBITDA margin, revenue growth, EBITDA and ESG targets including reducing carbon emissions and leadership gender diversity. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Where performance applies, this is measured over a three year period and up to 80% of an award may vest based on the performance over that period. The vesting of at least 20% of any award is normally deferred for a further period of at least two years.

Employees may also be granted non-performance awards either in the form of conditional share awards or share options. These awards typically have a three-year vesting period. From 2022, a large portion of senior management who were previously eligible for the performance-based element of the LTP were instead awarded these non-performance awards.

Performance based awards

Details of the LTP awards are set out in the table below. The charge for market related performance targets has been calculated using a Monte Carlo simulation model taking account of share price volatility against peer group companies, risk free rate of return, dividend yield and the expected lifetime of the award. Further details of the LTP are provided in the Directors' Remuneration Report.

Cycle	Performance period	Fair value of award	Awards outstanding 31 December 2023	Awards outstanding 31 December 2022
11	2018-20	£6.67	**130,233**	405,899
12	2019-21	£5.69	**227,146**	257,082
13	2020-22	£3.64	**-**	6,987,812
14	2021-23	£3.17	**7,048,776**	7,634,392
15	2022-24	£1.88	**1,354,999**	1,647,844
16	2023-25	£1.32	**3,567,754**	–
			12,328,908	16,933,029

3,567,754 awards were made during the year, 299,928 awards were exercised during the year and 7,871,947 awards lapsed or were cancelled due to performance targets not being achieved.

The awards outstanding under cycle 11 and 12 represent 100% of the deferred award for directors and 20% of the award for all other participants at vesting which is deferred for two years. Zero awards remain outstanding under cycle 13 as performance measures were missed. Awards under cycle 15 and 16 were granted to directors and the executive leadership team only, with other senior management receiving non-performance LTP awards.

Further details on the LTP are provided in the Directors' Remuneration Report.

ESOS

For the purposes of calculating the fair value of the share options, a Black-Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, six months after the earliest exercise date, which is four years after grant date, and a lapse rate of 25% has been assumed. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares as well as that of comparable companies. The risk-free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

Notes to the financial statements continued

24 Share based charges (continued)

Share awards

A summary of the basis for the charge for ESOS and LTP options is set out below together with the number of awards granted, exercised and lapsed during the year.

	ESOS		LTP and deferred bonus	
	2023	2022	**2023**	2022
Number of participants	**156**	218	**261**	349
Lapse rate	**25%**	25%	**10%**	10%
Risk free rate of return on grants during year	**N/A**	N/A	**3.69%**	0.43%
Share price volatility	**40%**	40%	**40%**	40%
Dividend yield on grants during year	**N/A**	N/A	**0%**	0%
Fair value of options granted during year	**N/A**	N/A	**£1.41-£2.25**	£1.91–£2.39
Weighted average remaining contractual life	**0.3 years**	0.7 years	**1.8 years**	2.2 years
Options outstanding 1 January	**995,000**	1,540,288	**8,254,534**	3,284,268
Options granted during the year	**–**	–	**7,942,031**	7,673,780
Options exercised during the year	**–**	–	**(1,406,735)**	(1,456,502)
Options lapsed during the year	**(545,500)**	(545,288)	**(1,189,312)**	(1,247,012)
Dividends accrued on options	**–**	–	**–**	–
Options outstanding 31 December	**449500**	995,000	**13,600,518**	8,254,534
No. of options exercisable at 31 December	**449,500**	995,000	**597,733**	296,531
Weighted average share price of options exercised during year	**N/A**	N/A	**£1.85**	£1.58

Executive Share Option Schemes

The following options to subscribe for new or existing shares were outstanding at 31 December:

	Number of ordinary shares under option			
Year of Grant	**2023**	2022	**Exercise price (per share)**	**Exercise period**
2012	**–**	–	680½p	2016–2022
2013	**–**	518,500	845⅓p	2017–2023
2014	**449,500**	476,500	767⅔p	2018–2024
	449,500	995,000		

Share options are granted at an exercise price equal to the average mid-market price of the shares on the three days prior to the date of grant.

24 Share based charges (continued)

Nil value share awards

The following options granted under the Group's LTP/DSP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option **2023**	2022	Exercise price (per share)	Exercise period
2018	**–**	79,348	0.00p	2022-2023
2020	**–**	227,183	0.00p	2022-2023
2020	**5,000**	5,000	0.00p	2023-2024
2021	**627,000**	1,544,000	0.00p	2025-2026
2022	**83,222**	101,337	0.00p	2024-2025
2022	**880,000**	900,000	0.00p	2025-2026
2022	**4,606,367**	5,397,666	0.00p	2025
2023	**465,634**	–	0.00p	2025-2026
2023	**6,933,295**	–	0.00p	2026
	13,600,518	8,254,534		

Awards are granted under the Group's LTP/DSP at nil value. There are no performance criteria relating to the exercise of the options. Further details on the LTP/DSP are provided in the Directors' Remuneration Report.

Employee share plan

The Group introduced the ESP in 2016. Under the plan employees contribute regular monthly amounts which are used to purchase shares over a one-year period. At the end of the year, the participating employees are awarded one free share for every two shares purchased, providing they remain in employment for a further year. During 2023, 2,192,616 shares were awarded in relation to the ESP, of which 599,218 and 1,593,398 shares related to the 2022/23 and 2023/24 schemes respectively.

Share incentive plan

The Group introduced the SIP in 2021 for UK employees. Under the plan, which is recognised by HM Revenue and Customs, employees contribute regular monthly amounts of up to £150 per month to purchase shares. The participating employees are awarded one free share for every two purchased, provided that they hold the purchased shares for 3 years and remain in employment. During 2023, 845,381 partnership shares and 422,563 matching shares were awarded.

25 Share capital

Ordinary shares of 4²⁄₇ pence each (2022: 4²⁄₇ pence) **Authorised, issued and fully paid**	**shares**	**2023** **$m**	shares	2022 $m
At 1 January and 31 December	**691,839,369**	**41.3**	691,839,369	**41.3**

Holders of ordinary shares are entitled to receive any dividends declared by the Company and are entitled to vote at general meetings of the Company.

Notes to the financial statements continued

26 Share premium

	2023 $m	2022 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at 4²⁄₇ pence (2022: 4²⁄₇ pence).

27 Retained earnings

	2023 $m	2022 $m
At 1 January	**1,224.4**	1,415.0
Loss for the year attributable to owners of the parent	**(110.7)**	(356.3)
Credit relating to share based charges (note 24)	**19.6**	20.7
Re-measurement (loss)/gain on retirement benefit liabilities (note 33)	**(82.2)**	170.9
Movement in deferred tax relating to retirement benefit liabilities	**18.0**	(41.6)
Deferred tax impact of rate change in equity	**0.7**	(0.8)
Tax on derivative financial instruments	**(0.4)**	(1.7)
Other tax movements in equity	**(0.1)**	(1.3)
Exchange movements in respect of shares held by employee share trusts	**–**	12.5
Purchase of shares by employee share trusts for the Share Incentive Plan (SIP)	**1.6**	1.7
Transfer from merger reserve	**242.0**	–
Transactions with non-controlling interests	**–**	5.3
At 31 December	**1,312.9**	1,224.4

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. No options have been granted over shares held by the employee share trusts (2022: nil).

Shares held by employee share trusts

	2023		2022	
	Shares	**$m**	Shares	$m
Balance 1 January	**8,442,031**	**99.4**	14,358,014	111.9
Shares issued to satisfy option exercises	**(1,406,735)**	**–**	(1,456,502)	–
Shares issued to satisfy awards under Long Term Incentive Plan	**(299,928)**	**–**	(1,438,398)	–
Shares issued to satisfy awards under Employee Share Plan	**(1,114,466)**	**–**	(1,984,772)	–
Shares issued to satisfy awards under Share Incentive Plan	**(1,267,944)**	**–**	(1,036,311)	–
Other share transactions	**–**	**–**	–	–
Exchange movement	**–**	**–**	–	(12.5)
Balance 31 December	**4,352,958**	**99.4**	8,442,031	99.4

Shares acquired by the employee share trusts are purchased in the open market using funds provided by John Wood Group PLC to meet obligations under the Employee Share Option Schemes and LTP. Shares are allocated to the employee share trusts in order to satisfy future option exercises at various prices.

The costs of funding and administering the trusts are charged to the income statement in the period to which they relate. The market value of the shares at 31 December 2023 was $9.5m (2022: $13.7m) based on the closing share price of £1.72 (2022: £1.35) and closing exchange rate of 1.2749 (2022: 1.2029). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

28 Merger reserve

	2023 $m	2022 $m
At 1 January	**2,540.8**	2,540.8
Transfer to retained earnings	**(242.0)**	–
At 31 December	**2,298.8**	2,540.8

On 6 October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Group. As the acquisition resulted in the Group securing 90% of Amec Foster Wheeler's share capital, the acquisition qualified for merger relief under section 612 of the Companies Act 2006 and the premium arising on the issue of the shares was credited to a merger reserve rather than the share premium account.

In November 2019, John Wood Group PLC (the Company) sold its investment in Amec Foster Wheeler Limited and other subsidiaries to another subsidiary company, John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

In 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

29 Other reserves

	Capital reduction reserve $m	**Capital redemption reserve $m**	**Currency translation reserve $m**	**Hedging reserve $m**	**Total $m**
At 1 January 2022	88.1	439.7	(497.0)	(9.8)	21.0
Cash flow hedges	–	–	–	5.1	5.1
Exchange movement on retranslation of foreign operations	–	–	(223.0)	–	(223.0)
Exchange movement on disposal of foreign operations	–	–	54.5	–	54.5
At 31 December 2022	**88.1**	**439.7**	**(665.5)**	**(4.7)**	**(142.4)**
Cash flow hedges	–	–	–	3.8	3.8
Exchange movement on retranslation of foreign operations	–	–	58.2	–	58.2
Exchange movement on disposal of foreign operations	–	–	–	–	–
At 31 December 2023	**88.1**	**439.7**	**(607.3)**	**(0.9)**	**(80.4)**

The capital reduction reserve was created subsequent to the Group's IPO in 2002 and is a distributable reserve.

The capital redemption reserve was created following a share issue that formed part of a return of cash to shareholders in 2011. This is not a distributable reserve.

The currency translation reserve relates to the retranslation of foreign currency net assets on consolidation. This was reset to zero on transition to IFRS at 1 January 2004. The movement during the year relates to the retranslation of foreign operations, including goodwill and intangible assets recognised on acquisition.

The hedging reserve relates to the accounting for derivative financial instruments under IFRS 9. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

30 Non-controlling interests

	2023 $m	2022 $m
At 1 January	**1.5**	3.3
Share of profit for the year	**5.5**	4.6
Dividends paid to non-controlling interests	**(1.6)**	(1.1)
Transactions with non-controlling interests	–	(5.3)
At 31 December	**5.4**	1.5

Notes to the financial statements continued

31 Analysis of net debt

2023	At 1 January 2023 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2023 $m
Short term borrowings	(345.9)	133.5	(85.8)	(17.1)	(315.3)
Long term borrowings	(584.0)	(315.0)	87.2	(0.4)	(812.2)
	(929.9)	(181.5)	1.4	(17.5)	(1,127.5)
Cash and cash equivalents	536.7	(107.6)	-	4.9	434.0
Net debt excluding leases	**(393.2)**	**(289.1)**	**1.4**	**(12.6)**	**(693.5)**
Leases	(342.9)	113.3	(160.9)	(10.3)	(400.8)
Net debt including leases	**(736.1)**	**(175.8)**	**(159.5)**	**(22.9)**	**(1,094.3)**

2022	At 1 January 2022 $m	Cash flow $m	Other $m	Exchange movements $m	At 31 December 2022 $m
Short term borrowings	(281.9)	(53.0)	(12.2)	1.2	(345.9)
Long term borrowings	(1,614.1)	1,039.1	(8.9)	(0.1)	(584.0)
	(1,896.0)	986.1	(21.1)	1.1	(929.9)
Cash and cash equivalents	503.0	60.2	–	(26.5)	536.7
Net debt excluding leases	**(1,393.0)**	**1,046.3**	**(21.1)**	**(25.4)**	**(393.2)**
Leases	(449.8)	121.6	(41.7)	27.0	(342.9)
Net debt including leases	**(1,842.8)**	**1,167.9**	**(62.8)**	**1.6**	**(736.1)**

Cash at bank and in hand at 31 December 2023 includes $127.7m (2022: $328.4m) that is part of the Group's cash pooling arrangements. For internal reporting and the calculation of interest, this amount is netted with short-term overdrafts and is presented as a net figure on the Group's balance sheet. In preparing these financial statements, the Group is required to gross up both its cash and short-term borrowings figures by this amount.

Cash and cash equivalents of $434.0m (2022: $536.7m) includes restricted cash of $49.4m (2022: $15.0m). The restricted cash balance comprises $38.1m (2022: not considered restricted) of cash held in Equatorial Guinea where the Group are seeking Central Bank approval in order to repatriate cash from a subsidiary via dividends or intercompany loans. A further $9.3m (2022: $10.0m) of cash is held in jurisdictions where there is insufficient liquidity in the local market to allow for immediate repatriation. The remaining $2.0m (2022: $5.0m) relates to balances held within Russia that are impacted by the sanctions associated with Russia's invasion of Ukraine. Management considers it appropriate to include the restricted cash balance in the Group's net debt figure on the basis that it meets the definition of cash, albeit is not readily available to the Group.

The lease liability at 31 December 2023 is made up of non-current leases of $317.4m (2022: $259.7m) and current leases of $83.4m (2022: $83.2m).

The other movements of $159.5m (2022: $62.8m) in the above table represents new leases entered into of $142.2m (2022: $23.8m), interest expense of $18.7m (2022: $17.9m), amortisation of bank facility fees of $2.4m (2022: $8.9m) and accrued interest on loan notes of $3.8m (2022: $12.2m). In addition, senior loan notes amounting to $89.6m were reclassified from long term borrowings to short term as they fall due within the next 12 months.

As at 31 December 2023, the Group had received $198.2m (2022: $200.0m) of cash relating to non-recourse financing arrangements. An equivalent amount of trade receivables was derecognised on receipt of the cash. At 31 December 2023, $111.7m (2022: $113.6m) had been received from customers in the normal course of business in relation to the same amounts received from the factors. This $111.7m (2022: $113.6m) is due to be paid over to the factors and is included in trade payables. The impact of both the cash received from the facility and the cash received from customers is included within cash generated from operations.

32 Employees and directors

Employee benefits expense	2023 $m	2022 $m
Wages and salaries	**2,414.3**	2,808.0
Social security costs	**180.6**	196.1
Pension costs – defined benefit schemes (note 33)	**2.9**	1.7
Pension costs – defined contribution schemes (note 33)	**97.4**	103.5
Share based charges (note 24)	**19.6**	20.7
	2,714.8	3,130.0

Average monthly number of employees (including executive directors)	2023 No.	2022 No.
By geographical area:		
UK	**4,928**	5,601
US	**6,443**	9,128
Rest of the World	**20,701**	20,721
	32,072	35,450

The average number of employees excludes contractors and employees of joint venture companies.

Key management compensation	2023 $m	2022 $m
Salaries and short-term employee benefits	**9.0**	13.9
Amounts receivable under long-term incentive schemes	**0.8**	0.7
Social security costs	**0.8**	1.0
Post-employment benefits	**0.2**	0.3
Share based charges	**2.5**	3.6
Termination benefits	**-**	0.9
	13.3	20.4

Key management compensation represents the charge to the income statement in respect of the remuneration of the Group board and Group Executive Leadership Team ('ELT') members. At 31 December 2023, key management held 0.2% of the voting rights of the company.

Directors	2023 $m	2022 $m
Aggregate emoluments	**3.6**	3.8
Aggregate amounts receivable under long-term incentive schemes	**0.3**	0.3
Aggregate gains made on the exercise of share options	**0.1**	0.3
Share based charges	**1.1**	1.6
	5.1	6.0

At 31 December 2023, two directors (2022: one) had retirement benefits accruing under a defined contribution pension plan and no directors (2022: none) had benefits accruing under a defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

Notes to the financial statements continued

33 Retirement benefit schemes

The Group operates a number of defined benefit pension schemes which are largely closed to future accrual. The assets of the defined benefits schemes are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. The trustees of the pension schemes are required by law to act in the best interests of the scheme participants and are responsible for setting certain policies (such as investment, contribution and indexation policies) for the schemes.

At 31 December 2023, the largest schemes by gross obligation are the Wood Pension Plan ('WPP') in the UK, the Foster Wheeler Inc Salaried Employees Pension Plan ('FW Inc SEPP') in the US and the Foster Wheeler Inc Pension Plan for Certain Employees ('FW Inc PPCE') in the US. These pension plans provide certain former employees with leaving service benefits that are generally based on service and salary.

The scheme valuations are based on the membership data contained within the triennial valuation of Wood Pension Plan as at 31 March 2023, and the valuation of the Foster Wheeler Inc SEPP/PPCE as at 1 January 2023. The scheme valuations have been updated by the schemes' actuaries for the requirement to assess the present value of the liabilities of the schemes as at 31 December 2023. The assets of the schemes are stated at their aggregate market value as at 31 December 2023. It is expected that the Group will make funding and expense contributions to these pension plans totalling $6.9m in the calendar year 2024 (nil in 2023) in line with the funding requirements agreed for the plans.

The actuarial valuation method is prescribed by the IAS 19 accounting standard and uses discount rates determined by the yields on high quality, AA rated, bonds at the measurement date. Conversely, each pension scheme is subject to a separate technical provisions or funding basis valuation which is considered to be more prudent than the IAS 19 methodology. Under IAS 19, the Wood Pension Plan is 116% funded on 31 December 2023 compared to 109% funded on the technical provisions basis.

Management have considered the requirements of IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and consider it is appropriate to recognise the IAS 19 surplus in the Wood Pension Plan. The rules governing these schemes provide an unconditional right to a refund assuming the gradual settlement of the scheme's liabilities over time until all members have left the schemes. The requirements of IFRIC 14 also mean there is no requirement to recognise any additional liabilities in relation to deficit funding requirements. At the balance sheet date, there are no plans to exercise the unconditional right to a refund and other assets are being explored to use the surplus, and therefore the tax rate applied to the surplus of the UK scheme is 25%.

Scheme membership at the date of the most recent scheme census was as follows:

	2023 Wood Pension Plan	**2023 FW Inc SEPP**	**2023 FW Inc PPCE**	2022 Wood Pension Plan	2022 FW Inc SEPP	2022 FW Inc PPCE
Active members	**303**	**30**	**22**	494	44	28
Deferred members	**7,190**	**734**	**266**	8,313	622	437
Pensioner members	**10,178**	**2,245**	**833**	10,149	2,233	871

Active members includes deferred members still employed but not actively contributing to the scheme.

The principal assumptions made by the actuaries at the balance sheet date were:

	2023 Wood Pension Plan %	**2023 FW Inc SEPP %**	**2023 FW Inc PPCE %**	2022 Wood Pension Plan %	2022 FW Inc SEPP %	2022 FW Inc PPCE %
Discount rate	**4.8**	**4.9**	**4.9**	5.0	5.2	5.2
Rate of increase in pensions in payment and deferred pensions	**2.8**	**N/A**	**N/A**	2.8	N/A	N/A
Rate of retail price index inflation	**3.0**	**N/A**	**N/A**	3.1	N/A	N/A
Rate of consumer price index inflation	**2.6**	**N/A**	**N/A**	2.6	N/A	N/A

The assumptions on the FW Inc SEPP and FW Inc PPCE in the above table are not applicable since there are no post-retirement increases or cost of living adjustments provided in these plans. With no cost of living adjustments, there are no underlying retail price index or consumer price index assumptions to consider.

The mortality assumptions used to determine pension liabilities in the main schemes at 31 December 2023 were as follows –

Scheme	**Mortality assumption**
Wood Pension Plan	**Base table** Non-pensioners: Males: 102% of S3PMA Females: 104% of S3PFA_M Pensioners: Males: 97% of S3PMA Females: 99% of S3PFA_M **Future improvements** Scheme specific table with CMI 2022 (Sk =7.0) projections and a long-term rate of improvement of 1.25% pa, initial addition ("A" parameter) of 0.3, 25% weight on 2022 data and no weight on 2020 and 2021 data
FW Inc SEPP and FW Inc PPCE	Pri-2012 Employee and Annuitant tables for males and females with generational projection using Scale MP-2021 with no collar adjustments and Pri-2012 Contingent Annuitant mortality for spouses and beneficiaries with generational projection using Scale MP-2021 with no collar adjustments

33 Retirement benefit schemes (continued)

The mortality assumption uses data appropriate to each of the Group's schemes adjusted to allow for expected future improvements in mortality using the latest projections. Assumptions regarding future mortality are based on published statistics and the latest available mortality tables. In relation to the Wood Pension Plan, the Group has reflected the latest available data on the mortality characteristics of plan members following a mortality study undertaken since the prior year-end. The Group has also adopted the CMI_2022 model for projecting future improvements in life expectancy with the following parameters: s-kappa of 7.0, no weight to 2020 and 2021 death data and 25% weight to 2022 death data and an initial addition parameter of 0.3. The impact of adopting this revised mortality assumption, compared to the assumption adopted for the prior year, is around a 3% reduction in the value of the defined benefit obligation. In setting the assumptions, the Group has also reflected the results of a separate demographic study which assessed the proportion of plan members who are expected to have an eligible dependant and the likely age difference of any dependant. The impact of adopting these revised assumptions is around 2.3% increase in the value of the defined benefit obligation compared to the prior year.

For the schemes referred to above the assumed life expectancies are shown in the following table:

	2023 Wood Pension Plan	**2023 FW Inc SEPP**	**2023 FW Inc PPCE**	2022 Wood Pension Plan	2022 FW Inc SEPP	2022 FW Inc PPCE
Life expectancy at age 65 of male aged 45	**22.9**	**22.2**	**22.2**	23.8	22.1	22.1
Life expectancy at age 65 of male aged 65	**22.0**	**20.7**	**20.7**	22.5	20.6	20.6
Life expectancy at age 65 of female aged 45	**24.8**	**24.1**	**24.1**	25.5	24.0	24.0
Life expectancy at age 65 of female aged 65	**23.7**	**22.6**	**22.6**	24.0	22.6	22.6

The amounts recognised in the income statement are as follows:

	2023 $m	2022 $m
Current service cost	**2.9**	1.7
Past service credit	**–**	–
Total expense included within operating profit	**2.9**	1.7

Interest cost	**126.7**	78.0
Interest income on scheme assets	**(145.0)**	(80.4)
Total included within finance income	**(18.3)**	(2.4)

The amounts recognised in the balance sheet are determined as follows:

	2023 $m	2022 $m
Present value of funded obligations	**(2,707.3)**	(2,533.0)
Fair value of scheme assets	**3,019.1**	2,892.2
Net surplus	**311.8**	359.2

Changes in the present value of the defined benefit liability are as follows:

	2023 $m	2022 $m
Present value of funded obligations at 1 January	**2,533.0**	4,626.6
Current service cost	**2.9**	1.7
Interest cost	**126.7**	78.0
Re-measurements:		
- actuarial losses/(gains) arising from changes in financial assumptions	**48.1**	(1,544.5)
- actuarial gains arising from changes in demographic assumptions	**(16.9)**	(31.4)
- actuarial losses arising from changes in experience	**41.6**	72.0
Benefits paid	**(164.4)**	(177.3)
Decrease due to divestments	**-**	(58.7)
Exchange movements	**136.3**	(433.4)
Present value of funded obligations at 31 December	**2,707.3**	2,533.0

Notes to the financial statements continued

33 Retirement benefit schemes (continued)

Changes in the fair value of scheme assets are as follows:

	2023 $m	2022 $m
Fair value of scheme assets at 1 January	**2,892.2**	4,811.5
Interest income on scheme assets	**145.0**	80.4
Contributions	**3.1**	42.5
Benefits paid	**(164.4)**	(177.3)
Re-measurement losses on scheme assets	**(9.4)**	(1,333.0)
Expenses paid	**(7.6)**	(7.4)
Decrease due to divestments	**-**	(55.9)
Exchange movements	**160.2**	(468.6)
Fair value of scheme assets at 31 December	**3,019.1**	2,892.2

Analysis of the movement in the balance sheet surplus:

	2023 $m	2022 $m
Surplus at 1 January	**359.2**	184.9
Current service cost	**(2.9)**	(1.7)
Finance income	**18.3**	2.4
Contributions	**3.1**	42.5
Re-measurement (losses)/gains recognised in the year	**(82.2)**	170.9
Expenses paid	**(7.6)**	(7.4)
Increase due to divestments (note 7)	**-**	2.8
Exchange movements	**23.9**	(35.2)
Surplus at 31 December	**311.8**	359.2

The increased surplus due to divestments of $2.8m in 2022 relates to sale of a net pension liability on a small US scheme. This forms part of the disposal of the Built Environment Consulting business outlined in note 7.

The net surplus at 31 December is presented in the Group balance sheet as follows:

	2023 $m	2022 $m
Wood Pension Plan	**391.9**	**432.4**
Retirement benefit scheme surplus	**391.9**	**432.4**
Foster Wheeler Inc SEPP/PPCE	**(52.5)**	**(49.4)**
All other schemes	**(27.6)**	**(23.8)**
Retirement benefit scheme deficit	**(80.1)**	**(73.2)**
Net surplus	**311.8**	**359.2**

33 Retirement benefit schemes (continued)

For the principal schemes the defined benefit obligation can be allocated to the plan participants as follows:

	2023 Wood Pension Plan %	**2023 FW Inc SEPP %**	**2023 FW Inc PPCE %**	2022 Wood Pension Plan %	2022 FW Inc SEPP %	2022 FW Inc PPCE %
Active members	**3.9**	**2.4**	**1.6**	5.6	3.5	1.7
Deferred members	**32.9**	**24.6**	**12.8**	38.5	23.1	12.9
Pensioner members	**63.2**	**73.0**	**85.6**	55.9	73.4	85.4

The weighted average duration of the defined benefit obligation is as follows:

	2023 Wood Pension Plan years	**2023 FW Inc SEPP years**	**2023 FW Inc PPCE years**	2022 Wood Pension Plan years	2022 FW Inc SEPP years	2022 FW Inc PPCE years
Duration of defined benefit obligation	**13.0**	**8.1**	**7.3**	13.0	8.1	7.3

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2023 Wood Pension Plan $m	**2023 FW Inc SEPP $m**	**2023 FW Inc PPCE $m**	2022 Wood Pension Plan $m	2022 FW Inc SEPP $m	2022 FW Inc PPCE $m	**2023 Quoted on active market %**	2022 Quoted on active market %
Equities	**5.2**	**26.2**	**53.1**	10.6	31.1	62.4	**89.8**	93.8
Property[a]	**34.0**	**-**	**-**	75.7	-	-	**–**	–
Bonds (including gilts)	**1,398.2**	**39.8**	**48.5**	1,254.7	37.2	44.3	**100.0**	100.0
Liability-Driven Investments (LDIs)	**1,554.5**	**-**	**-**	1,456.3	-	-	**100.0**	100.0
Cash	**101.9**	**0.9**	**1.7**	124.3	0.8	1.7	**100.0**	100.0
Liquidity funds	**14.8**	**-**	**-**	248.6	-	-	**100.0**	100.0
Derivatives[b]	**(286.0)**	**-**	**-**	(480.1)	-	-	**–**	–
Investment funds	**-**	**3.7**	**7.6**	-	3.3	6.8	**100.0**	100.0
	2,822.6	**70.6**	**110.9**	2,690.1	72.4	115.2	**n/a**	n/a

Notes

a. Property assets are valued based on an analysis of recent market transactions supported by market knowledge derived from third-party, independent valuation experts
b. Derivatives are mainly related to repurchase agreements used to fund liability driven investments

As at 31 December 2023, 108.2% (2022: 113.7%) of total scheme assets in the principal schemes have quoted prices in active markets.

The Plan has a target allocation of 50% of investments held in cashflow-matching assets, with the remaining 50% allocated to liability-matching assets, designed to partially offset the movements in the Plan's liabilities caused by movements in interest rates and inflation. This asset split reflects the Trustee's current view of the most appropriate investments balancing risk/reward characteristics of the funds the Plan is invested in. During the accounting period the Plan has continued the process of selling down the growth assets in the portfolio.

As a result, the value of the property portfolio has declined over the reporting period. This was partly due to two properties being sold during 2023, totalling £23.9 million disposal proceeds alongside valuation reductions across the property portfolio driven by a combination of wider property market valuations weakening as well as property specific factors in the portfolio.

The reduction in the cash allocation over the 12 months to 31 December 2023 is predominantly down to the cash and cash equivalents balance within the BlackRock LDI mandate. In Q4 2022 the LDI mandate was recapitalised following the UK governments "mini budget" and the gilts crisis that followed and this resulted in a higher than usual cash balance in the LDI mandate at 31 December 2022. This cash balance has been invested into gilts and other hedging instruments during 2023 reducing the allocation.

The majority of the change in the value of the derivatives allocation can be attributed to a change in the allocation to gilt repos in the LDI mandate. The remainder of the change is the result of derivatives exposure at the buy and maintain credit managers who use derivatives to hedge currency risk. As currency pairs fluctuate, the market value of derivatives within these mandates will also fluctuate.

The Trustee's policy and beliefs in relation to ESG factors for the Plan are set out in the Statement of Investment Principles. The Trustee also undertake TCFD reporting annually, which assesses the climate impact of the Plan's portfolio as well as the potential risks that differing climate change scenarios may pose to the Plan over differing time horizons. Individual investment manager ESG ratings are reviewed in detail annually and the Trustees discuss ESG related issues when meeting with the Plan's investment managers.

The Group seeks to fund its pension plans to ensure that all benefits can be paid as and when they fall due. The Group is in the process of finalising the 31 March 2023 valuation, but due to the significant surplus, no contribution will be likely.

The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements.

Notes to the financial statements continued

33 Retirement benefit schemes (continued)

Scheme risks

The retirement benefit schemes are exposed to a number of risks, the most significant of which are –

Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of a single investment would not have a material impact on the overall level of assets.

The schemes hold various liability driven investments comprising physical gilts, swap and leveraged gilt exposures to provide asset protection against interest and inflation factors inherent in their liability valuations. Collateral buffers have been further strengthened by de-risking steps taken to disinvest from equities and it is believed the WPP has sufficient collateral to withstand a sizable level of movement in interest rates. Of the scheme's liabilities 105.2% are currently hedged against interest rates and 103.7% against inflation rate risk.

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation. This would however be offset to some extent by a corresponding increase in the value of the scheme's bond asset holdings.

Inflation risk

The majority of benefits in deferment and in payment are linked to price inflation so higher actual inflation and higher assumed inflation will increase the defined benefit obligation.

Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to members' life expectancies will increase the defined benefit obligation, all other things being equal.

Sensitivity of the retirement benefit obligation

The impact of changes to the key assumptions on the retirement benefit obligation is shown below. The sensitivity is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension obligation recognised in the Group balance sheet.

Approximate increase/(decrease) on scheme liabilities	**Wood Pension Plan 2023 $m**	Wood Pension Plan 2022 $m	**FW Inc SEPP 2023 $m**	FW Inc SEPP 2022 $m	**FW Inc PPCE 2023 $m**	FW Inc PPCE 2022 $m
Discount rate						
Plus 0.5%	**(146.6)**	(134.0)	**(3.2)**	(3.2)	**(5.2)**	(5.4)
Minus 0.5%	**163.0**	151.5	**3.5**	3.5	**5.6**	5.7
Inflation						
Plus 0.1%	**15.0**	13.3	**N/A**	N/A	**N/A**	N/A
Minus 0.1%	**(14.9)**	(13.2)	**N/A**	N/A	**N/A**	N/A
Life expectancy						
Plus 1 year	**86.5**	75.5	**3.0**	2.9	**6.2**	6.1
Minus 1 year	**(87.0)**	(73.6)	**(3.0)**	(2.9)	**(6.1)**	(6.0)

The sensitivity analysis covering the impact of reasonably plausible movements in pension assumptions are included in the above table. The 0.5% sensitivity applied is considered to be sufficient on the basis of minimal movements between 2023 and 2022 on the interest rates of high-quality corporate bonds in the currency in which the benefits will be paid and that have terms to maturity similar to those of the related retirement benefit obligation. The discount rate sensitivities can be extrapolated downwards and upwards to broadly calculate the impact of a 0.25% and 1% discount rate movement respectively.

Defined contribution plans

Pension costs for defined contribution plans were as follows:

	2023 $m	2022 $m
Defined contribution plans	**97.4**	103.5

There were no material contributions outstanding at 31 December 2023 in respect of defined contribution plans.

The Group operates a Supplemental Executive Retirement Plan (SERP) pension arrangement in the US for certain employees. During the year, the Group made contributions of $0.1m (2022: $0.1m) to the arrangement. Contributions are invested in a portfolio of US funds and the fair value of the funds at the balance sheet date are recognised by the Group in other investments. Investments held by the Group at 31 December amounted to $51.7m (2022: $55.6m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

34 Contingent liabilities

General

A contingent liability is a potentially material present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Cross guarantees

At the balance sheet date, the Group had cross guarantees extended to its principal bankers and surety providers in respect of sums advanced to subsidiaries and certain joint ventures. A liability will only occur in the event of a default by a subsidiary or certain joint ventures on its obligations.

Legal claims

From time to time, the Group is notified of claims in respect of work carried out on customer projects or as subcontractor to others. For a number of these claims the potential exposure is material. Where management believes we are in a strong position to defend these claims no provision is made, such that no economic outflow is probable. This includes a civil administrative determination, made by the Contraloría General de la República de Colombia against two Amec Foster Wheeler subsidiaries, along with 22 others, in relation to work carried out for Refineria de Cartagena, S.A ("Reficar") between 2009 and 2016. We are continuing to vigorously challenge this determination and we are confident in our ability to prevail. This also includes commercial disputes which arise predominantly within our Projects business, some of which may evolve within the next 12 months and these will be reassessed in future periods as the Group engages in defences to the claims.

At any point in time there are a number of claims where it is too early to assess the merit of the claim, and hence it is not possible to make a reliable estimate of the potential financial impact. In performing this assessment, the directors considered the nature of existing litigations or claims, the progress of matters, existing law and precedent, the opinions and views of legal counsel and other advisors, the Group's experience in similar cases (where applicable) and other facts available to the Group at the time of assessment. The director's assessment of these factors may change over time as individual litigations or claims progress.

The group carries insurance coverage and in the event of future economic outflow arising with respect to any of these contingencies, an element of reimbursement may occur, subject to any excess or other policy restrictions and limits.

Investigations

Following the settlement of the various regulatory investigations in 2021, it remains possible that there may be other adverse consequences for the Group's business including actions by authorities in other jurisdictions. At this time, these consequences appear unlikely and therefore no provision has made in respect of them in the financial statements.

Employment claims

The Group received assessments from HMRC into the historical application of employer's National Insurance Contributions to workers on the UK Continental Shelf. The assessments have been appealed and our case is stayed for a fixed period. We believe it is more likely than not that we will be able to defend this challenge and therefore as a result do not expect that it is probable a liability will arise. The maximum potential exposure to the Group in relation to tax and interest should we be unsuccessful in our position is approximately $32.5m.

Indemnities and retained obligations

The Group has agreed to indemnify certain third parties relating to businesses and/or assets that were previously owned by the Group and were sold to them. Such indemnifications relate primarily to breach of covenants, breach of representations and warranties, as well as potential exposure for retained liabilities, environmental matters and third party claims for activities conducted by the Group prior to the sale of such businesses and/or assets. We have established provisions for those indemnities in respect of which we consider it probable that there will be a successful claim, to the extent such claim is quantifiable. The Group sold its Built Environment Consulting business to WSP in late 2022 and the share purchase agreement provided an indemnity for losses on three specified contracts. No provisions were considered necessary for these contracts as at 31 December 2023.

Tax planning

HMRC have challenged the deductibility of certain interest expenses in relation to loans from Irish resident finance companies to the UK. The tax treatment of the Irish finance companies under the UK controlled foreign company regime was previously considered as part of the EU State Aid, but no state aid was found to apply. A significant amount of contemporaneous documentation has been provided to HMRC regarding the transition from a previous finance company structure in the Netherlands, and subsequent funding of acquisitions via the Irish companies. HMRC continue with their enquiries. We believe that the interest deductions have been appropriately taken in line with tax legislation and guidance and therefore do not expect any outflow as a result, however we continue to monitor case law in the area and will consider the challenges of HMRC when raised. The maximum potential exposure to the Group including interest in relation to the interest deductions is approximately $39.5m and in the event of any amount ultimately being payable there is no prospect of any reimbursement.

35 Capital and other financial commitments

	2023 $m	2022 $m
Contracts placed for future capital expenditure not provided in the financial statements	**102.3**	74.8

The capital expenditure above relates to software costs which will be included within intangible asset additions when incurred.

Notes to the financial statements continued

36 Related party transactions

The following transactions were carried out with the Group's joint ventures. These transactions comprise sales and purchases of goods and services and funding provided in the ordinary course of business. The receivables include loans to joint venture companies.

	2023 $m	2022 $m
Sale of goods and services to joint ventures	**3.6**	12.2
Purchase of goods and services from joint ventures	**0.6**	4.3
Receivables from joint ventures	**9.8**	8.9
Payables to joint ventures	**12.1**	0.3

Compensation of key management personnel includes salaries, non-cash benefits and contributions to post retirement benefits schemes disclosed in note 32.

The Group operates a number of defined benefit pension arrangements and seeks to fund these arrangements to ensure that all benefits can be paid as and when they fall due. The Group has an agreed schedule of contributions with the UK plan's trustees where amounts payable by the Group are dependent on the funding level of the respective scheme. The US plans are funded to ensure that statutory obligations are met and contributions are generally payable to at least minimum funding requirements. Note 33 sets out details of the Group's pension obligations under these arrangements.

37 Post balance sheet events

The directors have reviewed the position of the Group, up to the date authorised for issue of these financial statements and have not identified any events arising after the reporting period which require disclosure.

38 Subsidiaries, joint ventures and other related undertakings

The Group's subsidiary and joint venture undertakings at 31 December 2023 are listed below. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Algeria		
SARL Wood Group Algeria	Regus Algeria, Tour Nord, Centre Commercial et Administratif de Bab Ezzouar,, Quartier d'affaires de Bab Ezzouar, Algeria Properties	100
Wood Group Somias SPA	PO Box 67, Elmalaha Road (Route des Salines), Elbouni, Annaba, Algeria	55
Angola		
Production Services Network Angola Limitada	RuaKima Kienda, Edificio SGEP, 2nd Floor, Apartment 16, Boavista District, Ingombota, Luanda, Angola	49*
Wood Group Kianda Limitada	No 201, Rua Engenheiro Armindo de Andrade,Bairro Miramar, Simbizanga, Luanda, Angola	41*
Argentina		
Foster Wheeler E&C Argentina S.A.	Paraguay 1866, Buenos Aires, Argentina	100
ISI Mustang (Argentina) S.A.	Pedro Molina 714, Provincia de Mendoza, Ciudad de Mendoza, Argentina	100
Wood Solar Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Wood Wind Argentina S.A.U.	Tucuman 1 Floor 4, Buenos Aires, Argentina	100
Australia		
Amec Foster Wheeler Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Aus-Ops Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Innofield Services Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
RIDER HUNT INTERNATIONAL (AUSTRALIA) PTY LTD	Level 3, 171 Collins Street, Melbourne, VIC 3000, Australia	100
SVT Holdings Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Architecture Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Australia Pty Ltd	Level 3, 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Wood Field Services Pty Ltd	Level 3, 171 Collins Street ,Melbourne, VIC, 3000, Australia	100
Wood Group Australia PTY Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Wood Group Kenny Australia Pty Ltd	Level 1, 240 St Georges Terrace, Perth, WA 6000, Australia	100
Azerbaijan		
AMEC Limited Liability Company	37 Khojali Street, Baku, AZ1025, Azerbaijan	100
Wood Group PSN Azerbaijan LLC	Khojali Avenue,Building 37, Khatal District, Baku, AZ1025, Azerbaijan	100
Bermuda		
Foster Wheeler Ltd.	Clarendon House, 2 Church Street, Hamilton, HM-11, Bermuda	100
FW Management Operations, Ltd.	Clarendon House, 2 Church Street, Hamilton HM CX, Bermuda	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Brazil		
Amec Foster Wheeler America Latina, Ltda.	Rua Evaristo da Veiga No. 65, Salas 1101, 1201 e 1202 do Sector 1, Edificio Passeio Corporate, Centro, Rio de Janeiro, CEP 20.031-040, Brazil	100
Amec Foster Wheeler Brasil S.A.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Petroleo e Gas Ltda.	Avenida das Americas, n 3.434, Bloco 2, salas 307 e 308, Centro Empresarial Mario Henrique Simonsen, Barra da Tijuca, CEP 22.640-102, Brazil	100
AMEC Projetos e Consultoria Ltda	Rua Professor Moraes No. 476, Loja 5, Sobreloja, Bairro Funcionarios, Belo Horizonte, Minas Gerais, 30150-370, Brazil	100
FW Industrial Power Brazil Ltda	Alameda Santos, 1293, Room 63, Cerqueira César, Sao Paulo, 01419-002, Brazil	100
Santos Barbosa Tecnica Comercio e Servicos Ltda.	Estrada Sao Jose do Mutum, 301 - Imboassica, Cidade de Macae, Rio de Janeiro, CEP 27973-030, Brazil	100
Wood Group Engineering and Production Facilities Brasil Ltda.	Rua Ministro Salgado Filho,119, Cavaleiros, Cidade de Macae,CEP 27920-210, Estado do Rio de Janeiro	100
Wood Group Kenny do Brasil Servicos de Engenharia Ltda.	Rua Sete de Setembro, 54 - 4 andares, Centro, Rio de Janeiro - RJ, CEP 20050-009, Brazil	100
Brunei Darussalam		
Amec Foster Wheeler (B) SDN BHD	Unit No.s 406A-410A, Wisma Jaya, Jalan Pemancha, Bandar Seri Begawan BS8811, Brunei Darussalam	100
Bulgaria		
AMEC Minproc Bulgaria EOOD	7th Floor, 9-11 Maria Louisa Blvd, Vazrazhdane District, Sofia 1301, Bulgaria	100
Cameroon		
Amec Foster Wheeler Cameroun SARL	Cap Limboh, Limbe, BP1280, Cameroon	100
Canada		
2292127 Alberta Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Amec Foster Wheeler Canada Ltd.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Rider Hunt International (Alberta) Inc.	900 AMEC Place, 801-6th Avenue S.W., Calgary, AB, T2P 3W3, Canada	100
Wood Canada Limited	1900, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Asset Integrity Solutions, Inc.	1900, 520 - 3rd Avenue SW, Calgary, AB, T2P 0R3, Canada	100
Wood Group Canada, Inc.	Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Solar Canada Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Wood Wind Canada Ltd.	1900, 520 - 3rd Ave. S.W., Calgary, AB, T2P 0R3, Canada	100
Cayman Islands		
FW Chile Holdings Ltd.	Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, George Town, KY1-1111	100
Wood Group O&M International, Ltd.	Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, George Town, KY1-1102, Cayman Islands	100
Chile		
Amec Foster Wheeler Talcahuano, Operaciónes y Mantenciones Limitada	Camino A Ramuntcho 3230, Sector 4 Esquinas, Talcahuano, Chile	100
ISI Mustang Chile SpA	Calle Providencia 337, off. 7, Comuna de Providencia, Santiago, Chile	100
Wood Chile Limitada	Avenida Presidente Riesco 5335, piso 8, Las Condes, Chile	100
Wood Ingenieria y Consultoria Chile Limitada	Avenida Larrain 5862, Piso 11, La Reina, Santiago, 7870154, Chile	100
China		
Liaoning Province Pharmaceutical Planning and Designing Institution Co. Ltd.	3rd Floor, Gate 4, 153-10 Chuangxin Road, Hunnan District, Shenyang, Liaoning Province, China	100
Shenyang Dongyu Youan Pharmaceutical Technology Co. Ltd.	Gate 2, 8# Wulihe Street, Heping District, Shenyang, Liaoning Province, China	76
Colombia		
Wood Engineering & Consultancy Colombia S.A.S.	Carrera 11 A No. 96-51 5th floor, Bogota D.C., Colombia	100
Cyprus		
WGPS International Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Angola Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Wood Group Equatorial Guinea Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	100
Democratic Republic of Congo		
MDM Engineering SPRL	32 Avenue 3Z, Commune de Kasuku, Ville de Kindu, Democratic Republic of Congo	100
Egypt		
Foster Wheeler Petroleum Services S.A.E.	Al-Amerya General Free Zone, Alexandria, Egypt	100
Equatorial Guinea		
Baker Energy International Equatorial Guinea S.A.	Bioko, Island Region, Malabo	65
Hexagon Sociedad Anonima con Consejo de Administracion	c/o Solege, Calle Kenia S/N, Malabo, Equatorial Guinea	65

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
France		
Amec Foster Wheeler France S.A.	14, Place de la Coupole, Charenton-le-Pont, France, 94220	100
Wood Group Engineering Services (France) SAS	6Pl de la Madeleine, 75008, Paris, France	100
Wood Group France SAS	108 rue de Longchamp 75116 Paris	100
Gabon		
Production Services Network Gabon SARL	1.149, Republic Boulevard, CEDAM Building, 6th Floor, Bali - Douala, Douala, PO Box 3586, Cameroon	100
Germany		
Bauunternehmung Kittelberger GmbH i.L.	Liebigstr. 1-3, Kaiserslautern, 67661, Germany	100
KIG Immobilien Beteiligungsgesellschaft mbH	Hammstrasse 6, 04129 Leipzig, Germany	100
KIG Immobiliengesellschaft mbH & Co. KG	Hammstrasse 6, 04129 Leipzig, Germany	100
Wood E&IS (Renewables) GmbH	Zippelhaus 4, 20457 Hamburg, Germany	100
Ghana		
Amec Foster Wheeler Operations Ghana Limited	House Number 4, Momotse Avenue, Behind All Saints Anglican Church, Adabraka, PO Box GP 1632, Accra, Greater Accra, Ghana	100
Wood & BBS Ghana Ltd	No 4 Momotsa Avenue, Behind All Saints Anglican Church, Adabraka, Accra, Ghana	80
Wood Group Ghana Limited	20 Jones Nelson Road, Adabraka, Accra, Ghana	49*
Greece		
Amec Foster Wheeler Hellas Engineering and Construction Societe Anonyme	15 Meandrou Street, Athens, 115 28, Greece	100
Guatemala		
AMEC Guatemala Engineering and Consulting, Sociedad Anonima	Ciudad Guatemala, Guatemala	100
Guernsey		
AMEC Operations Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Garlan Insurance Limited	PO Box 33, Maison Trinity, Trinity Square, St Peter Port, GY1 4AT, Guernsey	100
Wood Group Offshore Services Limited	PO Box 119 Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Guernsey	100
Wood USA Holdings Limited	22 Havilland Street, St Peter Port, GY1 2QB, Guernsey	100
Hong Kong		
AMEC Asia Pacific Limited	3806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	99
India		
Ingenious Process Solutions Private Limited	307, Atlanta Estate, 3rd Floor, Hanuman Tekdil Road Vitbhatti, Off. W.E. Highway, Goregaon (East) Mumbai MH 400063	100
Mustang Engineering India Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood India Engineering & Projects Private Limited	6th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai 600 113, India	100
Wood Group Kenny India Private Limited	15th Floor Tower-B, Building No. 5, DLF Cyber City, ,HR, Phase III Gurgaon Gurgaon, 122002, India	100
Wood Group PSN India Private Limited	5th Floor, Zenith Building, Ascendas IT Park, CSIR Road, Taramani, Chennai, 600113, India	100
Indonesia		
PT AGRA Monenco	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
PT Amec Foster Wheeler Indonesia	Perkantoran Pulo mas Blok VII No. 2, Jl Perintis Kemerdekaan, Pulo Gadung, Jakarta, Timur, Indonesia	55
PT Australian Skills Training	Green Town Warehouse No. 2, Bengkong-Batam-Indonesia, Indonesia	95
PT Foster Wheeler O&G Indonesia	Perkantoran Pulo mas Blok VII No.2, Jl. Perintis Kemerdekaan, Pulo Gadung, Jakarta Timur 13260, Indonesia	90
PT Harding Lawson Indonesia	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	95
PT Simons International Indonesia	c/o 2020 Winston Park Drive, Suite 7000, Oakville, Ontario, Canada	100
PT Wood Group Indonesia	Gedung Perkantoran Prudential Centre, Kota Kasablanka, Lantai 22, Unit A, J1, Cassablanca Kav, 88 Kel. Menteng Dalam, Kec.Tebet, Kota Adm, Jarkarta Selantan, DKI Jarkarta, Malaysia	90
Iran		
Foster Wheeler Adibi Engineering	9th Floor Aluminumm Building, Avenue Shah, Tehran	45
Wood Group Iran - Qeshm Company (pjs)	No 2564, Hafez Street, Toola Industrial Park,Qeshm Island, Annaba, Iran	97
Iraq		
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Suite 24, Building 106,St 19, Sec 213, Al-Kindi St, Al-Haritheeya Qts, Baghdad, Iraq	100
Touchstone General Contracting, Engineering Consultancy and Project Management LLC	Flat no. 23A, 3rd Floor, near Kahramana Square Anbar Building, District no. 903, Hay Al Karada, Baghdad, Iraq	100
Ireland		
Wood Group Kenny Ireland Limited	Second Floor, Blocks 4 and 5, Galway Technology Park, Parkmore, Galway, Ireland	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Italy		
Concetto Green S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Concettorinnovabile s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
ForEarth S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Geo Rinnovabile S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Green2dream s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Green2grid S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream1 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Greendream2 S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
HWF S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Hybrid Energy S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Newagro s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Oro Rinnovabile s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Orosolare s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4green s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4planet S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Res4power s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Resergy S.r.l	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Transizione s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Transizioneverde s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Tre Rinnovabili S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Versogreen s.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Wood Italiana S.r.l.	Via S. Caboto 15, Corsico, 20094, Italy	100
Wood Solare Italia S.r.l.	Via S. Caboto 15, Corsico, Milan, 20094, Italy	100
Jamaica		
Monenco Jamaica Limited	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Jersey		
RHI Talent UK Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Engineering Services (Middle East) Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Wood Group Production Facilities Limited	28 Esplanade, St Helier, JE2 3QA, Jersey	100
Kazakhstan		
AMEC Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Foster Wheeler Kazakhstan LLP	app. 27, h. 64, Bostandykskiy district, Abaya Ave., Almaty City, Kazakhstan	100
QED International (Kazakhstan) Limited Liability Partnership	46 Satpayev St., Atyrau City, Atyrau Oblast, 060011, Kazakhstan	100
Wood Group Kazakhstan LLP	Satpayev str. 46, Atyrau, 060011, Kazakhstan	100
Kuwait		
AMEC Kuwait Project Management and Contracting Company W.L.L.	2nd Floor, Al Mutawa Building, Ahmed Al Jaber Street, Sharq, Kuwait City	49*
Luxembourg		
Financial Services S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
FW Investment Holdings S.à r.l.	15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg	100
Malaysia		
Amec Foster Wheeler OPE Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
BMA Engineering SDN. BHD.	Unit C-12-4, Level 12, Block C, Megan Avenue II, Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50450, Malaysia	100
Foster Wheeler (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	100
Foster Wheeler E&C (Malaysia) Sdn. Bhd.	Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, Kuala Lumpur, 50100, Malaysia	70
Rider Hunt International (Malaysia) Sdn Bhd	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Kuala Lumpur, 50490, Malaysia	100
Wood Group Kenny Sdn Bhd	c/o Securities Services (Holdings) Sdn Bhd, level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, ,Kuala Lumpur, Damansara Town Centre, Damansa, 50490, Malaysia	25*
Wood Group Mustang (M) Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,Wilayah Persekutuan,Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	100
Mauritius		
MDM Engineering Investments Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
MDM Engineering Projects Ltd	1st Floor, Felix House, 24 Dr Joseph Street, Port Louis, Mauritius	100
P.E. Consultants, Inc.	c/o First Island Trust Company Ltd, Suite 308, St. James Court, St. Denis Street, Port Louis, Mauritius	100
QED International Ltd	c/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1 CyberCity, Ebene, 72201, Mauritius	100

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Mexico		
AGRA Ambiental S.A. de C.V.	c/o 2020 Winston Park Drive, Suite 700, Oakville, ON, L6H 6X7, Canada	100
Amec Foster Wheeler Energia Mexico S. de R.L. de C.V.	Av. Vasconcelos 453, Colonia del Valle 66220 Nuevo Leon, Monterrey (Estados Unidos de México), Mexico	100
Amec Foster Wheeler Mexico, S.A. de C.V.	David Alfaro Siqueiros No.104, Piso 2, Colonia Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, C.P. 66269, Mexico	100
CEC Controls Automatizacion S. de R.L. de C.V.	Libramiento Carr. Silao-León #201, Esq. Prolongación Bailleres, Col. Progreso Silao, Guanajuato, CP. 36135, Mexico	100
Foster Wheeler Constructors de Mexico S. de R.L. de C.V.	699 15th Street, 6th Avenue, Agua Prieta, Sonora, Mexico	80
Global Mining Projects and Engineering, S.A. de C.V.	Calle Coronado 124, Zona Centro, Chihuahau, Chihuahau, 31000, Mexico	100
Harding Lawson de Mexico S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	100
ISI Mustang Servicios de Ingenieria de Mexico, S de R.L. De C.V.	HOMERO 1804 PISO 11,COL. LOS MORALES - DELEGACION MIGUEL HIDALGO, Distrito Federal, Mexico City, C.P. 11540, Mexico	100
Wood Group de Mexico S.A. de C.V.	Insurgentes Sur #619 piso 10, Colonia Napoles, Municipio Benito Juarez, between Calle Vermont and Calle Yosemite, Mexico City, 03810, Mexico	100
Wood Group Management Services de Mexico, S.A. de C.V.	Blvd. Manuel Avila Camacho 40 - 1801, Lomas de Cahpultepec, Delgacion Miguel Hidalgo, Mexico, D.F. 11000	100
Mongolia		
AMEC LLC	Mongol TV Tower-1005, Chinggis Avenue, Sukhbaatar District, 1st khoroo, Ulaanbaatar, Mongolia	100
Mozambique		
Amec Foster Wheeler Mozambique Limitada	Mocambique, Maputo Cidade, Distrito Urbano 1, Bairro Sommerschield II, Av. Julius Nyerere, nº 3412, Maputo, Mozambique	100
Wood Group Mozambique, Limitada	73 Rua Jose Sidumo, Bairro da Polana, Maputo, Mozambique	100
Netherlands		
AMEC GRD SA B.V.	Meander 251, Arnhem, 6825 MC, Netherlands	100
AMEC Holland B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
AMEC Investments B.V.	EDGE Amsterdam West, Basisweg 10, 1043 AP, Amsterdam, Netherlands	100
Foster Wheeler Continental B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
Foster Wheeler Europe B.V.	Naritaweg 165, 1043 BW Amsterdam, Netherlands	100
John Wood Group B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
John Wood Group Holdings BV	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	100
New Zealand		
M&O Pacific Limited	26 Manadon Street, Spotswood, New Plymouth, 4310, New Zealand	100
Nigeria		
AMEC Contractors (W/A) Limited	13A AJ Marinho Drive, Victoria Island, Lagos, Nigeria	100
AMEC King Wilkinson (Nigeria) Limited	No 3, Hospital Road, PO Box 9289, Lagos, Nigeria	100
AMEC Offshore (Nigeria) Limited	18th Floor, Western House, 8/10 Broad street, Lagos, Nigeria	75
Foster Wheeler (Nigeria) Limited	1 Murtala Muhammed Drive, (Formerly Bank Road), Ikoyi, Lagos, Nigeria	100
Foster Wheeler Environmental Company Nigeria Limited	c/o Nwokedi & Co., 21 Ajasa Street, Onikan, Nigeria	87
JWG Nigeria Limited	13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	100
Overseas Technical Services Nigeria Limited	No 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	93
Norway		
Wood Group Norway AS	Fokserodveien 12, Sandefjord, 3241, Norway	100
Oman		
Wood Engineering Consultancy LLC	PO Box 1469, Postal Code 133, Al-Khuwair, Sultanate of Oman	60
Wood LLC	Bldg No. 89, Way No. 6605, Al Oman Street, Ghala Industrial Area, P.O. Box 293, Al Khuwair, PC 133, Oman	70
Papua New Guinea		
Wood Engineering PNG Ltd	Deloitte Touche Tohmatsu, Level 9, Deloitte Haus, Macgregor Street, Section 8, Allotment 19, Port Moresby, National Capital District, Papua New Guinea	100
Wood Group PNG Limited	Dentons PNG, Level 5, Bsp Haus, Harbour City, Port Moreseby,Papau New Guinea, National Capital District, Papua New Guinea	100
Peru		
Wood Group Peru S.A.C.	Av. de la Floresta 407, 5th Floor, San Borja, Lima, Peru	100
Philippines		
Foster Wheeler (Philippines) Corporation	U-7A, 7/F PDCP Bank Centre,V.A. Rufino St. Corner L.P. Leviste St., Salcedo Village, Makati City, PH, 1227	100
Production Services Network Holdings Corp.	585 ME National Road HW, Barangay Alangilan, Batangas City, Batangas, Philippines	100
PSN Production Services Network Philippines Corp	12th Floor, Net One Center,26th Street Corner, 3rd Avenue, Crescent Park West,Taguig, Metro Manilla, Bonifacio Global City, 1634, Philippines	100
Poland		
Amec Foster Wheeler Consulting Poland Sp. z o.o.	ul. Chmielna 132/134, Warsaw, 00-805, Poland	100
Portugal		
Amec Foster Wheeler (Portugal) Lda	Avenida Barbosa du Bocage 113-4, Lisboa, 1050-031, Portugal	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
Qatar		
Production Services Network Qatar LLC	PO Box 2515, Doha, Qatar	49*
Romania		
AMEC Operations S.R.L	Rooms 1 and 2, 2nd Floor, No. 59 Strada Grigore Alexandrescu, Sector 1, Bucharest 010623, Romania	100
Russia		
OOO Amec Foster Wheeler	Office E-100, Park Place, 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation 113/1, Leninsky Prospekt, 117198, Moscow, Russian Federation	100
Production Services Network Eurasia LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	100
Production Services Network Sakhalin LLC	2-6 Floors,88 Amurskaya, Yuzhno-Sakhalinsk, 693020, Russian Federation	99
Saudi Arabia		
Amec Foster Wheeler Energy and Partners Engineering Company	Majd Business Center, Tower B, P.O. Box 30920, King Faisal Road, Al-Khobar, 31952, Saudi Arabia	75
Mustang and Faisal Jamil Al-Hejailan Consulting Engineering Company	PO Box 9175, Almalaz, Salahuddin Alayoubi Street, Riyadh, 11413, Saudi Arabia	70
Mustang Saudi Arabia Co. Ltd.	King Fahad Road, Rakah, Po Box 8145, Al-Khobar, 34225, Saudi Arabia	100
Wood Group ESP Saudi Arabia Limited	PO Box 1280, Al-Khobar	51
Singapore		
Amec Foster Wheeler Asia Pacific Pte. Ltd.	One Marina Boulevard #28-00, Singapore, 018989, Singapore	100
AMEC Global Resources Pte Limited	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Foster Wheeler Eastern Private Limited	1 Marina Boulevard, #28-00, Singapore 018989	100
OPE O&G Asia Pacific Pte. Ltd.	1 Marina Boulevard, #28-00, One Marina Boulevard, 018989, Singapore	100
Rider Hunt International (Singapore) Pte Limited	24 Raffles Place, #24-03 Clifford Centre, Singapore, 048621	100
Simons Pacific Services Pte Ltd.	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore, 018981, Singapore	100
Wood Group International Services Pte. Ltd.	991E Alexandra Road, #01 - 25, 119973, Singapore	100
Slovakia		
The Automated Technology Group (Slovakia) s.r.o.	c/o, Kinstellar s.r.o., Hviezdoslavovo nám 13, Bratislava, 811 02, Slovakia	100
South Africa		
Amec Foster Wheeler Properties (Pty) Limited	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	100
AMEC Minproc (Proprietary) Limited	2 Eglin Road, Sunninghill, 2157, South Africa	100
Wood Minerals and Metals Africa (Pty) Ltd	Building Number 2 - Silverstream Business Park, 10 Muswell Road South, Bryanston, Gauteng, 2021	100
Rider Hunt International South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, No. 10 Muswell Road South, Bryanston, South Africa	83
Wood BEE Holdings (Proprietary) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	58
Wood Mining South Africa (Pty) Ltd	Building No. 2, Silver Stream Business Park, 10 Muswell Road South, Bryanston, Gauteng, 2021, South Africa	100
Wood South Africa (PTY) Ltd	Waterfall Corporate Campus, Building 6, 74 Waterfall Drive Waterval City, Gauteng, 2090, South Africa	70
South Korea		
AMEC Korea Limited	KG Tower 5F, 92 Tongil-ro, Jung-gu, Seoul 04517, Korea	100
Spain		
Amec Foster Wheeler Energia, S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid, Las Rozas, 28232 Las Rozas, Madrid, Spain	100
Wood Iberia S.L.U.	Calle Gabriel Garcia Marquez, no 2, Parque Empresarial Madrid - Las Rozas, 28230 Las Rozas, Madrid, Spain	100
Switzerland		
A-FW International Investments GmbH	c/o Intertrust Services (Schweiz) AG, Alpenstrasse 15, 6300, Zug, Zug, Switzerland	100
Wood Engineering AG	Lohweg 6, 4054 Basel, Switzerland	100
Tanzania		
MDM Projects-Tanzania Limited	Plot No. 483, Garden Road, Mikocheni Ward, Kinondoni District, Dar es Salaam, 14112, Tanzania, the United Republic of	100
Thailand		
Amec Foster Wheeler Holding (Thailand) Limited	1st Floor Talaythong Tower, 53 Moo 9, Sukhumvit Road, Thungsukla, Sriracha, Chonburi, 20230, Thailand	100
Foster Wheeler (Thailand) Limited	53 Talaythong Tower, 1st Floor, Moo 9, Sukhumvit Road, Tambol Tungsukhla, Amphur Sriracha, Chonburi, 20230, Thailand	100
Trinidad and Tobago		
Wood Group Trinidad & Tobago Limited	18 Scott Bushe Street, Port of Spain, Trinidad and Tobago	100
Turkey		
Amec Foster Wheeler Bimas Birlesik Insaat ve Muhendislik A.S.	Kucukbakkalkoy Mah, Çardak Sok, No.1A Plaza, 34750 Atasehir, Istanbul, Turkey	100
Uganda		
Wood Group PSN Uganda Limited	KAA House, Plot 41,Nakasero Road, PO Box 9566, Kampala, Uganda	100
Ukraine		
Wood Ukraine LLC	Room 398, Building 26, Obolonskyi Avenue, Kyiv City, 04205, Ukraine	100
United Arab Emirates		
Production Services Network Emirates LLC	Unit 1301-Cl Tower, Level 13, Al Bateen Street, Khalidiya, Abu Dhabi, PO Box 105828	49*
PSN Overseas Holding Company Limited	The MAZE Tower, 15th Floor, Sheikh Zayed Road, PO Box 9275, Dubai, United Arab Emirates	100

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
United Kingdom		
AFW Finance 2 Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (F.C.G.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MH1992) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (MHL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC (WSL) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC BKW Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Bravo Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Building Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Capital Projects Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Civil Engineering Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler (Holdings) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Earth and Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Asia Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Finance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Amec Foster Wheeler Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Investments Europe Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Offshore Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Process and Energy Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Project Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Trustees Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC USA Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
AMEC Wind Developments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Automated Technology Group Holdings Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
East Mediterranean Energy Services Limited	c/o Ledingham Chalmers LLP, 3rd Floor, 68-70 George Street, Edinburgh, EH2 2LR, United Kingdom	100
Foster Wheeler (G.B.) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (London) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler (Process Plants) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler E&C Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Environmental (UK) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler Europe	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Foster Wheeler UK Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Foster Wheeler World Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
FW Investments Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
HFA Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Integrated Maintenance Services Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
James Scott Limited	Ground Floor, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland	100
John Wood Group Holdings Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
JWG Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
JWGUSA Holdings Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Kelwat Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Metal and Pipeline Endurance Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Mustang Engineering Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Press Construction Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Process Plants Suppliers Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Production Services Network (UK) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Production Services Network Bangladesh Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
PSJ Fabrications Ltd	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
PSN (Angola) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
PSN (Philippines) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
PSN Asia Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
PSN Overseas Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
QED International (UK) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Rider Hunt International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Sandiway Solutions (No 3) Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
SgurrEnergy Limited	St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5LP, Scotland, United Kingdom	100
The Automated Technology Group Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
WGPSN (Holdings) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
WGPSN Eurasia Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood (Indonesia) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood and Company Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Finance UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Algeria Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Algiers Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Annaba Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Arzew Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Engineering & Operations Support Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Engineering (North Sea) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Hassi Messaoud Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Holdings (International) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Kenny Corporate Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Kenny Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Kenny UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Group Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Power Investments Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group Production Services UK Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group UK Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	100
Wood Group/OTS Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood International Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Pensions Trustee Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood Transmission and Distribution Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
Wood UK Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England	100
United States		
4900 Singleton, L.P.	400 North St. Paul, Dallas, TX, 75201	100
AMEC Construction Management, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Arabia Ltd.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Environmental Equipment Company, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Industrial Power Company, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler Martinez, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Amec Foster Wheeler North America Corp.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Amec Foster Wheeler Power Systems, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Amec Foster Wheeler USA Corporation	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
AMEC Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
AMEC North Carolina, Inc.	225, Hillsborough Street, Raleigh, NC, 27603, United States	100

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

Subsidiaries

Company Name	Registered Address	Ownership Interest %
AMEC Oil & Gas World Services, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Barsotti's Inc.	Perryville Corporate Park, 53 Frontage Road, PO Box 9000, Hampton, NJ, 08827-90000	100
BMA Solutions Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
C E C Controls Company, Inc.	United Agent Group Inc., 28175 Haggerty RoadD, Novi, MI, 48377, United States	100
Cape Software, Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Ceres Solar 1, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Ceres Solar 2, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Ceres Solar 3, LLC	8275 South Eastern Avenue #200, Las Vegas, Clark County, NV, 89123, United States	100
Equipment Consultants, Inc.	Corporation Trust Company, 1209 Orange Street, Wilmington, DE, 19801	100
Energy Transition Developments LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 1 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 2 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 3 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 4 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Energy Transition Ventures 5 LLC	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Wood Contract Services LLC	17325 Park Row, Suite 500, Houston, TX, 77084, United States	100
Foster Wheeler Energy Corporation	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Environmental Corporation	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Foster Wheeler Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Intercontinental Corporation	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Foster Wheeler International LLC	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Foster Wheeler LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Foster Wheeler Realty Services, Inc.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Ingenious Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
ISI Group, L.L.C.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
JWGUSA Holdings, Inc.	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Kelchner, Inc.	United Agent Group Inc., 119 E. Court Street, Cincinnati, OH, 45202, United States	100
MACTEC E&C International, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Martinez Cogen Limited Partnership	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	99
Mustang International, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Process Consultants, Inc.	United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
RHI Talent USA Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Rider Hunt International (USA) Inc.	United Agent Group, 2425 W Loop South #200, Houston, TX, 77027, United States	100
Swaggart Brothers, Inc.	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Swaggart Logging & Excavation LLC	United Agent Group Inc., 5708 S.E. 136th Avenue, #2, Portland, OR, 97236, United States	100
Thelco Co.	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801	100
Wood Group Alaska, LLC	United Agent Group Inc., 3411 Silverside Road, Tatnall Bldg. #104, Wilmington, DE, 19810, United States	100
Wood Group PSN, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group Support Services, Inc.	United Agent Group Inc., 8275 South Eastern Av., #200, Las Vegas, NV, 89123, United States	100
Wood Group US Holdings, Inc.	3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	100
Wood Group USA, Inc.	5444 Westheimer #1000, Houston, Harris County, TX, 77056, United States	100
Wood Programs, Inc.	2475 Northwinds Parkway, #200-260, Alpharetta, GA, 30009, United States	100
Uzbekistan		
Wood Energy Solutions LLC	Sulton Darvoza Business Center, 38/1 Shakhrisabz Street, Tashkent, 100060, Uzbekistan	100
Vanuatu		
O.T.S. Finance and Management Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Overseas Technical Service International Limited	Law Partners House, Rue Pasteur, Port Vila, Vanuatu	100
Venezuela		
Amec Foster Wheeler Venezuela, C.A.	Avenida Francisco de Miranda, Torre Cavendes, Piso 9, Ofic 903, Caracas, Venezuela	100

* Companies consolidated for accounting purposes as subsidiaries on the basis of control. There is no material impact on the financial statements of the judgements applied in assessing the basis of control for these entities.

** The Group does not have a direct shareholding in these entities but considers them to be under group control.

38 Subsidiaries, joint ventures and other related undertakings (continued)

Joint Ventures

Company Name	Registered Address	Ownership Interest %
Australia		
Clough AMEC Pty Ltd1	Level 6, QV1 Building, 250 St Georges Terrace, Perth, WA, 6000, Australia	50
Azerbaijan		
Socar-Foster Wheeler Engineering LLC	88A Zardaby Avenue,Baku, Azerbaijan	35
Brunei Darussalam		
TendrillWood Sdn Bhd	Lot 29 & 30, Tapak Perindustrian Sungai Bera, Kampong Sungai Bera, Seria, Belait, KB1933, Brunei Darussalam	75
Canada		
ABV Consultants Ltd1	Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada	50
AMEC Black & McDonald Limited1	60 Cutler Avenue, Dartmouth, NS, B3B 0J6, Canada	50
ODL Canada Limited	689 Water Street, Newfoundland, St. John's, NL, A1E 1B5, Canada	50
Teshmont Consultants Inc.	1190 Waverley Street, Winnipeg, MB, R3T 0P4, Canada	50
Vista Mustang JV	Suite B12, 6020 2nd Street S. E., Calgary, AB, T2H 2L8, Canada	50
Chile		
Consorcio AMEC CADE / PSI Consultores Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio Consultor Cade Zañartu Limitada	Seminario 714, Ñuñoa, Santiago de Chile	50
Consorcio Consultor Systra / Cade Idepe / Geoconsult Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	40
Consorcio de Ingenieria Geoconsult Cade Idepe Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingeniería Systra Cade Limitada	Av. Jose Domingo, Canas No 2640, Nunoa, Santiago, 7750164, Chile	50
Consorcio de Ingenieria Transporte Systra Cade Idepe Consultores Limitada	Jose Domingo Cañas 2640, Ñuñoa, Santiago Chile	50
Construcciòn e Ingenierìa Chile FI Limitada	Avenida Andrés Bello 2711, Piso 22 - Comuna Las Condens, Santiago, Chile	50
China		
Wood Zone Co., Ltd	No. 143 Jinyi Road, Jinshan District, Shanghai, 200540, China	50
Cyprus		
Wood Group – CCC Limited	Elenion Building, 2nd Floor, 5 Themistocles Street, CY-1066 Nicosia,CY-1310 Nicosia, PO Box 25549, Cyprus	50
Kazakhstan		
WOOD KSS JSC	Satpayev str. 46, Atyrau, 060011, Kazakhstan	50
Mexico		
AFWA DUBA Salina Cruz, S. de R.L. de C.V.	Carlos Salazar, #2333, Colonia Obrera, Monterrey, Nuevo Leon, Mexico	50
Grupo Industrial de Ingenieria Ecologica III HLA & Iconsa S.A. de C.V.	Edificio Omega, Campos Eliseos 345, floors 2, 3 & 11, Chapultepec Polanco 11560 Mexico, D.F.	51
Mustang Diavaz, S.A.P.I. de C.V.	Av. Revolucion 468, Col. San Pedro de los Pinos Mexico, D.F., 03800, Mexico	50
Northam Conip Consorcio, S.A. de C.V.	David Alfaro Siqueiros 104 piso 2, Col. Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, CP. 66269, Mexico	50
Malaysia		
ICE Wood Sdn. Bhd.	Level 7, Menara Milenium,Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, Wilayah Persekutuan, Wilayah Persekutuan, Kuala Lumpur, 50490, Malaysia	49
Netherlands		
Wood Group Azerbaijan B.V.	C/O Centralis Netherlands BV, Zuidplein 126, WTC, Toren H 15e, Amsterdam, 1077XV, Netherlands	51
New Zealand		
Wood Beca Limited	Ground Floor, Beca House, 21 Pitt Street, Auckland, 1010, New Zealand	50
Oman		
AMEC Al Turki LLC	c/o Al Alawi, Mansoor Jamal & Co., Barristers & Legal Consultants, Muscat International Centre, Mezzanine Floor, Muttrah Business District, P.O. Box 686 Ruwi, Oman	35
Qatar		
Wood Black Cat LLC	5th Floor Al Aqaria Tower, Building No. 34, Museum Street, Old Salata Area, Street 970, Zone 18, P.O Box No. 24523 Doha, Qatar	49
Saudi Arabia		
AMEC BKW Arabia Limited1	Al Rushaid Petroleum Investment Co. Building, Prince Hamoud Street, PO Box 31685 – Al Khobar 31952, Saudi Arabia	50
Spain		
Insolux Monenco Medio Ambiente S.A.	Calle Juan Bravo, 3-C, Madrid, 28006, Spain	49
Trinidad and Tobago		
Massy Wood Group Ltd.	4th Floor, 6A Queens Park West, Victoria Avenue, Port of Spain, Trinidad and Tobago	50
United Kingdom		
ACM Health Solutions Limited	Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ, England, United Kingdom	33
Ethos Energy Group Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	51
RWG (Repair & Overhauls) Limited	Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE, Scotland, United Kingdom	50
South Kensington Developments Limited	Ground Floor T3 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom	50

[1] Entities are consolidated as joint operations on the basis of control.
In addition to the subsidiaries listed above, the Group has a number of overseas branches.
Details of the direct subsidiaries of John Wood Group PLC are provided in note 1 to the parent company financial statements.

Notes to the financial statements continued

38 Subsidiaries, joint ventures and other related undertakings (continued)

The Group will be exempting the following companies from an audit in 2023 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated in the Group Financial Statements.

AFW Finance 2 Limited (Registered number 09861575)
AME Building Limited (Registered number 165287)
AMEC (F.C.G) Limited (Registered number 148585)
AMEC (MH1992) Limited (Registered number 222870)
AMEC (MHL) Limited (Registered number 713103)
AMEC (WSL) Limited Registered number 514311)
AMEC BKW Limited (Registered number 169831)
AMEC Bravo Limited (Registered number 6206015)
AMEC Capital Projects Limited (Registered number 2804109)
AMEC Civil Engineering Limited (Registered number 1265199)
Amec Foster Wheeler (Holdings) Limited (Registered number 00163609)
Amec Foster Wheeler Earth and Environmental (UK) Limited (Registered number 4987981)
Amec Foster Wheeler Energy Limited (Registered number 1361134)
Amec Foster Wheeler Finance Asia Limited (Registered number 6205760)
Amec Foster Wheeler Finance Limited (Registered number 1332332)
Amec Foster Wheeler Group Limited (Registered number 4612748)
Amec Foster Wheeler International Limited (Registered number 3203966)
AMEC Investments Europe Limited (Registered number 3704533)
AMEC Offshore Limited (Registered number 1054207)
AMEC Process and Energy Limited Registered number 2028340)
AMEC Project Investments Limited (Registered number 2619408)
AMEC Services Limited (Registered number 2804093)
AMEC Trustees Limited (Registered number 2830098)
Amec USA Holdings Limited (Registered number 4041261)
Amec Wind Developments Limited (Registered number 8781332)
Automated Technology Group Holdings Limited (Registered number 07871655)
East Mediterranean Energy Services Limited (Registered number SC505318)
Foster Wheeler (G.B.) Limited (Registered number 745470)
Foster Wheeler (London) Limited (Registered number 887857)
Foster Wheeler (Process Plants) Limited (Registered number 1184855)
Foster Wheeler E&C Limited (Registered number 2247293)
Foster Wheeler Environmental (UK) Limited (Registered number 1657494)
Foster Wheeler Europe (Registered number 04127813)
Foster Wheeler UK Investments Limited (Registered number SC649888)
Foster Wheeler World Services Limited (Registered number 1439353)
FW Investments Limited (Registered number 6933416)
HFA Limited (Registered number SC129298)
Integrated Maintenance Services Limited (Registered number 3665766)
James Scott Limited (Registered number SC35281)
John Wood Group Holdings Limited (Registered number SC642609)
JWG Investments Limited (Registered number SC484872)
JWGUSA Holdings Limited (Registered number SC178512)
Kelwat Investments Limited (Registered number SC203212)
Metal and Pipeline Endurance Limited (Registered number 534109)
Mustang Engineering Limited (Registered number SC273548)
Press Construction Limited (Registered number 471400)
Process Plants Suppliers Limited (Registered number 957881)
Production Services Network (UK) Limited (Registered number SC293004)
Production Services Network Bangladesh Limited (Registered number 02214332)
PSJ Fabrications Ltd (Registered number 01205595)
PSN (Angola) Limited (Register number SC311500)
PSN (Philippines) Limited (Registered number SC345547)
PSN Asia Limited (Registered number SC317111)
PSN Overseas Limited (Registered number SC319469)
QED International (UK) Limited (Registered number SC106477)
Rider Hunt International Limited (Register number 02305615)
Sandiway Solutions (No 3) Limited (Registered number 5318249)
SgurrEnergy Limited (Registered number SC245814)
The Automated Technology Group Limited (Registered number 03109235)
WGPSN (Holdings) Limited (Registered number SC288570)
WGPSN Eurasia Limited (Registered number SC470501)
Wood (Indonesia) Limited (Registered number SC693591)
Wood and Company Limited (Registered number 01580678)
Wood Group Algeria Limited (Registered number SC299843)
Wood Group Algiers Limited (Registered number SC299845)
Wood Group Annaba Limited (Registered number SC299848)
Wood Group Arzew Limited (Registered number SC299850)
Wood Group Engineering (North Sea) Limited (Registered number SC030715)
Wood Group Engineering & Operations Support Limited (Registered number SC159149)
Wood Group Hassi Messaoud Limited (Registered number SC299851)
Wood Group Holdings (International) Limited (Register number SC169712)
Wood Group Investments Limited (Registered number SC301983)
Wood Group Kenny Corporate Limited (Registered number SC147353)
Wood Group Kenny Limited (Registered number 1398385)
Wood Group Kenny UK Limited (Registered number 2331383)
Wood Group Power Investments Limited (Registered number SC454342)
Wood Group Production Services UK Limited (Registered number SC278252)
Wood Group/OTS Limited (Registered number 1579234)
Wood International Limited (Registered number 10517856)
Wood Limited (Registered number 9861563)
Wood Finance UK Limited (Registered number 03725076)
Wood Pensions Trustee Limited (Registered number 1889899)
Wood Transmission and Distribution Limited (Registered number 11829648)
Wood UK Limited (Registered number 3863449)

Company financial statements

Company financial statements

Company balance sheet

As at 31 December 2023

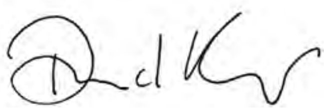
	Note	2023 $m	2022 *restated $m
Non-current assets			
Investments	1	**4,410.7**	4,391.1
Long term receivables	2	**3,061.7**	2,565.2
		7,472.4	6,956.3
Current assets			
Trade and other receivables	3	**324.4**	1,189.3
Income tax receivable		**7.5**	5.7
Cash and cash equivalents	4	**11.7**	24.8
		343.6	1,219.8
Current liabilities			
Borrowings	5	**257.4**	234.9
Trade and other payables	6	**2,112.3**	3,646.8
		2,369.7	3,881.7
Net current liabilities		**(2,026.1)**	(2,661.9)
Non-current liabilities			
Borrowings	5	**812.2**	584.0
Other non-current liabilities	7	**1,034.8**	131.7
		1,847.0	715.7
Net assets		**3,599.3**	3,578.7
Equity			
Share capital	9	**41.3**	41.3
Share premium	10	**63.9**	63.9
Retained earnings	11	**657.1**	394.5
Merger reserve	12	**2,298.8**	2,540.8
Other reserves	13	**538.2**	538.2
Total equity		**3,599.3**	3,578.7

As permitted by Section 408 (3) of the Companies Act 2006, no profit and loss account of the Company is presented. The profit for the financial year of the Company was $4.2m (2022: $54.7m loss (restated)).

* Refer to page 250 for further details on the prior period restatement.

The financial statements on pages 246 to 254 were approved by the board of directors on 28 March 2024, and signed on its behalf by:

Ken Gilmartin, Director



David Kemp, Director

Company Registration Number: SC036219

Statement of changes in equity

For the year ended 31 December 2023

	Share capital $m	Share premium $m	Retained earnings $m	Merger reserve $m	Other reserves $m	Total equity $m
At 1 January 2022	41.3	63.9	416.6	2,540.8	538.2	3,600.8
Loss for the year (*restated)	–	–	(54.7)	–	–	(54.7)
Total comprehensive loss for the year (*restated)	**–**	**–**	**(54.7)**	**–**	**–**	**(54.7)**
Transactions with owners:						
Credit relating to share based charges	–	–	20.7	–	–	20.7
Purchase of company shares by employee share trust for the share incentive plan (SIP)	–	–	1.7	–	–	1.7
Foreign exchange movements on employee share trusts	–	–	10.2	–	–	10.2
At 31 December 2022 (*restated)	**41.3**	**63.9**	**394.5**	**2,540.8**	**538.2**	**3,578.7**
Profit for the year	–	–	4.2	–	–	4.2
Total comprehensive profit for the year	**–**	**–**	**4.2**	**–**	**–**	**4.2**
Transactions with owners:						
Credit relating to share based charges	–	–	19.6	–	–	19.6
Purchase of company shares by employee share trust for the share incentive plan (SIP)	–	–	1.6	–	–	1.6
Foreign exchange movements on employee share trusts	–	–	(4.8)	–	–	(4.8)
Transfer from merger reserve to retained earnings	–	–	242.0	(242.0)	–	–
At 31 December 2023	**41.3**	**63.9**	**657.1**	**2,298.8**	**538.2**	**3,599.3**

During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note, which was put in place during 2019. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

* Refer to page 250 for further details on the prior period restatement.

Notes to the Company financial statements

For the year ended 31 December 2023

General information

John Wood Group PLC is a public limited company, incorporated and domiciled in the United Kingdom and listed on the London Stock Exchange. The Company's registered address is Sir Ian Wood House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE.

Summary of significant accounting policies

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS") in conformity with the requirements of the Companies Act 2006 but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a qualifying entity for the purposes of FRS 101.

The application of FRS 101 has enabled the Company 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 disclosure of related party transactions with wholly owned subsidiaries;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- 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;
- no detailed disclosure in relation to share based payments.

Where required, equivalent disclosures are given in the consolidated financial statements of John Wood Group PLC.

The financial statements are presented in US dollars and all values are rounded to the nearest $0.1m except where otherwise indicated.

The financial position of the Company is shown in the balance sheet on page 246. Note 8 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 adopts the going concern basis of accounting in preparing these financial statements.

In accordance with Section 408(3) of the Companies Act (2006), the Company is exempt from the requirement to present its own income statement. The amount of the profit for the year is disclosed in the statement of changes in equity.

Going concern

At 31 December 2023, the Company had net current liabilities of $2,026.1m. The Company has control over the timing of repayment of current liabilities due to Group undertakings amounting to $2,005.7m. As a result of this, and the matters included in the consolidated financial statements on going concern, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Reporting currency

The Company's transactions are primarily US dollar denominated and the functional currency is the US dollar.

The following sterling to US dollar exchange rates have been used in the preparation of these financial statements:

	2023	2022
Average rate £1=$	**1.2425**	1.2324
Closing rate £1=$	**1.2749**	1.2029

Investments in subsidiaries

Investments are measured initially at cost, including transaction costs. Investments in the Company balance sheet are presented at cost less any provision for impairment.

Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its investments 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 its fair value less costs to sell and its value in use.

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 income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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 income statement.

The Company recognises loss allowances for Expected Credit Losses ('ECLs') on loans and receivables measured at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include a customer being in significant financial difficulty or a breach of contract such as a default. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet dates or at a contractual rate, if applicable, and any exchange differences are taken to the income statement. 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 translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The directors consider it appropriate to record sterling denominated equity share capital and share premium in the financial statements of John Wood Group PLC at the exchange rate ruling on the date it was raised.

Financial instruments

The accounting policy for financial instruments is consistent with the Group accounting policy as presented in the notes to the Group financial statements. The Company's financial risk management policy is consistent with the Group's financial risk management policy outlined in note 20 to the Group financial statements.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be in the scope of IFRS 9 and accounts for them as such. Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 (see 1.5(iv)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Employee share trusts

The Company is deemed to have control of the assets, liabilities, income and costs of its employee share trusts. They have therefore been included in the financial statements of the Company. The cost of shares held by the employee share trusts is deducted from equity.

Share based charges

The Company has a number of share schemes as detailed in the Group accounting policies and note 24 to the Group financial statements. Details relating to the calculation of share based charges are provided in note 24 to the Group financial statements. In respect of the Company, the charge is shown as an increase in the Company's investments, as the employees to which the charge relates are employed by subsidiary companies.

Dividends

Dividends to the Group's shareholders are recognised as a liability in the period in which the dividends are approved by shareholders. Dividend income is credited to the income statement when the dividend has been approved by the board of directors of the subsidiary company making the payment.

Trade receivables

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

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 income statement.

De-recognition of financial assets and liabilities

A financial asset is derecognised where the rights to receive cash flows from the asset have expired. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Taxation

The tax expense in the income statement 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 income statement 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 income statement.

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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments and receivables from Group companies (estimate)

The Company assesses whether there are any indicators of impairment of investments or receivables from Group companies at each reporting date. Investments and receivables from Group companies are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Details of impairments of investments recorded during the year and the carrying value of investments are contained in note 1.

Notes to the Company financial statements continued

Prior period restatement

In 2022, an impairment charge of $517.5m was recorded against the investment in John Wood Group Holdings Limited. As noted in the prior year disclosure an adjustment of $511.4m was applied to the Group's value in use, in respect of debt and debt like items which are not included in the impairment model. The $511.4m adjustment included the consolidated Group net debt (borrowings less cash and cash equivalents) of $393.2m, of which $794.1m related to John Wood Group PLC. Therefore, from the perspective of the John Wood Group Holdings Limited investment, a negative net debt (borrowings less cash and cash equivalents) adjustment of $400.9m should have been applied which would have resulted in an increase to the recoverable amount of the investment of $794.1m. Under the terms of IAS 8, the directors have elected to restate the comparatives with regard to this error.

Under the terms of IAS 8, the directors have elected to restate the comparatives with regard to this adjustment. Consequently, the prior year comparatives have been restated to fully reverse the impairment charge of $517.5m recognised in the prior year.

	2022 $m	Prior period restatement $m	2022 $m
Investments	**3,873.6**	517.5	4,391.1
Comprehensive loss	**572.2**	(517.5)	54.7

Net assets and total equity are restated from $3,061.2m to $3,578.7m and retained earnings is restated from ($123.0m) to $394.5m.

Disclosure impact of new and future accounting standards

The Company is required to comply with the requirements of IFRS 17 *Insurance Contracts* for reporting periods beginning on or after 1 January 2023. The new accounting standard sets out the requirements that the Company should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Company has undertaken an assessment of its arrangements with wholly owned subsidiaries, as described in note 14, and has concluded that IFRS 17 Insurance Contracts does not have any material impact on the financial statements.

1 Investments

	2023 $m	2022 *restated $m
Cost		
At 1 January	**4,391.1**	4,370.4
Additions	**19.6**	20.7
At 31 December	**4,410.7**	4,391.1
Impairment		
At 1 January and 31 December	**–**	–
Net book value		
At 31 December	**4,410.7**	4,391.1

* Refer to page 250 for further details on the prior period restatement.

During the year, the Company contributed $19.6m (2022: $20.7m) of share based charges against John Wood Group Holdings Ltd.

The Directors performed an assessment of the carrying value of the investment in John Wood Group Holdings Limited as at 31 December 2023. A value in use calculation was performed for the Group using cash flow projections prepared by management and approved by the Board for the period 2024 through to 2028. The assumptions underpinning the forecasts and impairment model are discussed in note 10 of the Group financial statements.

The Group post-tax discount rate was 9.6% (2022: 9.7%) (pre-tax 11.2%) (2022: 11.5%) and a terminal growth rate of 2.4% (2022: 2.4%) was applied to the forecast consolidated cash flows of the Group. The recoverable amount of the Group at the test date was $4,767m (2022: $4,373m) based on the assumptions described above and note 10 of the Group financial statements. An adjustment of ($30.2m) (2022: $294.5m (restated)) was made to the recoverable amount reflecting the fair value of debt and surplus assets and liabilities held by John Wood Group Holdings Limited and subsidiaries.

A 1% increase in the post-tax discount rate would result in an impairment of $271.9m. A 1% reduction in the long-term growth rate would result in an impairment of $133.9m. A 1% reduction in the revenue CAGR would reduce headroom to $64.1m.

The Company's direct subsidiaries at 31 December 2023 are listed below. Ownership interests reflect holdings of ordinary shares.

Details of other related undertakings are provided in note 38 to the Group financial statements.

Name of subsidiary	Country of incorporation or registration	Registered address
John Wood Group Holdings Limited	UK	Sir Ian Wood House, Aberdeen

The Company owns 100% of all of the subsidiaries listed above.

2 Long term receivables

	2023 $m	2022 $m
Loans to Group undertakings	**3,061.7**	2,565.2

The long-term loan receivable at 31 December 2023 includes the promissory note of $2,323.2m (2022: $2,565.2m), which related to the transfer of the Company's investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited in exchange for a promissory note during 2019. During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings. The loan is due to be paid by November 2024, however management do not expect to realise the assets within twelve months after the reporting period.

3 Trade and other receivables

	2023 $m	2022 $m
Loans to Group undertakings	**46.8**	985.2
Trade receivables – Group undertakings	**269.3**	191.8
Other receivables	**1.2**	6.3
Prepayments and accrued income	**7.1**	6.0
	324.4	1,189.3

Interest on loans to Group undertakings is charged at market rates. At 31 December 2023, $45.7m (2022: $45.7m) of the amounts owed by Group companies were impaired. These amounts relate to balances due from Group companies from whom there is no expectation of payment.

The ageing of these amounts is as follows:

	2023 $m	2022 $m
Over 3 months	**45.7**	45.7

The movement on the provision for impairment is as follows:

	2023 $m	2022 $m
At 1 January and 31 December	**45.7**	45.7

The Company had $230.5m (2022: $84.2m) of outstanding balances that were past due but not impaired at either 31 December 2023 or 31 December 2022. The other classes within receivables do not contain impaired assets.

The ageing of these amounts is as follows:

	2023 $m	2022 $m
Under 3 months	**38.8**	11.3
Over 3 months	**191.7**	72.9
	230.5	84.2

4 Cash and cash equivalents

	2023 $m	2022 $m
Cash and cash equivalents	**11.7**	24.8

Notes to the Company financial statements continued

5 Borrowings

	2023 $m	2022 $m
Current borrowings		
Bank overdrafts	**167.8**	234.9
Senior loan notes	**89.6**	–
	257.4	234.9
Non-current borrowings		
Bank loans	**549.3**	232.0
Senior loan notes	**262.9**	352.0
	812.2	584.0

The bank overdrafts relate to the Group's cash pooling arrangements and are largely denominated in US dollars and pounds sterling. At 31 December 2023 interest on US dollar overdrafts was payable at 6.48% (2022: 5.48%) and on sterling overdrafts at 6.40% (2022: 4.63%).

Bank loans are unsecured and bear interest based on the Bank of England base rate or foreign currency equivalent. At 31 December 2023, bank loans included $190.4m of US dollar loans and $366.5m of GBP loans. Interest was payable at 7.4% (2022: 6.4%) on the US dollar loans and 6.71% (2022: 6.42%) on the GBP loans. Non-current bank loans are stated net of unamortised fees totalling $7.6m (2022: $10.0m).

In December 2023, the Company secured a new term loan of $200.0m which matures in October 2026. The term loan was used to pay down a former facility of the same value.

The Company has $352.5m (2022: $352.0m) of unsecured senior notes in the US private placement market maturing between 2024 and 2031 at an average fixed rate of 4.58% (2022: 4.58%). These notes are largely US dollar denominated. $127.8m (2022: $127.8m) of the notes are repayable after more than 5 years.

6 Trade and other payables

	2023 $m	2022 $m
Loans from Group undertakings	**2,005.7**	3,560.4
Trade payables – Group undertakings	**98.6**	61.9
Other creditors	**2.0**	6.3
Accruals	**6.0**	18.2
	2,112.3	3,646.8

Interest on loans from Group undertakings is payable at market rates.

Loans from Group undertakings reflect amounts which are repayable on demand or are due within the next 12 months. The decrease in the current year is due to the extension of the maturity date on one loan as detailed in note 7.

7 Other non-current liabilities

	2023 $m	2022 $m
Amounts due to Group undertakings	**1,034.8**	131.7

The amounts due to Group undertakings are inter-company loans with varying maturities greater than 1 year. Interest on these loans is charged at market rates.

The increase in amounts due to group undertakings in 2023 is primarily the result of the extension of the maturity date on one loan amounting to $1,034.8 million which is now due to be paid by May 2028.

8 Financial instruments

Financial risk factors

The Company's activities give rise to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on the Company's financial performance.

Risk management is carried out by the Group Treasury department in line with the Group's Treasury policies which are approved by the Board of Directors. Group Treasury identify, evaluate and where appropriate, hedge financial risks. The Group Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess cash.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. Where possible the Company's policy is to eliminate all significant currency exposures at the time of the transaction by using financial instruments such as forward currency contracts. Changes in the forward contract fair values are recorded in the income statement.

(ii) Interest rate risk

The Company finances its operations through a mixture of retained profits and debt. The Company borrows in the desired currencies at a mixture of fixed and floating rates of interest to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. At 31 December 2023, 38.7% (2022: 52.6%) of the Company's borrowings were at fixed rates.

The Company is also exposed to interest rate risk on cash held on deposit. The Company's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of at least BBB+.

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company receivables. Management believe that no further risk provision is required in excess of the current provision for impairment.

The Company also has credit risk in relation to cash balances or cash held on deposit. The Company's policy is to deposit cash at institutions with a credit rating of at least BBB+.

(c) Liquidity risk

With regard to liquidity, the Company's policy is to ensure continuity of funding. At 31 December 2023, 77% (2022: 73%) of the Company's borrowings (including bank overdrafts) were due to mature in more than one year. Based on the current outlook the Company has sufficient funding in place to meet its future obligations.

(d) Capital risk

The Company's capital risk is determined by that of the Group. See note 20 to the Group financial statements.

9 Share capital

	2023 $m	2022 $m
Issued and fully paid		
691,839,369 (2022: 691,839,369) ordinary shares of 4²⁄₇ p each	**41.3**	41.3

The additional information required in relation to share capital is given in note 25 to the Group financial statements.

10 Share premium

	2023 $m	2022 $m
At 1 January and 31 December	**63.9**	63.9

The shares allocated to the trust during the year were issued at par value, 4²⁄₇ pence (2022: 4²⁄₇ pence) and consequently there was no credit to the share premium account.

Notes to the Company financial statements continued

11 Retained earnings (*restated)

Retained earnings are stated after deducting the investment in own shares held by employee share trusts. Investments in own shares represents the cost of 4,352,958 (2022: 8,442,031) of the Company's ordinary shares totalling $99.4m (2022: $99.4m).

The Company's profit for the financial year was $4.2m (2022: $54.7m loss (restated)).

The Company does not have any employees other than the directors of the Company. Details of the directors' remuneration are provided in the Directors' Remuneration Report in the Group financial statements. Details of dividends paid and proposed are provided in note 8 to the Group financial statements. Further details of share based charges are provided in note 24 to the Group financial statements.

* Refer to page 250 for further details on the prior period restatement.

12 Merger reserve

	2023 $m	2022 $m
At 1 January	**2,540.8**	2,540.8
Transfer to retained earnings	**(242.0)**	–
At 31 December	**2,298.8**	2,540.8

In October 2017, 294,510,217 new shares were issued in relation to the acquisition of Amec Foster Wheeler Limited and $2,790.8m was credited to the merger reserve. The merger reserve was initially considered unrealised on the basis it was represented by the investment in Amec Foster Wheeler Limited and did not meet the definition of qualifying consideration under Tech 02/17BL Guidance on realised and distributable profits under the Companies Act 2006.

In November 2019, the Company sold its investment in Amec Foster Wheeler Limited to John Wood Group Holdings Limited for $2,815.2m in exchange for a promissory note. To the extent that the promissory note is settled by qualifying consideration, the related portion of the merger reserve is considered realised and becomes available for distribution.

During 2023, John Wood Group Holdings Limited paid $242.0m to John Wood Group PLC in a partial settlement of the promissory note. The repayment represented qualifying consideration and as a result the Company transferred an equivalent portion of the merger reserve to retained earnings.

13 Other reserves

	Capital reduction reserve $m	Capital redemption reserve $m	Hedging reserve $m	Total $m
At 1 January 2022, 31 December 2022 and 31 December 2023	**88.1**	**439.7**	**10.4**	**538.2**

No movements in other reserves have occurred during 2022 or 2023.

The capital reduction reserve was created following the Initial Public Offering in 2002 and is a distributable reserve. The capital redemption reserve was created in 2011 as part of a return of cash to shareholders and is not a distributable reserve.

14 Financial guarantee contracts and contingent liabilities

Where the Company enters into financial guarantee contracts in respect of its subsidiary companies they are accounted for under IFRS 9. The Company issues financial guarantee contracts to its subsidiaries regarding drawdowns in the Revolving Credit Facility (RCF). There were no financial guarantee contracts issued at year-end.

At 31 December 2023, the Company had outstanding guarantees for performance bonds and contracting arrangements given on behalf of its subsidiaries amounting to $617.6m (2022: $658.0m).

Five year summary (unaudited)

	2023 $m	2022 (re-presented) $m	2021 $m	2020 $m	2019 $m
Revenue	**5,900.7**	**5,469.3**	**5,237.7**	**7,564.3**	**9,890.4**
Adjusted EBITDA	**422.7**	**388.2**	**404.3**	**630.4**	**855.4**
Depreciation (including joint ventures)	(129.3)	(119.8)	(121.0)	(180.0)	(182.0)
Amortisation (including joint ventures)	(161.1)	(153.4)	(169.1)	(227.7)	(243.7)
Non-recurring items (including joint ventures)	(78.5)	(665.9)	(161.0)	(247.3)	(107.6)
Net finance expense (including joint ventures)	(106.7)	(130.6)	(113.5)	(119.2)	(160.6)
(Loss)/profit before taxation (including joint ventures)	**(52.9)**	**(681.5)**	**(160.3)**	**(143.8)**	**161.5**
Taxation (including joint ventures)	(74.8)	(20.8)	(53.2)	(84.3)	(88.7)
(Loss)/profit for the year	**(127.7)**	**(702.3)**	**(213.5)**	**(228.1)**	**72.8**
Equity attributable to owners of the parent	**3,636.5**	**3,728.0**	**4,082.0**	**4,170.0**	**4,418.8**
Net debt excluding leases	**693.5**	**393.2**	**1,393.0**	**1,014.3**	**1,424.0**
Net debt/adjusted EBITDA	**2.08**	**1.3**	**3.3**	**2.1**	**2.0**
Gearing ratio	**19.1%**	**10.5%**	**34.1%**	**24.3%**	**32.1%**
Interest cover	**4.0**	**4.2**	**4.5**	**5.5**	**5.6**
Diluted earnings per share (cents)	**(16.1)**	**(52.4)**	**(20.6)**	**(34.1)**	**10.5**
Adjusted diluted earnings per share (cents)	**0.8**	**5.7**	**17.5**	**23.2**	**46.0**
Dividend per share (cents)	**–**	**–**	**–**	**–**	**35.3**
Dividend cover	**–**	**–**	**–**	**–**	**1.3**

* The comparative information has been re-presented due to a reclassification of a business operation from discontinued into continuing operations for the year outlined in note 7 of the financial statements.

Figures leading to the loss for the 2023, 2022 and 2021 periods include continuing operations only

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Financial calendar

Results announced	26 March 2024
Annual General Meeting	9 May 2024

The Group's Investor Relations website can be accessed at:

woodplc.com/investors

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Designed and produced by Wood Creative and Digital team.

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