Financial statements

Group financial statements

Company financial statements

Independent auditor’s report
to the members of John Wood Group PLC (the ‘Group’)

Report on the group financial statements

Our opinion
In our opinion, John Wood Group PLC’s Group financial statements (the ‘financial statements’):

- Give a true and fair view of the state of the Group’s affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- Have been properly prepared in accordance with international Financial Reporting Standards (‘IFRSs’) as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in the Accounting Policies Note to the financial statements, the Group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion, the financial statements comply with IFRSs as issued by the IASB.

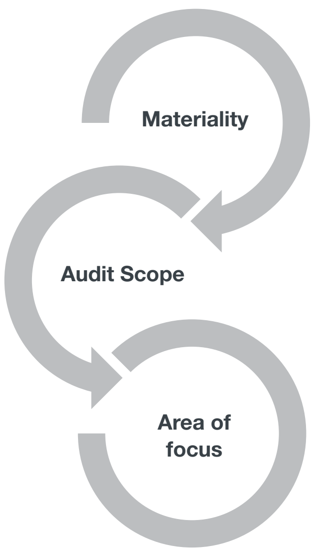
What we have audited
John Wood Group PLC’s financial statements, included within the Annual Report and Accounts (“the Annual Report”), comprise:

- The consolidated balance sheet as at 31 December 2015;
- The consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- The consolidated cash flow statement for the year then ended;
- The consolidated statement of changes in equity for the year then ended; and
- The notes to the financial statements, which include a summaiy of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach



Overview

- Overall group materiality for the financial statements as a whole was $15.6 million, based on the Group’s profit before taxation from continuing operations after exceptional items, adding back the one-off impairment charge for EthosEnergy of $137.2 million.

- Audits of the financial information were carried out for significant locations such as Mustang in North America and PSN in the UK. In addition we performed audit procedures at a number of the Group’s other locations. In total, work was performed across 21 reporting units.
- We conducted audit work on-site in four countries — UK (including Guernsey), USA, Norway and Australia.

- Carrying value of investment in EthosEnergy joint venture
- Carrying value of goodwill
- Uncertain tax provisions
- Judgemental provisions

Independent auditor's report *continued*

Areas on which our audit specifically focused
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain and in the classification of exceptional items. As in all our audits, we also addressed the risk of management override of internal controls and risk of fraud in revenue recognition, including evaluating whether there was evidence of bias by the directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Carrying value of investment in EthosEnergy joint venture At 31 December 2015 (prior to impairment) the carrying value of the investment in the joint venture was $329.4m reflecting the value attributed to it on formation, adjusted for trading results and underlying foreign exchange adjustments since that date. In 2015, EthosEnergy underperforned compared to expectations. Additionally, the trading outlook has become more challenging. Group management considered these to be indications that the investment may be impaired, and Group management performed an impairment assessment at 31 December 2015. This assessment resulted in an impairment charge of $137.2m, details of which are set out in note 10 of the financial statements. Group management's assessment of the remaining 'value in use' is judgemental because it is based on forecast results and uncertain outcomes. Accordingly, this was an area of focus for our audit.	We tested Group management's assessment of the carrying value of EthosEnergy at 31 December 2015. Our testing considered the future cash flow forecasts, the process by which they were produced and the history of forecasting accuracy; we also tested the underlying 'value in use' model. We engaged PwC valuation specialists to assess the appropriateness of specific inputs into the value in use model specifically the discount rate, long-term growth rate and terminal value. We focused on profitability assumptions as these are the key drivers of the cash flows. Group management applied additional sensitivities to the forecasts prepared by EthosEnergy and we corroborated that approach by undertaking our own sensitivity analysis. We also considered the net working capital assumptions and EthosEnergy's actions to achieve these. We found no evidence that the assumptions used in the cash flow forecast were unreasonable. However, there is ongoing uncertainty around EthosEnergy's ability to deliver on the forecast. As a result, we held extensive discussions with Group management and the Audit Committee around the adequacy of the detailed disclosures regarding assumptions and sensitivities which have been set out within note 10 of the financial statements. If EthosEnergy is not able to deliver on these forecasts, further impairment charges may result.
Carrying value of goodwill The carrying value of goodwill as at 31 December 2015 was $1,765m. This relates to a number of acquisitions, the most significant of which is the Group's acquisition of PSN in 2011, as well as smaller acquisitions in recent years. The details of goodwill are set out in note 8 of the financial statements. Management's assessment of the 'value in use' of the Group's Cash Generating Units ('CGU's') involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts. Given the current environment of lower commodity prices we believed there was an elevated risk of misstatement associated with the carrying value of goodwill.	We tested management's assessment of the carrying value of goodwill at 31 December 2015 as follows: ▶ We carried out an exercise to look back at the prior year to assess the history of forecasting accuracy, which confirmed our ability to rely on management's forecast. ▶ We tested the underlying 'value in use' model by assessing the appropriateness of the inputs and key assumptions in relation to the short term cash flows included in the 2016 and 2017 forecast. ▶ We engaged valuation specialists to assess the appropriateness of the medium and long-term growth rate of 3%, pre-tax discount rates used which range from 12% to 15% and the terminal value calculation. ▶ We assessed the appropriateness of cash generating units. ▶ We reviewed the disclosures on the carrying value of goodwill in the financial statements for sufficiency. We found sufficient evidence to support the assumptions used in management's assessment of the carrying value of goodwill, and considered the sensitivities disclosed in the financial statements to be appropriate.

Area of focus	How our audit addressed the area of focus
Uncertain tax provisions The Group operates in multiple tax jurisdictions and has a number of ongoing discussions and investigations with tax authorities where uncertain tax positions and treatments may be successfully challenged at a later date. See note 5 of the financial statements. There is judgement in assessing the level of provisions required to cover the risk of successful challenge over certain of the Group's tax positions. Provisions are principally held in respect of current tax deductions previously taken, ongoing tax audits and uncertainties on the utilisation of deferred tax assets.	We reviewed the Group's documentation of uncertain tax exposures and tested the more significant provisions for appropriateness by confirming the basis of provision, understanding the movements on the provision during the year, reviewing correspondence with relevant tax authorities and management's calculation. We also utilised our own tax experts to assess the judgements taken by management. This is an area which requires significant judgement. However, the evidence we obtained, including our testing of assumptions, was materially consistent with the overall level of provisioning in respect of tax.
Judgemental provisions There are a number of provisions across the Group that require management judgement during the estimation process. Provisions include those made for earn outs, uninsured legal and warranty claims, doubtful debts and onerous leases. See note 18 of the financial statements.	We reviewed the Group's schedule of provisions and tested material provisions for accuracy by corroborating this with third party evidence where available. Our work also included meeting with the Group's General Counsel to discuss legal cases and obtaining legal letters from external counsel. We also tested management's calculations of earn out provisions by agreeing the financial targets to due diligence reports relating to the acquisitions and lease obligations by agreeing to lease agreements. We tested long outstanding accounts receivable (aged greater than 90 days) by agreeing to subsequent payments where available or supporting documentation. This is an area which requires management judgement. However the evidence we obtained from our testing did not identify any material misstatements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We developed our audit procedures by firstly confirming the reporting units which were significant for an audit of their complete financial information for Group reporting based on contribution of profit to the Group. We then looked for reporting units where individual account balances were significant to the Group as a whole or had heightened risks of fraud or error and scoped these in for specified audit procedures for those account balances or areas.

We conducted work at 21 reporting units and used local PwC auditors in Australia, Norway and Guernsey. Together, the reporting units subject to audit procedures were responsible for 72% of the Group's revenues. Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. The group engagement team visited multiple reporting sites in North America, the UK and Norway and performed a desktop review of the audit file for Australia.

Further, specific audit procedures over central functions and areas of significant judgement, including taxation, goodwill, treasury, acquisitions, impairment analysis, post-retirement benefits and material litigation were performed at the Group's head office.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	\$15.6 million (2014: \$23 million)
How we determined it	5% of profit before taxation from continuing operations after exceptional items, adding back the one-off EthosEnergy impairment charge of \$137.2m.
Rationale for benchmark applied	We applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be more appropriate. In the prior year, the benchmark used was profit before taxation from continuing operations after all exceptional items. In 2015, we added back the impact of the EthosEnergy impairment as it is a one-off charge, giving us a more consistent year-on-year basis for our audit.
Component materiality	For each reporting unit subject to an audit of its financial information, we allocate a materiality that is less than our overall group materiality. Certain components were audited to a local statutory materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$0.8m (2014: \$1m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report *continued*

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on page 18, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 Opinions
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) Reporting
Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

▶ Information in the Annual Report is: - Materially inconsistent with the information in the audited financial statements; or - Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or - Otherwise misleading.	We have no exceptions to report
▶ The statement given by the directors on page 22, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
▶ The section of the Annual Report, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

▶ The directors' confirmation on page 18 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▶ The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
▶ The directors' explanation on page 19 of the Annual Report, in accordance with Provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider 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 have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

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

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Directors' Responsibilities Statement set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- The reasonableness of significant accounting estimates made by the directors; and
- The overall presentation of the financial statements.

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

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

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

Other matter

We have reported separately on the parent company financial statements of John Wood Group PLC for the year ended 31 December 2015 and on the information in the Directors' Remuneration Report that is described as having been audited.

Lindsay Gardiner (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

22 February 2016

(a) The maintenance and integrity of the John Wood Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement
for the year to 31 December 2015

		2015			2014		
		Pre-Exceptional Items	**Exceptional Items (note 4)**	**Total**	Pre-Exceptional Items	Exceptional Items (note 4)	Total
	Note	**$m**	**$m**	**$m**	$m	$m	$m
Revenue from continuing operations	**1**	**5,000.6**	**-**	**5,000.6**	6,574.1	-	6,574.1
Cost of sales		**(4,183.4)**	**-**	**(4,183.4)**	(5,564.7)	-	(5,564.7)
Gross profit		**817.2**	**-**	**817.2**	1,009.4	-	1,009.4
Administrative expenses		**(501.3)**	**(45.9)**	**(547.2)**	(592.9)	50.9	(542.0)
Impairment of investment in joint ventures	**4/10**	**-**	**(137.2)**	**(137.2)**	-	-	-
Share of post-tax profit from joint ventures	**10**	**25.1**	**1.5**	**26.6**	20.3	9.7	30.0
Operating profit	**1**	**341.0**	**(181.6)**	**159.4**	436.8	60.6	497.4
Finance income	**2**	**3.1**	**-**	**3.1**	1.4	-	1.4
Finance expense	**2**	**(23.9)**	**-**	**(23.9)**	(23.7)	-	(23.7)
Profit before taxation from continuing operations	**3**	**320.2**	**(181.6)**	**138.6**	414.5	60.6	475.1
Taxation	**5**	**(71.0)**	**9.0**	**(62.0)**	(102.9)	(10.0)	(112.9)
Profit for the year from continuing operations		**249.2**	**(172.6)**	**76.6**	311.6	50.6	362.2
Profit/(loss) from discontinued operations, net of tax	**4**	**-**	**13.5**	**13.5**	(2.9)	(23.0)	(25.9)
Profit for the year		**249.2**	**(159.1)**	**90.1**	308.7	27.6	336.3
Profit attributable to:							
Owners of the parent		**238.1**	**(159.1)**	**79.0**	299.9	22.1	322.0
Non-controlling interests	**25**	**11.1**	**-**	**11.1**	8.8	5.5	14.3
		249.2	**(159.1)**	**90.1**	308.7	27.6	336.3
Earnings per share (expressed in cents per share)							
Basic	**7**	**64.5**	**(43.1)**	**21.4**	81.9	6.0	87.9
Diluted	**7**	**62.8**	**(42.0)**	**20.8**	79.9	5.9	85.8

The notes on pages 58 to 102 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year to 31 December 2015

	Note	2015 $m	2014 $m
Profit for the year		**90.1**	336.3
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on retirement benefit scheme	**29**	**24.9**	(16.5)
Movement in deferred tax relating to retirement benefit scheme	**5**	**(4.9)**	3.3
Total items that will not be reclassified to profit or loss		**20.0**	(13.2)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges	**24**	**(0.1)**	(0.1)
Tax credit relating to foreign exchange on net investment in subsidiary	**5**	**-**	15.0
Exchange movements on retranslation of foreign currency net assets	**24**	**(175.4)**	(147.4)
Exchange movements on retranslation of non-controlling interests	**25**	**(0.5)**	(0.3)
Total items that may be reclassified subsequently to profit or loss		**(176.0)**	(132.8)
Other comprehensive expense for the year, net of tax		**(156.0)**	(146.0)
Total comprehensive (expense)/income for the year		**(65.9)**	190.3
Total comprehensive (expense)/income for the period is attributable to:			
Owners of the parent		**(76.5)**	176.3
Non-controlling interests		**10.6**	14.0
		(65.9)	190.3
Total comprehensive (expense)/income for the period is attributable to:			
Continuing operations		**(79.4)**	216.2
Discontinued operations	**4**	**13.5**	(25.9)
		(65.9)	190.3

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

The notes on pages 58 to 102 are an integral part of these consolidated financial statements.

Consolidated balance sheet
for the year to 31 December 2015

	Note	2015 $m	Restated 2014 $m
Assets			
Non-current assets			
Goodwill and other intangible assets	**8**	**2,004.5**	1,943.5
Property plant and equipment	**9**	**204.2**	194.6
Investment in joint ventures	**10**	**300.4**	460.0
Long term receivables	**12**	**80.7**	79.2
Retirement benefit scheme surplus	**29**	**4.5**	-
Deferred tax assets	**19**	**62.5**	62.3
		2,656.8	2,739.6
Current assets			
Inventories	**11**	**8.1**	9.1
Trade and other receivables	**12**	**1,176.0**	1,470.1
Income tax receivable		**21.7**	11.5
Cash and cash equivalents	**13**	**204.5**	156.6
		1,410.3	1,647.3
Liabilities			
Current liabilities			
Borrowings	**15**	**29.9**	14.7
Trade and other payables	**14**	**753.9**	969.1
Income tax liabilities		**65.7**	110.1
		849.5	1,093.9
Net current assets		**560.8**	553.4
Non-current liabilities			
Borrowings	**15**	**495.0**	495.0
Deferred tax liabilities	**19**	**6.0**	3.9
Retirement benefit scheme deficit	**29**	**-**	27.0
Other non-current liabilities	**16**	**200.8**	129.7
Provisions	**18**	**94.8**	78.1
		796.6	733.7
Net assets		**2,421.0**	2,559.3
Equity attributable to owners of the parent			
Share capital	**21**	**23.8**	23.7
Share premium	**22**	**63.9**	56.0
Retained earnings	**23**	**2,162.4**	2,142.8
Other reserves	**24**	**148.2**	323.7
		2,398.3	2,546.2
Non-controlling interests	**25**	**22.7**	13.1
Total equity		**2,421.0**	2,559.3

The 2014 comparative figures for Trade and other receivables and cash and cash equivalents have been restated by $26.5m in relation to a restricted cash balance. See note 12 for further details.

The financial statements on pages 53 to 102 were approved by the board of directors on 22 February 2016 and signed on its behalf by:

Robin Watson, Director

David Kemp, Director

The notes on pages 58 to 102 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year to 31 December 2015

	Note	Share capital $m	Share premium $m	Retained earnings $m	Other reserves $m	Equity attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
At 1 January 2014		**23.6**	**56.0**	**1,856.6**	**471.2**	**2,407.4**	**8.9**	**2,416.3**
Profit for the year		-	-	322.0	-	**322.0**	14.3	**336.3**
Other comprehensive income/(expense):								
Re-measurement losses on retirement benefit scheme	**29**	-	-	(16.5)	-	**(16.5)**	-	**(16.5)**
Movement in deferred tax relating to retirement benefit scheme	**5**	-	-	3.3	-	**3.3**	-	**3.3**
Cash flow hedges	**24**	-	-	-	(0.1)	**(0.1)**	-	**(0.1)**
Tax credit relating to foreign exchange on net investment in subsidiary	**5**	-	-	15.0	-	**15.0**	-	**15.0**
Net exchange movements on retranslation of foreign currency net assets	**24/25**	-	-	-	(147.4)	**(147.4)**	(0.3)	**(147.7)**
Total comprehensive income/(expense) for the year		**-**	**-**	**323.8**	**(147.5)**	**176.3**	**14.0**	**190.3**
Transactions with owners:								
Dividends paid	**6/25**	-	-	(87.2)	-	**(87.2)**	(7.7)	**(94.9)**
Transactions with non-controlling interests		-	-	8.5	-	**8.5**	(2.1)	**6.4**
Credit relating to share based charges	**20**	-	-	19.5	-	**19.5**	-	**19.5**
Tax credit relating to share option schemes	**5**	-	-	1.8	-	**1.8**	-	**1.8**
Shares allocated to employee share trusts	**23**	0.1	-	(0.1)	-	**-**	-	**-**
Shares disposed of by employee share trusts	**23**	-	-	11.2	-	**11.2**	-	**11.2**
Exchange movements in respect of shares held by employee share trusts	**23**	-	-	8.7	-	**8.7**	-	**8.7**
At 31 December 2014		**23.7**	**56.0**	**2,142.8**	**323.7**	**2,546.2**	**13.1**	**2,559.3**
Profit for the year		**-**	**-**	**79.0**	**-**	**79.0**	**11.1**	**90.1**
Other comprehensive income/(expense):								
Re-measurement gains on retirement benefit scheme	**29**	**-**	**-**	**24.9**	**-**	**24.9**	**-**	**24.9**
Movement in deferred tax relating to retirement benefit scheme	**5**	**-**	**-**	**(4.9)**	**-**	**(4.9)**	**-**	**(4.9)**
Cash flow hedges	**24**	**-**	**-**	**-**	**(0.1)**	**(0.1)**	**-**	**(0.1)**
Net exchange movements on retranslation of foreign currency net assets	**24/25**	**-**	**-**	**-**	**(175.4)**	**(175.4)**	**(0.5)**	**(175.9)**
Total comprehensive income/(expense) for the year		**-**	**-**	**99.0**	**(175.5)**	**(76.5)**	**10.6**	**(65.9)**
Transactions with owners:								
Dividends paid	**6/25**	**-**	**-**	**(104.9)**	**-**	**(104.9)**	**(1.0)**	**(105.9)**
Credit relating to share based charges	**20**	**-**	**-**	**12.7**	**-**	**12.7**	**-**	**12.7**
Tax credit relating to share option schemes	**5**	**-**	**-**	**7.5**	**-**	**7.5**	**-**	**7.5**
Shares allocated to employee share trusts	**23**	**0.1**	**7.9**	**(8.0)**	**-**	**-**	**-**	**-**
Shares disposed of by employee share trusts	**23**	**-**	**-**	**5.6**	**-**	**5.6**	**-**	**5.6**
Exchange movements in respect of shares held by employee share trusts	**23**	**-**	**-**	**7.7**	**-**	**7.7**	**-**	**7.7**
At 31 December 2015		**23.8**	**63.9**	**2,162.4**	**148.2**	**2,398.3**	**22.7**	**2,421.0**

The notes on pages 58 to 102 are an integral part of these consolidated financial statements.

Consolidated cash flow statement
for the year to 31 December 2015

	Note	2015 $m	Restated 2014 $m
Cash generated from operations	**26**	**562.9**	544.9
Tax paid		**(96.6)**	(84.9)
Net cash generated from operating activities		**466.3**	460.0
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	**27**	**(238.0)**	(258.1)
Proceeds from divestment of subsidiaries		**-**	1.7
Payments received from EthosEnergy		**9.7**	58.6
Purchase of property plant and equipment	**9**	**(36.1)**	(59.0)
Proceeds from sale of property plant and equipment		**1.8**	2.9
Purchase of intangible assets	**8**	**(46.5)**	(51.2)
Interest received		**2.4**	1.4
Repayment of loans from/(advances) to joint ventures		**11.0**	(78.0)
Net cash used in investing activities		**(295.7)**	(381.7)
Cash flows from financing activities			
Proceeds from/(repayment of) bank loans	**26**	**15.7**	(331.0)
Proceeds from senior loan notes		**-**	375.0
Acquisition of non-controlling interests		**-**	(4.8)
Proceeds from disposal of shares by employee share trusts	**23**	**5.6**	11.2
Interest paid		**(23.6)**	(13.2)
Dividends paid to shareholders	**6**	**(104.9)**	(87.2)
Dividends paid to non-controlling interests	**25**	**(1.0)**	(7.7)
Net cash used in financing activities		**(108.2)**	(57.7)
Net increase in cash and cash equivalents	**26**	**62.4**	20.6
Effect of exchange rate changes on cash and cash equivalents	**26**	**(14.5)**	(9.0)
Opening cash and cash equivalents		**156.6**	145.0
Closing cash and cash equivalents	**13**	**204.5**	156.6

The notes on pages 58 to 102 are an integral part of these consolidated financial statements.

Notes to the financial statements
for the year to 31 December 2015

General information

John Wood Group PLC, its subsidiaries and joint ventures, provide services to the oil and gas and power generation industries worldwide. 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 Scotland and listed on the London Stock Exchange.

Accounting Policies

Basis of preparation
These financial statements have been prepared in accordance with IFRS and IFRIC interpretations adopted by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board. 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.

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, unless otherwise stated.

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 over which the Group has the power togovern the financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. All Group companies apply the Group's accounting policies and prepare financial statements to 31 December.

Joint ventures
A joint venture is a type of joint arrangement where the parties to the arrangement share rights to its net assets. Joint control is the contractually agreed sharing of control of an 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.

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 are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. The estimates and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities are addressed below.

(a) Impairment of goodwill
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. 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 as approved by the Board. The budgets 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 CEO Review. Pre-tax discount rates of between 12% and 15% have been used to discount the CGU cash flows and a terminal value is applied using a 3% long-term growth rate. A sensitivity analysis has been performed allowing for possible changes to both the discount rate and long-term growth rate. See note 8 for further details.

(b) Impairment of investment in EthosEnergy joint venture
The Group's investment in the EthosEnergy joint venture is accounted for using equity accounting. An impairment review was carried out in December 2015 based on the latest forecasts for EthosEnergy. The recoverable amount of the investment per the review was lower than the book value and an impairment of $137.2m was recorded in the income statement. A sensitivity analysis has also been performed allowing for possible changes to both the discount rate and long-term growth rate. See note 10 for further details.

(c) Income taxes
The Group is subject to income taxes in numerous jurisdictions and judgement is required in determining the provision for income taxes. The Group provides for uncertain tax positions based on the best estimate of the most likely outcome in respect of the relevant issue. Where the final outcome on uncertain tax positions is different from the amounts initially recorded, the difference will have an impact on the Group's tax charge. See note 5 for further details.

(d) Retirement benefit scheme surplus/deficit
The Group operates a defined benefit pension scheme in the UK which was closed to future accrual on 30 June 2014. The value of the Group's retirement benefit scheme surplus/deficit is determined on an actuarial basis using a number of assumptions. Changes in these assumptions will impact the carrying value of the surplus/deficit. The Group determines the appropriate discount rate to be used in the actuarial valuation at the end of each financial year following consultation with the retirement benefit scheme actuary. In determining the rate used, 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. See note 29 for further details.

Notes to the financial statements *continued*

Accounting Policies *(continued)*

(e) Provisions
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, 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 provisions for doubtful debts, warranty provisions, contract provisions (including onerous contracts) and pending legal issues. See note 18 for further details.

Functional currency
The Group's earnings stream is primarily US dollars and the principal functional currency is the US dollar, being the most representative currency of the Group. The Group's financial statements are therefore prepared in US dollars.

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

	2015	2014
Average rate £1 = $	**1.5289**	1.6469
Closing rate £1 = $	**1.4739**	1.5593

Foreign currencies
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.

In each individual entity, transactions in overseas currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Where more than one exchange rate is available, the appropriate rate at which assets can be readily realised and liabilities can be extinguished is used. 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.

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.

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 received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is recognised as the services are rendered, including where they are based on contractual rates per man hour in respect of multi-year service contracts. Incentive performance revenue is recognised upon completion of agreed objectives. Revenue is stated net of sales taxes (such as VAT) and discounts.

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. An estimate of the profit attributable to work completed is recognised, on a basis that the directors consider to be appropriate, once the outcome of the contract can be estimated reliably, which is when a contract is not less than 20% complete. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. The net amount of costs incurred to date plus recognised profits less progress billings is disclosed within trade and other receivables. Revenue from fixed price and lump sum contracts is not material in the current period.

Details of the services provided by the Group are provided on page 62 under the 'Segmental Reporting' heading.

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 exceptional items include gains and losses on divestment of businesses, write downs or impairments of assets including goodwill, restructuring costs or provisions, litigation settlements, provisions for onerous contracts and acquisition and divestment costs. See note 4 for full details of exceptional items.

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 the discount on deferred and contingent consideration liabilities is included in finance expense. Interest relating to the Group's retirement benefit scheme is also included in finance expense.

Dividends
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.

Goodwill
The Group uses the purchase method of accounting to account for acquisitions. 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. Acquisition costs are expensed and included in administrative expenses in the income statement.

Accounting Policies *(continued)*

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 such as customer contracts are identified and evaluated to determine the carrying value on the acquisition balance sheet. Intangible assets are amortised over their estimated useful lives, as follows:

Software	3-5 years
Development costs and licenses	3-5 years
Intangible assets on acquisition (customer contracts and relationships)	5 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 and long leasehold buildings	25-50 years
Short leasehold buildings	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.

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 annual impairment reviews in respect of goodwill. 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.

For the purposes of impairment testing, goodwill is allocated to the appropriate cash generating unit ('CGU'). The CGUs are aligned to the structure the Group uses to manage its business. Cash flows are discounted in determining the value in use.

Inventories
Inventories, which include materials, work in progress and finished goods and goods for resale, are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Allowance is made for obsolete and slow-moving items, based upon annual usage.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. Where the Group uses pooling arrangements with a right of set-off, overdrafts and cash are netted and included in the appropriate category depending on the net position of the pool.

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. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The provision is determined by reference to previous experience of recoverability for receivables in each market in which the Group operates.

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.

Deferred and contingent consideration
Where deferred or contingent consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. Deferred and contingent consideration is recognised at fair value.

Taxation
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.

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 substantially enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Accounting Policies *(continued)*

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.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in administrative expenses (in the case of forward contracts) or finance income/expense (in the case of interest rate swaps) in the income statement. When a hedging instrument expires or is sold, when a hedge no longer meets the criteria for hedge accounting, or when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

When appropriate, the Group also uses fair value and net investment hedges.

Fair value estimation
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 obtained from 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.

Operating leases

As lessee
Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the period of lease.

As lessor
Operating lease rental income arising from leased assets is recognised in the income statement on a straight line basis over the period of the lease.

Finance leases
A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the present value of the minimum lease payments. Lease payments are apportioned between finance expense and a reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance. Leased assets are depreciated over their estimated useful life.

Retirement benefit scheme surplus/deficit
The Group operates a defined benefit scheme and a number of defined contribution schemes. The surplus or deficit recognised in respect of the defined benefit scheme represents the difference between the present value of the defined benefit obligations and the fair value of the scheme assets. The assets of this scheme are held in separate trustee administered funds. The scheme was closed to future accrual on 30 June 2014.

The defined benefit scheme's 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 scheme 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 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 scheme's surplus/deficit is recognised in full and presented on the face of the Group balance sheet.

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 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 as a long-term receivable 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
Provision is made for the estimated liability on all products and services still under warranty, including claims already received, based on past experience. Other 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. See note 18 for further details.

Accounting Policies *(continued)*

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 booked to the income statement as an employee benefit expense for the fair value of share options expected to be exercised under the Executive Share Option Schemes ('ESOS') and the Long Term Retention Plan ('LTRP'). Amounts are accrued over the vesting period with the corresponding credit taken to retained earnings.

Options are also awarded under the Group's Long Term Plan ('LTP') which is the incentive scheme in place for executive directors and certain senior executives. The charge for options awarded under the LTP is based on the fair value of those options at the grant date, spread over the vesting period. The corresponding credit is taken to 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.

For further details of these schemes, please see note 20 and the Directors Remuneration Report.

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.

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. The Group's reportable segments are Wood Group Engineering and Wood Group PSN. Following the formation of the EthosEnergy joint venture in 2014, all of the Group's predominantly opex related turbine activities are carried out through joint ventures and now managed and reported as part of Wood Group PSN. In order to provide visibility over the performance of the turbine activities, they are included on a separate line (Wood Group PSN – Turbine activities) in the Group's management information.

The Chief Executive measures the operating performance of these segments using 'EBITA' (Earnings before interest, tax 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.

Wood Group Engineering provides a wide range of specialist engineering services including conceptual studies, engineering, project and construction management (EPCM) and control systems upgrades to the upstream, subsea and pipeline, downstream, chemical process, automation and industrial and clean energy sectors.

Wood Group PSN – Production Services provides services to the upstream, midstream, downstream and industrial sectors through brownfield engineering and modifications, production enhancement, operations and maintenance, facility construction and maintenance management, industrial services, training and decommissioning services.

Wood Group PSN – Turbine activities provides industrial gas turbine and rotating equipment repair, maintenance, overhaul and power plant EPC services to the oil and gas and power sectors.

Disclosure of impact of new and future accounting standards

(a) Amended standards and interpretations
IAS 19 'Employee benefits' was amended with effect from 1 January 2015. The amendment does not have a material impact on the Group's financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group
The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018, but the Group has not early adopted them:

- IFRS 15 'Revenue from contracts with customers' is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the likely impact of this standard on the financial statements.
- IFRS 9 'Financial instruments' is effective for accounting periods on or after 1 January 2018. The Group does not expect the adoption of this standard to have a material impact on the financial statements.
- IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019. The Group is in the process of assessing the likely impact of this standard on the financial statements.

Amendments have also been made to the following standards effective 1 January 2016. The Group does not expect the amendments to have a material impact on the Group's financial statements.

- IFRS 11 'Joint arrangements'
- IAS 16 'Property, plant and equipment'
- IAS 38 'Intangible assets'
- IAS 27 'Separate financial statements'
- IFRS 10 'Consolidated financial statements'
- IAS 1 'Presentation of financial statements'

All other amendments not yet effective and not included above are not material or applicable to the Group.

Notes to the financial statements *continued*

1 Segmental reporting

The Group operates through two segments, Wood Group Engineering and Wood Group PSN. Following the formation of the EthosEnergy joint venture in 2014, all of the Group's predominantly opex related turbine activities are carried out through joint ventures and now managed and reported as part of Wood Group PSN. In order to provide visibility over the performance of the turbine activities, they are included on a separate line in the table below (Wood Group PSN – Turbine activities). This presentation is consistent with the Group's internal management reporting. Under IFRS 11 'Joint arrangements', the Group is required to account for joint ventures using equity accounting, however for management reporting the Group continues to use proportional consolidation, hence the inclusion of the proportional presentation in this note.

The segment information provided to the Group's Chief Executive for the reportable operating segments for the year ended 31 December 2015 includes the following:

Reportable Operating Segments (1)

	Revenue		EBITDA(1)		EBITA(1)		Operating profit	
	Year ended 31 Dec		Year ended 31 Dec		Year ended 31 Dec		Year ended 31 Dec	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$m	$m	**$m**	$m	**$m**	$m	**$m**	$m
Wood Group Engineering	**1,728.6**	2,130.7	**232.2**	248.1	**214.7**	232.0	**159.7**	203.9
Wood Group PSN – Production Services	**3,447.8**	4,636.0	**286.7**	368.0	**258.0**	341.7	**190.2**	336.1
Wood Group PSN – Turbine activities	**676.0**	849.7	**56.1**	47.3	**44.2**	33.3	**(116.7)**	28.5
Well Support – divested	**-**	-	**-**	-	**-**	-	**10.4**	-
Central costs (2)	**-**	-	**(43.3)**	(52.8)	**(47.2)**	(57.4)	**(54.1)**	(82.5)
Total	**5,852.4**	7,616.4	**531.7**	610.6	**469.7**	549.6	**189.5**	486.0
Remove discontinued	**-**	(188.5)	**-**	(0.7)	**-**	1.7	**(10.4)**	27.3
Remove share of joint ventures	**(851.8)**	(853.8)	**(59.9)**	(53.2)	**(46.7)**	(38.5)	**(46.3)**	(45.9)
Total continuing operations excluding joint ventures	**5,000.6**	6,574.1	**471.8**	556.7	**423.0**	512.8	**132.8**	467.4
Share of post-tax profit from joint ventures							**26.6**	30.0
Operating profit							**159.4**	497.4
Finance income							**3.1**	1.4
Finance expense							**(23.9)**	(23.7)
Profit before taxation from continuing operations							**138.6**	475.1
Taxation							**(62.0)**	(112.9)
Profit for the year from continuing operations							**76.6**	362.2
Profit/(loss) from discontinued operations, net of tax (3)							**13.5**	(25.9)
Profit for the year							**90.1**	336.3

Notes

1. A reconciliation of EBITA to Operating profit is provided in the table below. EBITDA represents EBITA before depreciation of property plant and equipment of $62.0m (2014 : $61.0m). EBITA and EBITDA are provided as they are units of measurement used by the Group in the management of its business.
2. Central costs include the costs of certain management personnel in both the UK and the US, along with an element of Group infrastructure costs. Central costs in 2014 are stated after deducting $23.0m of exceptional costs relating to the formation of the EthosEnergy joint venture.
3. Profit from discontinued operations, net of tax, for 2015 relates to the reassessment of amounts provided on the disposal of the Well Support business in 2011 (see note 4 for further details). Profit from discontinued operations in 2014 represents the profit from the Wood Group GTS businesses transferred to EthosEnergy from January to April 2014.
4. Revenue arising from sales between segments is not material.

1 Segmental reporting *(continued)*

Reconciliation of EBITA to Operating Profit

	2015 $m	2014 $m
EBITA	**469.7**	549.6
Amortisation	**(109.0)**	(101.2)
Exceptional items included in continuing operations	**(181.6)**	60.6
Discontinued operating loss	**-**	4.3
Share of joint venture interest	**(2.3)**	(1.9)
Share of joint venture tax	**(17.4)**	(14.0)
Operating profit	**159.4**	497.4

Segment assets and liabilities

At 31 December 2015	Wood Group Engineering $m	Wood Group PSN - Production Services $m	Wood Group PSN - Turbine activities $m	Unallocated $m	Total $m
Segment assets	**1,031.4**	**2,316.3**	**416.4**	**303.0**	**4,067.1**
Segment liabilities	**410.3**	**552.2**	**20.6**	**663.0**	**1,646.1**
At 31 December 2014					
Segment assets	1,094.5	2,345.3	675.3	271.8	4,386.9
Segment liabilities	524.9	635.3	34.4	633.0	1,827.6

Unallocated assets and liabilities include income tax, deferred tax and cash and cash equivalents and borrowings where this relates to the financing of the Group's operations.

Other segment items

2015	Wood Group Engineering $m	Wood Group PSN - Production Services $m	Wood Group PSN - Turbine activities $m	Unallocated $m	Total $m
Capital expenditure					
- Property plant and equipment	**12.0**	**22.5**	**-**	**1.6**	**36.1**
- Intangible assets	**21.4**	**15.7**	**-**	**9.4**	**46.5**
Non-cash expense					
- Depreciation of property plant and equipment	**17.3**	**27.6**	**-**	**3.9**	**48.8**
- Amortisation of intangible assets	**41.2**	**59.0**	**-**	**6.9**	**107.1**
- Exceptional items (non-cash element)	**4.5**	**9.2**	**146.5**	**(10.4)**	**149.8**

2014	$m	$m	$m	$m	$m
Capital expenditure					
- Property plant and equipment	15.7	34.0	5.3	4.0	59.0
- Intangible assets	31.9	16.0	2.8	0.5	51.2
Non-cash expense					
- Depreciation of property plant and equipment	15.6	23.5	2.6	4.6	46.3
- Amortisation of intangible assets	28.1	65.9	2.8	2.1	98.9
- Exceptional items (non-cash element)	-	7.5	16.0	-	23.5

The figures in the tables above are prepared on an equity accounting basis and therefore exclude the share of joint ventures.

Depreciation in respect of joint ventures was $13.2m (2014: $14.7m) and joint venture amortisation was $1.9m (2014: $2.3m).

1 Segmental reporting *(continued)*

Geographical segments

	Segment assets		Continuing revenue	
	2015 $m	2014 $m	**2015 $m**	2014 $m
UK	**1,121.6**	1,196.3	**1,441.2**	1,979.9
US	**1,618.7**	1,684.1	**1,940.0**	2,397.2
Rest of the world	**1,326.8**	1,506.5	**1,619.4**	2,197.0
	4,067.1	4,386.9	**5,000.6**	6,574.1

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

2 Finance expense/(income)

	2015 $m	2014 $m
Interest payable on borrowings including senior loan notes	**20.9**	15.7
Amortisation of bank facility fees	**0.6**	4.3
Interest relating to discounting of deferred and contingent consideration	**1.5**	1.9
Interest expense – retirement benefit obligations (note 29)	**0.9**	1.8
Finance expense – continuing operations	**23.9**	23.7
Interest receivable	**(3.1)**	(1.4)
Finance income	**(3.1)**	(1.4)
Finance expense – continuing operations - net	**20.8**	22.3

Net interest expense of $2.3m (2014: $1.9m) has been deducted in arriving at the share of post-tax profit from joint ventures.

In August 2014, the Group issued $375.0m of unsecured senior loan notes in the US private placement market. The notes were issued at a mix of 7, 10 and 12 year maturities at an average fixed rate of 3.74%. Interest on the senior loan notes is included in finance expense above.

3 Profit before taxation

	2015 $m	2014 $m
The following items have been charged in arriving at profit before taxation :		
Employee benefits expense (note 28)	**2,669.7**	3,256.7
Cost of inventories recognised as an expense	**-**	30.6
Depreciation of property plant and equipment (note 9)	**48.8**	46.3
Amortisation of intangible assets (note 8)	**107.1**	98.9
Loss on disposal of property plant and equipment	**4.0**	6.2
Other operating lease rentals payable:		
- Plant and machinery	**33.7**	52.0
- Property	**90.3**	79.3
Foreign exchange losses	**0.6**	7.4

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. The information in the above table includes both continuing and discontinued operations and is prepared on an equity accounting basis.

Services provided by the Group's auditors and associate firms

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

	2015 $m	2014 $m
Fees payable to the Group's auditors and its associate firms for -		
Audit of parent company and consolidated financial statements	**1.0**	1.0
Audit of Group companies pursuant to legislation	**2.0**	1.9
Tax and other services	**0.1**	0.1
	3.1	3.0

4 Exceptional items

	2015 $m	2014 $m
Exceptional items included in continuing operations		
Impairment of investment in EthosEnergy (see note 10)	**137.2**	-
Impairment of Group receivables in relation to EthosEnergy	**9.3**	-
Impairment recorded by EthosEnergy	**12.6**	-
Restructuring charges	**36.6**	7.5
Venezuela settlement	**-**	(58.4)
Onerous contract	**(14.1)**	(9.7)
	181.6	(60.6)
Tax (credit)/charge	**(9.0)**	10.0
Continuing operations exceptional items, net of tax	**172.6**	(50.6)
Exceptional items included in discontinued operations		
Gain on divestment – Well Support	**(10.4)**	-
Costs relating to EthosEnergy transaction	**-**	23.0
	(10.4)	23.0
Tax relating to Well Support divestment	**(3.1)**	-
Discontinued operations exceptional items, net of tax	**(13.5)**	**-**
Total exceptional charge/(credit), net of tax	**159.1**	(27.6)

At 31 December 2015, the Group carried out an impairment review of its investment in the EthosEnergy joint venture. The recoverable amount of the investment of $192.2m is lower than the book value and an impairment charge of $137.2m has been booked in the income statement. In addition, the Group has impaired its receivables by $9.3m in relation to a balance due by EthosEnergy and an impairment of $12.6m has been recorded by EthosEnergy relating to operations which it intends to divest or close during 2016. See note 10 for further details.

In response to the lower oil price environment, the Group has taken action to reduce its cost base, including the restructuring of its business units to improve operational efficiency. In addition, a review of the Group's property portfolio has identified onerous property leases in certain locations. In total, $36.6m of redundancy and onerous lease costs have been incurred and expensed in the income statement in 2015.

In 2013, the Group made an onerous contract provision in respect of Wood Group PSN's joint venture in Oman. During 2015, the contract was successfully transitioned and closed out and the remaining provision of $14.1m was written back to the income statement at the end of the year. See note 10.

A tax credit of $9.0m has been recorded in respect of the exceptional items included in continuing operations.

In 2011, the Group made a provision in respect of the disposal of its Well Support business. The provision has been reassessed at 31 December 2015 with $10.4m of the provision being released to the income statement and credited to exceptional items. A tax provision was also made in 2011 in relation to the disposal. This has also been reassessed at 31 December 2015 and $3.1m has been released to the income statement.

For further details of the 2014 exceptional items please refer to the 2014 Annual Report and Accounts.

5 Taxation

	2015 $m	2014 $m
Current tax		
- Current year	**74.1**	142.6
- Adjustment in respect of prior years	**(2.3)**	0.6
	71.8	143.2
Deferred tax		
- Current year	**(1.7)**	(15.0)
- Adjustment in respect of prior years	**(11.2)**	(16.7)
	(12.9)	(31.7)
Total tax charge	**58.9**	111.5
Comprising -		
Tax on continuing operations before exceptional items	**71.0**	102.9
Tax on exceptional items in continuing operations	**(9.0)**	10.0
Total tax on continuing operations	**62.0**	112.9
Tax on discontinued operations	**(3.1)**	(1.4)
Total tax on discontinued operations	**(3.1)**	(1.4)
Total tax charge	**58.9**	111.5

Tax (credited)/charged to equity	2015 $m	2014 $m
Deferred tax movement on retirement benefit liabilities	**4.9**	(3.3)
Deferred tax relating to share option schemes	**(5.5)**	6.3
Current tax relating to share option schemes	**(2.0)**	(8.1)
Deferred tax relating to foreign exchange on net investment in subsidiary	**-**	(11.1)
Current tax relating to foreign exchange on net investment in subsidiary	**-**	(3.9)
Total (credited)/charged to equity	**(2.6)**	(20.1)

Notes to the financial statements *continued*

5 Taxation *(continued)*

Tax is calculated at the rates prevailing in the respective jurisdictions in which the Group operates. The expected rate is the weighted average rate taking into account the Group's profits in these jurisdictions. The expected rate has decreased in 2015 due to the change in mix of the tax jurisdictions in which the Group operates. The tax charge for the year is lower (2014: lower) than the expected tax charge due to the following factors:

	2015 $m	2014 $m
Profit before taxation from continuing operations (excluding profits from and impairment of joint ventures)	**249.2**	445.1
Profit/(loss) before taxation from discontinued operations	**10.4**	(27.3)
Total profit before taxation	**259.6**	417.8
Profit before tax at expected rate of 25.4% (2014: 27.7%)	**65.9**	115.7
Effects of:		
Adjustments in respect of prior years	**(13.5)**	(16.1)
Non-recognition of losses and other attributes	**12.6**	22.5
Effect of foreign taxes	**9.1**	(1.5)
Other permanent differences	**(15.2)**	(9.1)
Total tax charge	**58.9**	111.5

The adjustment in respect of prior years relates to provisions on inter-company write-offs that are now expected to be tax deductible when incurred. Other permanent differences include adjustments for share based charges, research and development allowances, changes in unrecognised tax attributes and expenditure which is not tax deductible. Tax losses are recognised where there is reasonable certainty that they can be utilised in future years.

Net income tax liabilities in the Group balance sheet include $112.7m 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 tax payable in relation to divestments ($27.9m), recoverability of withholding taxes ($20.5m), and utilisation of tax losses ($17.6m). Where the final outcome on these issues differs to the amounts provided, the Group's tax charge will be impacted.

Where corporate tax assets and liabilities are in the same jurisdictions, amounts are netted in the Group balance sheet.

6 Dividends

	2015 $m	2014 $m
Dividends on ordinary shares		
Final dividend paid - year ended 31 December 2014: 18.6 cents (2014: 14.9 cents) per share	**68.6**	54.5
Interim dividend paid - year ended 31 December 2015: 9.8 cents (2014: 8.9 cents) per share	**36.3**	32.7
	104.9	87.2

The directors are proposing a final dividend in respect of the financial year ended 31 December 2015 of 20.5 cents per share. The final dividend will be paid on 17 May 2016 to shareholders who are on the register of members on 8 April 2016. The financial statements do not reflect the final dividend, the payment of which will result in an estimated $75.9m reduction in equity attributable to owners of the parent.

7 Earnings per share

	2015			2014		
	Earnings attributable to owners of the parent $m	**Number of shares (millions)**	**Earnings per share (cents)**	Earnings attributable to owners of the parent $m	Number of shares (millions)	Earnings per share (cents)
Basic pre-exceptional	**238.1**	**369.0**	**64.5**	299.9	366.1	81.9
Exceptional items, net of tax and non-controlling interests	**(159.1)**	**-**	**(43.1)**	22.1	-	6.0
Basic	**79.0**	**369.0**	**21.4**	322.0	366.1	87.9
Effect of dilutive ordinary shares	**-**	**10.3**	**(0.6)**	-	9.1	(2.1)
Diluted	**79.0**	**379.3**	**20.8**	322.0	375.2	85.8
Exceptional items, net of tax and non-controlling interests	**159.1**	**-**	**42.0**	(22.1)	-	(5.9)
Diluted pre-exceptional items	**238.1**	**379.3**	**62.8**	299.9	375.2	79.9
Amortisation, net of tax	**80.4**	**-**	**21.2**	73.7	-	19.7
Adjusted diluted	**318.5**	**379.3**	**84.0**	373.6	375.2	99.6
Adjusted basic	**318.5**	**369.0**	**86.3**	373.6	366.1	102.0

Basic discontinued earnings per share for the year is 3.7 cents (2014: (7.1) cents) and diluted discontinued earnings per share is 3.6 cents (2014: (6.9) cents).

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 all potentially dilutive ordinary shares. The Group's dilutive ordinary shares comprise share options granted to employees under Executive Share Option Schemes and the Long Term Retention Plan and shares and share options awarded under the Group's Long Term Incentive Plan and Long Term Plan. Adjusted basic and adjusted diluted earnings per share are disclosed to show the results excluding the impact of exceptional items and amortisation, net of tax.

8 Goodwill and other intangible assets

	Goodwill $m	Software and development costs $m	Intangible assets arising on acquisition $m	Total $m
Cost				
At 1 January 2015	1,727.9	184.5	380.4	2,292.8
Exchange movements	(97.7)	(8.4)	(24.3)	(130.4)
Additions	-	46.5	-	46.5
Acquisitions (note 27)	135.9	0.5	77.4	213.8
Disposals	-	(1.7)	-	(1.7)
Reclassifications	-	12.1	-	12.1
At 31 December 2015	**1,766.1**	**233.5**	**433.5**	**2,433.1**
Aggregate amortisation and impairment				
At 1 January 2015	1.2	109.3	238.8	349.3
Exchange movements	(0.4)	(5.1)	(20.6)	(26.1)
Amortisation charge for the year	-	52.9	54.2	107.1
Disposals	-	(1.7)	-	(1.7)
At 31 December 2015	**0.8**	**155.4**	**272.4**	**428.6**
Net book value at 31 December 2015	**1,765.3**	**78.1**	**161.1**	**2,004.5**
Cost				
At 1 January 2014	1,622.2	151.9	384.8	2,158.9
Exchange movements	(86.4)	(7.4)	(32.0)	(125.8)
Additions	-	51.2	-	51.2
Acquisitions	200.0	7.0	27.6	234.6
Disposals	(7.9)	(23.1)	-	(31.0)
Reclassifications	-	4.9	-	4.9
At 31 December 2014	**1,727.9**	**184.5**	**380.4**	**2,292.8**
Aggregate amortisation and impairment				
At 1 January 2014	4.7	97.0	202.2	303.9
Exchange movements	(0.3)	(3.6)	(24.4)	(28.3)
Amortisation charge for the year	-	37.9	61.0	98.9
Disposals	(3.2)	(22.0)	-	(25.2)
At 31 December 2014	**1.2**	**109.3**	**238.8**	**349.3**
Net book value at 31 December 2014	**1,726.7**	**75.2**	**141.6**	**1,943.5**

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’), the CGU’s being aligned to the Group’s reporting structure.

The reclassifications line includes amounts that were wrongly classified as current assets in prior periods.

8 Goodwill and other intangible assets *(continued)*

Value-in-use calculations have been prepared for each CGU using the cash flow projections included in the financial budgets approved by management for 2016 and 2017. Cash flows beyond this period are extrapolated using a growth rate of 3% per annum for a further three year period. A terminal value is applied thereafter in order to calculate long-term estimated cash flows using the same anticipated long-term growth rate of 3% across all CGUs. The growth rate used does not exceed the long-term average growth rates for the regions in which the CGUs operate. The cash flows have been discounted using pre-tax discount rates appropriate for each CGU.

Division	**Cash Generating Unit**	**Goodwill carrying value ($m)**
Wood Group Engineering	Wood Group Mustang	**479.0**
	Wood Group Kenny	**85.5**
Wood Group PSN – Production Services	WG PSN Asia Pacific	**132.7**
	WG PSN Africa	**117.3**
	WG PSN Middle East and ERC	**5.2**
	WG PSN Americas	**496.5**
	WG PSN UK	**424.4**
	WG PSN Global Business	**24.7**
Total Goodwill		**1,765.3**

The pre-tax discount rates used range from 12-15% and the average for the businesses is 14%.

The impairment tests are carried out using the latest Group budgets as approved by the Board. The budgets are based on various assumptions including market outlook, resource utilisation, contract backlog, contract margins and assumed contract awards. A terminal value is calculated using a long-term growth rate of 3%. The value-in-use is then compared to the carrying value for each CGU to determine whether any impairment charge is required. No goodwill has been written off during the current or prior year.

A sensitivity analysis has been performed on the basis that the expected long-term growth rate falls to 2% and that the discount rates are 1% higher than those above in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. This analysis did not identify any impairment.

Intangibles arising on acquisition include the valuation of customer contracts and customer relationships recognised on business combinations. As part of the impairment review, the Group has reviewed these contracts and relationships and no impairment was identified.

Notes to the financial statements *continued*

9 Property plant and equipment

	Land and Buildings Long leasehold and freehold $m	Short leasehold $m	Plant and equipment $m	Total $m
Cost				
At 1 January 2015	57.8	20.9	245.8	324.5
Exchange movements	(6.6)	(0.7)	(13.8)	(21.1)
Additions	2.7	5.6	27.8	36.1
Acquisitions (note 27)	-	1.3	17.8	19.1
Disposals	(1.6)	(6.4)	(51.0)	(59.0)
Reclassifications	-	-	16.2	16.2
At 31 December 2015	**52.3**	**20.7**	**242.8**	**315.8**
Accumulated depreciation and impairment				
At 1 January 2015	20.1	11.8	98.0	129.9
Exchange movements	(1.8)	(0.4)	(11.7)	(13.9)
Charge for the year	3.5	3.2	42.1	48.8
Disposals	(0.3)	(5.4)	(47.5)	(53.2)
At 31 December 2015	**21.5**	**9.2**	**80.9**	**111.6**
Net book value at 31 December 2015	**30.8**	**11.5**	**161.9**	**204.2**
Cost				
At 1 January 2014	54.4	19.8	224.9	299.1
Exchange movements	(2.0)	(0.7)	(6.2)	(8.9)
Additions	7.1	3.6	48.3	59.0
Acquisitions	-	-	12.9	12.9
Disposals	(1.7)	(1.8)	(24.2)	(27.7)
Divestment of businesses	-	-	(5.0)	(5.0)
Reclassification to intangible assets	-	-	(4.9)	(4.9)
At 31 December 2014	**57.8**	**20.9**	**245.8**	**324.5**
Accumulated depreciation and impairment				
At 1 January 2014	18.9	9.9	83.0	111.8
Exchange movements	(0.7)	(0.4)	(5.0)	(6.1)
Charge for the year	3.5	3.2	39.6	46.3
Disposals	(1.6)	(0.9)	(16.1)	(18.6)
Divestment of business	-	-	(3.5)	(3.5)
At 31 December 2014	**20.1**	**11.8**	**98.0**	**129.9**
Net book value at 31 December 2014	**37.7**	**9.1**	**147.8**	**194.6**

Included in table above are $4.2m of assets under construction at 31 December 2015 (2014: nil).

Reclassifications of plant and machinery in 2015 include $11.5m of vehicles capitalised as finance leases that were treated as operating leases in the prior year financial statements. Liabilities have also been adjusted by a similar amount.

10 Investment in joint ventures

The Group operates a number of joint ventures companies, the most significant of which are its turbine JV's, EthosEnergy Group Limited and RWG Limited. A full list of subsidiary and joint venture entities is included in note 34. The Group's share of its joint venture assets, liabilities, income and expenses is shown below.

	2015 $m	2014 $m
Non-current assets	**101.7**	254.2
Current assets	**551.4**	667.3
Current liabilities	**(320.4)**	(375.1)
Non-current liabilities	**(32.3)**	(86.4)
Net assets	**300.4**	460.0
Revenue	**851.8**	853.8
Cost of sales	**(719.3)**	(724.8)
Administrative expenses	**(87.7)**	(92.8)
Exceptional income	**1.5**	9.7
Operating profit	**46.3**	45.9
Net finance expense	**(2.3)**	(1.9)
Profit before tax	**44.0**	44.0
Tax	**(17.4)**	(14.0)
Share of post-tax profit from joint ventures	**26.6**	30.0

The assets, liabilities, income and expenses of the Group's two most significant joint ventures, EthosEnergy and RWG are shown below.

	Ethos Energy (100%)		**RWG (100%)**	
	2015	2014	**2015**	2014
	$m	$m	**$m**	$m
Non-current assets	**112.0**	396.9	**42.6**	47.4
Current assets	**706.5**	859.8	**150.2**	165.6
Current liabilities	**(425.5)**	(457.6)	**(49.0)**	(53.0)
Non-current liabilities	**(16.1)**	(92.7)	**(0.2)**	-
Net assets	**376.9**	706.4	**143.6**	160.0
Wood Group share	**192.2**	360.2	**71.8**	80.0
Revenue	**916.9**	725.3	**246.6**	246.4
Cost of sales	**(783.9)**	(614.3)	**(179.8)**	(184.2)
Administrative expenses	**(117.8)**	(98.8)	**(34.0)**	(57.2)
Exceptional expense	**(24.7)**	-	**-**	-
Operating (loss)/profit	**(9.5)**	12.2	**32.8**	5.0
Net finance expense	**(4.1)**	(2.9)	**-**	(0.2)
(Loss)/profit before tax	**(13.6)**	9.3	**32.8**	4.8
Tax	**(17.6)**	(13.1)	**(7.2)**	(2.4)
Post-tax (loss)/profit	**(31.2)**	(3.8)	**25.6**	2.4
Wood Group share	**(16.0)**	(2.0)	**12.8**	1.2

Notes to the financial statements *continued*

10 Investment in joint ventures *(continued)*

The movement in investments in joint ventures is shown below.

	$m
At 1 January 2015	**460.0**
Exchange movements on retranslation of net assets	**(25.4)**
Share of profit after tax	**26.6**
Impairment of investments	**(137.2)**
Dividends	**(23.6)**
At 31 December 2015	**300.4**

During 2015, trading in the EthosEnergy joint venture, which is part of the Wood Group PSN – Turbine activities segment, was behind plan and it became apparent to the directors in the second half of the year that the business would be unlikely to meet the future profit forecasts which were made when the JV was formed in April 2014, and had previously supported its carrying value. As a result, an impairment charge of $137.2m has been taken against our investment in EthosEnergy. In addition, the Group has provided $9.3m against a receivable from EthosEnergy which management believes is unlikely to be fully recovered. Both of these items have been treated as exceptional items in the financial statements (see note 4). EthosEnergy has also recognised impairment losses of $12.6m relating to operations which it intends to divest or close during 2016 and this is reflected in the exceptional income line in the table above.

In arriving at the post impairment carrying value, the directors have established a value in use based on the Group's share of the joint ventures future expected cash flows. These have been discounted at a pre-tax discount rate of 15%, which is higher than the Group's weighted average cost of capital to reflect the risks inherent in this business, and the discounted value has been compared to the carrying value of the investment. In calculating the value in use, the joint venture's forecasts assume revenue growth into 2016 of 13% and a further 8% into 2017, which is supported by recent contract awards for 2016 and sales pipeline for 2017. In finalising their forecast the directors have added contingency against the profits arising from these contracts to significantly reduce their impact. The forecasts also assumes working capital inflows of $28m and $42m in 2016 and 2017 respectively, which are supported by recent contract awards and strategic plans to reduce inventory levels and assumes that further overhead cost savings will be delivered in the near term, improving net margins. Longer term growth rates are assumed at 3% which represents our assessment of the long-term average growth rates in the markets and countries in which the joint venture operates. If these growth, working capital or cost assumptions are not met then a further impairment may be required in future years.

A sensitivity analysis was performed on the basis that the expected long-term growth rate falls to 2% and the discount rate is increased by 1% in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review. The sensitivity analysis showed that a 1% reduction in the terminal growth rate would have resulted in an additional impairment of $13.8m and a 1% increase in the discount rate would have resulted in an additional impairment of $18.9m.

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.

11 Inventories

	2015 $m	2014 $m
Materials	**2.9**	4.6
Work in progress	**1.6**	0.6
Finished goods and goods for resale	**3.6**	3.9
	8.1	9.1

12 Trade and other receivables

	2015 $m	Restated 2014 $m
Trade receivables	**955.0**	1,122.5
Less: provision for impairment of trade receivables	**(39.6)**	(47.5)
Trade receivables – net	**915.4**	1,075.0
Amounts recoverable on contracts	**26.1**	91.8
Prepayments and accrued income	**44.1**	60.1
Loans due from joint ventures	**104.7**	132.4
Restricted cash	**26.5**	26.5
Other receivables	**59.2**	84.3
Trade and other receivables – current	**1,176.0**	1,470.0
Long term receivables	**80.7**	79.2
Total receivables	**1,256.7**	1,549.3

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

31 December 2015	**Trade receivables - Gross $m**	**Provision for impairment $m**	**Trade receivables – Net $m**	**Receivable days**
Wood Group Engineering	**347.0**	**(27.9)**	**319.1**	**68**
Wood Group PSN – Production Services	**608.0**	**(11.7)**	**596.3**	**61**
Total Group	**955.0**	**(39.6)**	**915.4**	**63**
31 December 2014				
Wood Group Engineering	401.0	(23.2)	377.8	59
Wood Group PSN – Production Services	720.0	(24.3)	695.7	58
Wood Group PSN – Turbine activities	1.5	-	1.5	n/a
Total Group	1,122.5	(47.5)	1,075.0	58

Receivable days are calculated by allocating the closing trade receivables balance to current and prior year revenue including sales taxes. A receivable days calculation of 63 indicates that closing trade receivables represent the most recent 63 days of revenue.

A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the original receivables.

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

	2015 $m	2014 $m
Up to 3 months	**15.0**	14.1
Over 3 months	**24.6**	33.4
	39.6	47.5

Notes to the financial statements *continued*

12 Trade and other receivables *(continued)*

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

2015	Wood Group Engineering $m	Wood Group PSN - Production Services $m	Total $m
At 1 January	23.2	24.3	47.5
Exchange movements	(0.7)	(0.1)	(0.8)
Movement in provision	5.4	(12.5)	(7.1)
At 31 December	**27.9**	**11.7**	**39.6**
2014			
At 1 January	15.3	10.1	25.4
Exchange movements	(0.5)	(0.1)	(0.6)
Movement in provision	8.4	14.3	22.7
At 31 December	23.2	24.3	47.5

The other classes within trade and other receivables do not contain impaired assets.

Included within gross trade receivables of $955.0m above (2014: $1,112.5m) are receivables of $172.0m (2014: $230.9m) which were past due but not impaired. These relate to customers for whom there is no recent history or expectation of default. The ageing analysis of these trade receivables, net of provisions, is as follows:

	2015 $m	2014 $m
Up to 3 months overdue	**125.8**	163.1
Over 3 months overdue	**46.2**	67.8
	172.0	230.9

The restricted cash of $26.5m (2014: $26.5m) is cash that is subject to an attachment order. The Group cannot access this cash until it receives a release letter from the Courts and as a result the cash balance is presented in receivables. Management believe it is appropriate to include the restricted cash balance in the Group's net debt figure (see note 26). 2014 comparative figures have been restated to show the restricted cash as a receivable.

13 Cash and cash equivalents

	2015 $m	Restated 2014 $m
Cash at bank and in hand	**142.9**	120.1
Short-term bank deposits	**61.6**	36.5
	204.5	156.6

The effective interest rate on short-term deposits was 0.4% (2014: 0.2%) and these deposits have an average maturity of 13 days (2014: 21 days).

At 31 December 2015, the Group held $10.0m of cash (2014: $10.0m) in its insurance captive subsidiary to comply with local regulatory requirements.

The comparative figure for cash has been restated by $26.5m in relation to the restricted cash referred to in note 12.

14 Trade and other payables

	2015 $m	2014 $m
Trade payables	**224.2**	297.2
Other tax and social security payable	**51.1**	54.6
Accruals and deferred income	**438.2**	548.3
Deferred and contingent consideration	**9.2**	3.0
Other payables	**31.2**	66.0
	753.9	969.1

15 Borrowings

	2015 $m	2014 $m
Bank loans and overdrafts due within one year or on demand		
Unsecured	**29.9**	14.7
Non-current bank loans		
Unsecured	**120.0**	120.0
Senior loan notes		
Unsecured	**375.0**	375.0
Total non-current borrowings	**495.0**	495.0

Bank loans are denominated in a number of currencies and bear interest based on LIBOR or foreign equivalents appropriate to the country in which the borrowing is incurred.

During 2014, the Group issued $375.0m of unsecured senior loan notes in the US private placement market. The notes were issued at a mix of 7, 10 and 12 year maturities at an average fixed rate of 3.74%.

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

	2015 %	2014 %
US Dollar	**1.87**	1.96
Other	**4.37**	3.14

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015 $m	2014 $m
US Dollar	**503.5**	499.5
Other	**21.4**	10.2
	524.9	509.7

The Group is required to issue trade finance instruments to certain customers. These include tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit. At 31 December 2015, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to $645.0m (2014: $689.2m). At 31 December 2015, these facilities were 35% utilised (2014: 49%).

15 Borrowings *(continued)*

Borrowing facilities

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

	2015 $m	2014 $m
Expiring within one year	**82.0**	108.8
Expiring between two and five years	**830.0**	830.0
	912.0	938.8

All undrawn borrowing facilities are floating rate facilities. The facilities expiring within one year are annual facilities subject to review at various dates during 2016. The Group was in compliance with its bank covenants throughout the year. In January 2015, the Group extended its $950m bilateral bank facilities until January 2020.

16 Other non-current liabilities

	2015 $m	2014 $m
Deferred and contingent consideration	**90.4**	40.6
Other payables	**110.4**	89.1
	200.8	129.7

Deferred and contingent consideration represents amounts payable on acquisitions made by the Group and is expected to be paid over the next four years.

17 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 a number of 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 on revenues 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.

The Group does not have any financial instruments in place to hedge foreign currency movements in its balance sheet. However, strategies such as payment of intercompany dividends are used to minimise the amount of net assets exposed to foreign currency revaluation.

The Group carefully monitors the economic and political situation in the countries in which it operates to ensure appropriate action is taken to minimise any foreign currency exposure.

17 Financial instruments *(continued)*

The Group's largest foreign exchange risk relates to movements in the sterling/US dollar exchange rate. Movements in the sterling/US dollar rate impact the translation of sterling profit earned in the UK and the translation of sterling denominated net assets. The potential impact of changes in the sterling/US dollar exchange rate is summarised in the table below. As the Group reports in US dollars a strengthening of the pound has a positive impact on translation of its sterling companies' profits and net assets.

	2015 **$m**	2014 $m
Impact of 10% change to average £/$ exchange rate on profit after tax	**6.0**	12.3
Impact of 10% change to closing £/$ exchange rate on equity	**75.2**	72.9

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, in particular, the Australian dollar, the Canadian dollar, the Euro and the Norwegian kroner.

(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 floating rates of interest and then uses interest rate swaps into fixed rates to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. At 31 December 2015, 80% (2014: 89%) of the Group's bank borrowings were at fixed rates after taking account of interest rate swaps. If the senior loan notes are taken into account the percentage of debt at fixed rate increases to 94%.

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 whilst ensuring that cash is deposited with a financial institution with a credit rating of 'A' or better, where possible. If average interest rates had been 1% higher or lower during 2015 (2014: 1%), post-tax profit for the year would have been $0.2m lower or higher respectively (2014: $2.7m). 1% 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's operations comprise Wood Group Engineering and Wood Group PSN, each of which is made up of a number of businesses. Responsibility for managing credit risks lies within the businesses with support being provided by Group and divisional management where appropriate. In 2015, the Group issued a new Group credit risk policy to enhance and improve existing controls. There is significant management focus on receivables in the current challenging market.

A customer evaluation is typically obtained from an appropriate credit rating agency. Where required, appropriate trade finance instruments such as letters of credit, bonds, guarantees and credit insurance will be used to manage credit risk.

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 has a broad customer base and management believe that no further credit risk provision is required in excess of the provision for impairment of trade receivables.

Management review trade receivables across the Group based on receivable days calculations to assess performance. A table showing trade receivables and receivable days is provided in note 12. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric. The Group also has credit risk in relation to cash held on deposit. The Group's policy is to deposit cash at institutions with a credit rating of 'A' or better where possible. 100% of cash held on deposit at 31 December 2015 (2014: 100%) was held with such institutions.

(c) Liquidity risk
With regard to liquidity, the Group's main priority is to ensure continuity of funding. At 31 December 2015, 94% (2014: 97%) of the Group's borrowings (including senior loan notes) were due to mature in more than one year. Based on the current outlook the Group has sufficient funding in place to meet its future obligations.

During 2014, the Group issued $375m of unsecured senior loan notes in the US private placement market. The notes were issued at a mix of 7, 10 and 12 year maturities. In January 2015, the Group extended its bilateral facilities of $950m to January 2020.

Notes to the financial statements *continued*

17 Financial instruments *(continued)*

(d) Capital risk
The Group seeks to maintain an optimal capital structure. The Group monitors its capital structure on the basis of its gearing ratio, interest cover and when applicable, the ratio of net debt to EBITDA. These ratios are calculated using the proportionally consolidated figures used for management reporting.

Gearing is calculated by dividing net debt by equity attributable to owners of the parent. Gearing at 31 December 2015 was 12.1% (2014: 11.6%).

Interest cover is calculated by dividing total EBITA by net finance expense. Interest cover for the year to 31 December 2015 was 20.3 times (2014: 22.7 times).

The ratio of net debt to total EBITDA at 31 December 2015 was 0.55 (2014: 0.48).

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. Drawdowns under the bilateral bank facilities are for periods of three months or less and therefore loan interest payable is excluded from the amounts below.

At 31 December 2015	Less than 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m
Borrowings	**43.9**	**14.0**	**162.1**	**429.7**
Trade and other payables	**702.8**	**-**	**-**	**-**
Other non-current liabilities	**-**	**55.0**	**151.2**	**-**

At 31 December 2014				
Borrowings	28.7	14.0	162.1	447.5
Trade and other payables	914.5	-	-	-
Other non-current liabilities	-	37.8	94.2	-

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, 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. Drawdowns under long-term bank facilities are for periods of three months or less and as a result, book value and fair value are considered to be the same.

Details of derivative financial instruments are not disclosed in the financial statements as they are not material.

Deferred and contingent consideration
Deferred and contingent consideration is payable on the acquisition of businesses based on earn out arrangements and is initially recognised at fair value. The amount payable is dependent on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities. Where deferred and contingent consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest. The fair value of contingent consideration is not based on observable market data and as such the valuation method is classified as level 3 under IFRS 13. The process for valuation is consistently applied to all acquisitions.

18 Provisions

	Warranty provisions $m	Other provisions $m	Total $m
At 1 January 2015	33.7	44.4	78.1
Exchange movements	(1.9)	(1.4)	(3.3)
Charge to income statement	1.3	45.7	47.0
Released to income statement	(5.1)	(21.9)	(27.0)
At 31 December 2015	**28.0**	**66.8**	**94.8**

Warranty provisions
These provisions are recognised in respect of guarantees provided in the normal course of business relating to contract performance. They are based on previous claims history and it is expected that most of the costs in respect of these provisions will be incurred over the next two years.

Other provisions
At 31 December 2015, other provisions of $66.8m (2014: $44.4m) have been recognised. This amount includes provisions for non-recoverable indirect taxes, provisions for legal claims, including claims in relation to inspection and maintenance services in the US and provisions relating to the divestment of businesses. It is expected that any payment required in respect of these provisions would be made within the next two years.

19 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 UK rate of corporation tax, currently 20%, will reduce to 19% in April 2017 and 18% in April 2020. The Group has provided deferred tax in relation to UK companies at 19.5% (2014: 20%). The movement on the deferred tax account is shown below:

	2015 $m	2014 $m
At 1 January	**(58.4)**	(28.2)
Exchange movements	**1.8**	2.4
Credit to income statement (note 5)	**(12.9)**	(31.7)
Acquisitions (note 27)	**7.5**	5.9
Disposals	**-**	1.3
Reclassification of current tax	**6.1**	-
Deferred tax relating to retirement benefit liabilities	**4.9**	(3.3)
Deferred tax relating to share option schemes	**(5.5)**	6.3
Deferred tax relating to foreign exchange on net investment in subsidiary	**-**	(11.1)
At 31 December	**(56.5)**	(58.4)

Deferred tax is presented in the financial statements as follows:

Deferred tax assets	**(62.5)**	(62.3)
Deferred tax liabilities	**6.0**	3.9
	(56.5)	(58.4)

19 Deferred tax *(continued)*

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As these earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

The Group has unrecognised tax losses of $140.6m (2014: $93.7m) to carry forward against future taxable income. Tax losses are recognised where there is reasonable certainty that they can be utilised in future years.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The deferred tax balances are analysed below:-

2015	Accelerated tax depreciation $m	Pension $m	Share based charges $m	Short term timing differences $m	Losses $m	Total $m
Deferred tax assets	**49.7**	**-**	**(14.3)**	**(71.8)**	**(26.1)**	**(62.5)**
Deferred tax liabilities	**-**	**0.9**	**-**	**5.1**	**-**	**6.0**
Net deferred tax asset	**49.7**	**0.9**	**(14.3)**	**(66.7)**	**(26.1)**	**(56.5)**
2014						
Deferred tax assets	44.5	(5.4)	(10.7)	(90.3)	(0.4)	(62.3)
Deferred tax liabilities	-	-	-	3.9	-	3.9
Net deferred tax asset	44.5	(5.4)	(10.7)	(86.4)	(0.4)	(58.4)

20 Share based charges

The Group currently has a number of share schemes that give rise to share based charges. These are the Executive Share Option Scheme ('ESOS'), the Long Term Retention Plan ('LTRP'), the Long Term Incentive Plan ('LTIP'), the Long Term Cash Incentive Plan ('LTCIP') and the Long Term Plan ('LTP'). The LTP replaced the LTRP, LTIP and LTCIP in 2013. The charge to operating profit in 2015 for these schemes amounted to $12.3m (2014: $17.4m). $12.7m (2014: $18.2m) relating to the charge has been credited to retained earnings and $0.4m (2014: $0.8m) has been deducted from liabilities reflecting a credit to operating profit for the year in respect of true-ups to the LTCIP, which is a cash settled scheme.

The assumptions made in arriving at the charge for each scheme are detailed below.

ESOS and LTRP

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 there will be a lapse rate of between 20% for ESOS and 25% for LTRP. The share price volatility used in the calculation of 40% is based on the actual volatility of the Group's shares since IPO 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.

Long Term Incentive Plan

The Group's Long Term Incentive Plan ('LTIP') was in place from 2008 to 2012. Under this Scheme, the executive directors and certain senior executives were awarded shares or share options dependent upon the achievement of performance targets established by the Remuneration Committee. The performance measures for the LTIP were EBITA, OCER (ratio of operating capital employed to revenue), total shareholder return and adjusted diluted earnings per share. The LTIP awards are in the form of shares or share options and forfeitable restricted shares or share options. 20% of any award earned over the three year performance cycle is deferred for a further two years in the form of forfeitable restricted shares or share options.

Long Term Plan

The Group's Long Term Plan ('LTP') was introduced during 2013 to replace the LTRP, LTIP and LTCIP. Two distinct awards will be made under LTP. Nil value share options will be awarded on the same basis as awards under the LTRP (see above). Awards to former LTIP and LTCIP participants will be made on a broadly similar basis to LTIP with the performance measures being EBITA, total shareholder return and adjusted diluted earnings per share. Participants may be granted conditional share awards or nil cost options at the start of the cycle. Performance 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.

20 Share based charges *(continued)*

Performance based awards
Details of the LTIP/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 LTIP/LTP are provided in the Directors' Remuneration Report.

	Cycle 4 (LTIP)	Cycle 5 (LTIP)	Cycle 6 (LTP)	Cycle 7 (LTP)	Cycle 8 (LTP)
Performance period	2011-13	2012-14	2013-15	2014-16	2015-17
Fair value of awards	£5.10	£6.18	£7.53	£7.26	£5.95
Type of award	Shares/options	Shares/options	Options	Options	Options
Outstanding at 31/12/15	190,172	171,339	1,811,688	2,124,052	3,218,309

The awards outstanding under cycles 4 and 5 represent 20% of the award at vesting which is deferred for two years.

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

LTCIP
The share based charge for the LTCIP for cycle 4 and 5 was calculated using a fair value of £5.95. The fair value is calculated using a Black-Scholes option pricing model using similar assumptions to those used for ESOS and LTRP above.

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

	ESOS		LTRP		LTP	
	2015	2014	**2015**	2014	**2015**	2014
Number of participants	**735**	1,002	**215**	442	**291**	293
Lapse rate	**25%**	25%	**20%**	20%	**10-20%**	20%
Risk free rate of return on grants during year	**N/A**	1.55%	**N/A**	-	**1.09%-1.14%**	1.55%
Share price volatility	**40%**	40%	**40%**	40%	**40%**	40%
Dividend yield on grants during year	**N/A**	1.78%	**N/A**	-	**2.69%**	1.78%
Fair value of options granted during year	**N/A**	£2.27	**N/A**	-	**£5.25-5.91**	£7.03
Weighted average remaining contractual life	**6.3 years**	6.9 years	**1.7 years**	2.3 years	**3.3 years**	4.3 years
Options outstanding 1 January	**6,868,494**	8,736,827	**1,845,558**	3,421,120	**962,396**	11,500
Options granted during the year	**-**	1,166,552	**-**	-	**565,769**	973,000
Options exercised during the year	**(858,478)**	(1,872,405)	**(564,319)**	(1,139,828)	**(9,405)**	-
Options lapsed during the year	**(701,422)**	(1,162,480)	**(174,253)**	(435,734)	**(96,896)**	(22,104)
Options outstanding 31 December	**5,308,594**	6,868,494	**1,106,986**	1,845,558	**1,421,864**	962,396
No. of options exercisable at 31 December	**1,976,732**	1,612,803	**111,000**	160,552	**-**	-
Weighted average share price of options exercised during year	**£6.69**	£7.67	**£6.26**	£7.48	**£6.16**	-

Notes to the financial statements *continued*

20 Share based charges *(continued)*

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

Year of Grant	Number of ordinary shares under option 2015	2014	Exercise price (per share)	Exercise period
2006	**25,000**	35,000	265¼p	2010-2016
2007	**27,000**	44,000	268½p	2011-2017
2008	**42,000**	77,658	381¾p	2012-2018
2008	**5,000**	8,986	354⅓p	2012-2018
2009	**325,113**	499,621	222p	2013-2019
2009	**5,000**	25,000	283⅔p	2013-2019
2010	**571,152**	922,538	377½p	2014-2020
2011	**926,467**	1,309,192	529½p	2015-2021
2012	**1,093,308**	1,313,636	680½p	2016-2022
2012	**2,500**	5,000	802p	2016-2022
2013	**1,239,243**	1,482,019	845⅓p	2017-2023
2013	**4,000**	4,000	812p	2017-2023
2014	**1,042,811**	1,141,844	767⅔p	2018-2024
	5,308,594	6,868,494		

Details of the Group's Executive Share Option Schemes are set out in the Directors' Remuneration Report. 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.

Long Term Retention Plan
The following options granted under the Group's LTRP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option 2015	2014	Exercise price (per share)	Exercise period
2010	**-**	160,552	3⅓p	2014-2015
2011	**-**	71,563	3⅓p	2015-2016
2011	**111,000**	394,799	4²⁄₇p	2015-2016
2012	**459,469**	583,811	4²⁄₇p	2016-2017
2013	**536,517**	634,833	4²⁄₇p	2017-2018
	1,106,986	1,845,558		

Options are granted under the Group's LTRP at par value. The basis of the scheme is that an overall bonus pool is calculated annually based on performance criteria that consider the growth in the Group's adjusted earnings per share in the prior year. There are no performance criteria attached to the exercise of options under the LTRP. Further details on the LTRP are provided in the Directors' Remuneration Report.

Nil value share options
The following options granted under the Group's LTP were outstanding at 31 December:

Year of Grant	Number of ordinary shares under option 2015	2014	Exercise price (per share)	Exercise period
2013	**11,500**	11,500	0.00p	2017-2018
2014	**844,595**	950,896	0.00p	2018-2019
2015	**330,769**	-	0.00p	2017-2018
2015	**235,000**	-	0.00p	2019-2020
	1,421,864	962,396		

Options are granted under the Group's LTP at nil value. There are performance criteria relating to the creation of the pool available but none relating to the exercise of the options. Further details on the LTP are provided in the Directors' Remuneration Report.

21 Share capital

Ordinary shares of 4²⁄₇ pence each (2014: 4²⁄₇ pence) **Issued and fully paid**	**shares**	**2015** **$m**	**shares**	**2014** **$m**
At 1 January	**376,975,384**	**23.7**	375,075,384	23.6
Allocation of new shares to employee share trusts	**1,900,000**	**0.1**	1,900,000	0.1
At 31 December	**378,875,384**	**23.8**	376,975,384	23.7

22 Share premium

	2015 **$m**	2014 $m
At 1 January	**56.0**	56.0
Allocation of new shares to employee share trusts	**7.9**	-
At 31 December	**63.9**	56.0

The shares allocated to the trust during the year were issued at 4²⁄₇ pence and 529½ pence (2014: 4²⁄₇ pence).

23 Retained earnings

	2015 **$m**	2014 $m
At 1 January	**2,142.8**	1,856.6
Profit for the year attributable to owners of the parent	**79.0**	322.0
Dividends paid (note 6)	**(104.9)**	(87.2)
Credit relating to share based charges (note 20)	**12.7**	19.5
Re-measurement gain/(loss) on retirement benefit liabilities (note 29)	**24.9**	(16.5)
Movement in deferred tax relating to retirement benefit liabilities	**(4.9)**	3.3
Shares allocated to employee share trusts	**(8.0)**	(0.1)
Shares disposed of by employee share trusts	**5.6**	11.2
Tax credit relating to share option schemes	**7.5**	1.8
Tax credit relating to foreign exchange on net investment in subsidiary	**-**	15.0
Transactions relating to joint ventures and non-controlling interests	**-**	8.5
Exchange movements in respect of shares held by employee share trusts	**7.7**	8.7
At 31 December	**2,162.4**	2,142.8

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 (2014: nil).

23 Retained earnings *(continued)*

Shares held by employee share trusts

	2015 Shares	**2015 $m**	2014 Shares	2014 $m
Balance 1 January	**9,489,797**	**139.1**	11,640,553	158.9
New shares allocated	**1,900,000**	**8.0**	1,900,000	0.1
Shares issued to satisfy option exercises	**(1,432,202)**	**(5.6)**	(3,012,233)	(11.2)
Shares issued to satisfy awards under Long Term Incentive Plan	**(972,272)**	**-**	(1,038,523)	-
Exchange movement	**-**	**(7.7)**	-	(8.7)
Balance 31 December	**8,985,323**	**133.8**	9,489,797	139.1

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, LTRP, LTIP 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 2015 was $81.1m (2014: $88.3m) based on the closing share price of £6.13 (2014: £5.96). The employee share trusts have waived their rights to receipt of dividends on ordinary shares.

24 Other reserves

	Capital reduction reserve $m	**Capital redemption reserve $m**	**Currency translation reserve $m**	**Hedging reserve $m**	**Total $m**
At 1 January 2014	88.1	439.7	(55.8)	(0.8)	471.2
Exchange movements on retranslation of foreign currency net assets	-	-	(147.4)	-	(147.4)
Cash flow hedges	-	-	-	(0.1)	(0.1)
At 31 December 2014	88.1	439.7	(203.2)	(0.9)	323.7
Exchange movements on retranslation of foreign currency net assets	-	-	(175.4)	-	(175.4)
Cash flow hedges	-	-	-	(0.1)	(0.1)
At 31 December 2015	**88.1**	**439.7**	**(378.6)**	**(1.0)**	**148.2**

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 currency net assets, including goodwill and intangible assets recognised on acquisition. The hedging reserve relates to the accounting for derivative financial instruments under IAS 39. Fair value gains and losses in respect of effective cash flow hedges are recognised in the hedging reserve.

25 Non-controlling interests

	2015 $m	2014 $m
At 1 January	**13.1**	8.9
Exchange movements	**(0.5)**	(0.3)
Share of profit for the year	**11.1**	14.3
Dividends paid to non-controlling interests	**(1.0)**	(7.7)
Other transactions with non-controlling interests	**-**	(2.1)
At 31 December	**22.7**	13.1

26 Cash generated from operations

	Note	2015 $m	Restated 2014 $m
Reconciliation of operating profit to cash generated from operations:			
Operating profit from continuing operations		**159.4**	497.4
Less share of post-tax profit from joint ventures		**(26.6)**	(30.0)
		132.8	467.4
Operating profit/(loss) from discontinued operations		**10.4**	(27.3)
		143.2	440.1
Adjustments for:			
Depreciation	**1**	**48.8**	46.3
Loss on disposal of property plant and equipment	**3**	**4.0**	6.2
Amortisation of intangible assets	**1**	**107.1**	98.9
Share based charges	**20**	**12.3**	22.2
Increase in provisions	**18**	**27.0**	7.5
Dividends from joint ventures	**10**	**23.6**	20.3
Exceptional items - non cash impact	**1**	**149.8**	23.5
Changes in working capital (excluding effect of acquisition and divestment of subsidiaries)			
Increase in inventories		**(0.6)**	(5.2)
Decrease/(increase) in receivables		**333.8**	(100.0)
Decrease in payables		**(274.0)**	(0.8)
Exchange movements		**(12.1)**	(14.1)
Cash generated from operations		**562.9**	544.9

Notes to the financial statements *continued*

26 Cash generated from operations *(continued)*

Analysis of net debt

	At 1 January 2015 $m	Cash flow $m	Exchange movements $m	At 31 December 2015 $m
Cash and cash equivalents	156.6	62.4	(14.5)	**204.5**
Restricted cash	26.5	-	-	**26.5**
Short-term borrowings	(14.7)	(15.7)	0.5	**(29.9)**
Long-term borrowings	(495.0)	-	-	**(495.0)**
Net debt	(326.6)	46.7	(14.0)	**(293.9)**

Net cash of $3.6m (2014: $30.9m) was held by joint ventures at 31 December.

The restricted cash of $26.5m (2014:$26.5m) is cash that is subject to an attachment order. The Group cannot access this cash until it receives a release letter from the Courts and as a result the cash balance is presented in receivables. Management believe it is appropriate to include the restricted cash balance in the Group's net debt figure.

27 Acquisitions

The assets and liabilities acquired in respect of business combinations were as follows:

	Infinity Group $m	Other $m	Total $m
Property plant and equipment	10.0	9.1	19.1
Intangible assets recognised on acquisition	45.0	32.4	77.4
Other intangible assets	-	0.5	0.5
Trade and other receivables	93.4	58.0	151.4
Cash and cash equivalents	10.3	8.2	18.5
Trade and other payables	(20.0)	(43.0)	(63.0)
Deferred tax	-	(7.5)	(7.5)
Total identifiable net assets acquired	**138.7**	**57.7**	**196.4**
Goodwill	52.9	83.0	135.9
Consideration	**191.6**	**140.7**	**332.3**
Consideration satisfied by:			
Cash	165.7	90.8	256.5
Deferred and contingent consideration	25.9	49.9	75.8
	191.6	**140.7**	**332.3**

The Group has used acquisition accounting for the purchases and, in accordance with the Group's accounting policies, the goodwill arising on consolidation of $135.9m has been capitalised. The table reflects payments in respect of deferred and contingent consideration made in relation to acquisitions in prior periods.

In June, the Group acquired 100% of the share capital of Beta Machinery Analysis, a Calgary-based engineering consultancy specialising in advanced vibration analysis. In September, the Group acquired 100% of the share capital of the Automated Technology Group, an independent supplier of control and power solutions for industrial automation in the UK. In December, the Group acquired 100% of the share capital of the Infinity Group, an industrial construction and maintenance contractor serving the petrochemical, refining and gas processing sectors in the Texas Gulf Coast and 100% of the share capital of Kelchner Inc, a US based provider of construction and energy field services.

27 Acquisitions *(continued)*

Contingent consideration has been provided in relation to all four of the acquisitions and is payable over the next three years. The amount payable is dependent on the post-acquisition profits of the acquired entities and the provision made is based on the Group's estimate of the likely profits of those entities. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

Due to its size, the acquisition of the Infinity Group is considered material and has been presented separately in the table above. The other acquisitions are not considered to be material on an individual basis and therefore have been aggregated above.

The acquired companies will be in a position to access the Group's wider client base and use the Group's resources to further grow and develop their businesses. The acquisitions expand the Group's existing service lines and provide increased diversification and entry into new markets. These factors contribute to the goodwill recognised on the acquisitions.

The acquisition of Infinity gives the Group access to the downstream market and provides a platform to grow geographically into other US markets.

Intangible assets of $77.4m, representing the fair value of customer contracts and relationships, have been recorded in relation to the acquisitions made in the year. Provisional fair value adjustments of $11.5m have also been recorded. Trade and other receivables acquired of $151.4m are expected to be recovered in full. The accounting for these acquisitions will be finalised in the next accounting period. No deferred tax has been recognised on the Infinity acquisition as for tax purposes the transaction is treated as an asset purchase.

Acquisition costs incurred in relation to the companies acquired during the year are included in administrative expenses in the income statement.

The outflow of cash and cash equivalents in respect of acquisitions is analysed as follows:

	$m
Cash consideration	**256.5**
Cash acquired	**(18.5)**
Cash outflow	**238.0**

Included in the cash outflow above are contingent consideration payments of $4.1m made during the year in respect of acquisitions made in prior periods. Deferred and contingent consideration payments were reassessed during the year resulting in the release of $19.0m to the income statement. Total deferred and contingent consideration outstanding at 31 December amounted to $99.6m (2014: $43.6m).

The results of the Group, as if the above acquisitions had been made at the beginning of period, are presented in the table below. Note that total revenue and EBITA includes share of joint venture revenue and EBITA and is consistent with the presentation in note 1.

	$m
Total Revenue	**6,312.4**
Total EBITA	**510.2**

From the date of acquisition to 31 December 2015, the acquisitions contributed $21.2m to revenue and $3.4m to EBITA.

Notes to the financial statements *continued*

28 Employees and directors

Employee benefits expense	2015 $m	2014 $m
Wages and salaries	**2,367.9**	2,905.6
Social security costs	**210.7**	240.6
Pension costs – defined benefit schemes (note 29)	**-**	3.5
Pension costs – defined contribution schemes (note 29)	**78.8**	89.6
Share based charges	**12.3**	17.4
	2,669.7	3,256.7

Employee benefits expense includes both continuing and discontinued operations.

Average monthly number of employees (including executive directors)	2015 No.	2014 No.
By geographical area:		
UK	**8,907**	9,512
US	**10,082**	12,409
Rest of the World	**9,186**	10,019
	28,175	31,940

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

Key management compensation	2015 $m	2014 $m
Salaries and short-term employee benefits	**8.5**	8.4
Amounts receivable under long-term incentive schemes	**1.3**	1.6
Social security costs	**0.8**	1.1
Post-employment benefits	**0.6**	0.4
Share based charges	**1.3**	2.6
	12.5	14.1

Key management compensation represents the charge to the income statement in respect of the remuneration of the Group board and Group Excom members.

Directors	2015 $m	2014 $m
Aggregate emoluments	**4.3**	5.0
Aggregate amounts receivable under long-term incentive schemes	**0.6**	1.0
Aggregate gains made on the exercise of share options	**0.7**	1.4
Share based charges	**0.6**	1.7
	6.2	9.1

At 31 December, two directors (2014: three) had retirement benefits accruing under a defined contribution pension plan and no directors (2014: none) had benefits accruing under the Group's defined benefit pension scheme. Further details of directors' emoluments are provided in the Directors' Remuneration Report.

29 Retirement benefit scheme surplus/deficit

The Group operates a defined benefit pension scheme in the UK, the John Wood Group PLC Retirement Benefits Scheme, which is contracted out of the State Scheme, and a number of defined contribution plans. The assets of the defined benefits scheme are held separately from those of the Group, being invested with independent investment companies in trustee administered funds. On 30 June 2014, the scheme was closed to future accrual.

The most recent actuarial valuation of the scheme was carried out at 5 April 2013 by a professionally qualified actuary. The Group has agreed to pay deficit reduction contributions of £1.7m per annum until 2021, although this will be reviewed at the time of the next actuarial valuation. As a result of the actuarial gains arising during the year, the scheme is in surplus at 31 December 2015. Management believe that the Group will benefit from the surplus and any future funding and an asset has therefore been recognised in the Group balance sheet.

At 31 December 2015, there were no active members (2014: nil), 370 pensioners (2014: 330) and 774 deferred members (2014: 837) of the scheme.

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

	2015 %	2014 %
Discount rate	**3.9**	3.6
Rate of increase in pensions in payment and deferred pensions	**3.2**	3.1
Rate of retail price index inflation	**3.2**	3.1
Rate of consumer price index inflation	**2.2**	2.3

At 31 December 2015, the mortality assumption used to determine pension liabilities is based on the most recent mortality tables which consider UK wide mortality data relevant to the Group's pension scheme. The mortality rates are then adjusted to allow for expected future improvements in mortality using up to date projections. The mortality assumption used a base table of PXA00 with future improvements in line with CMI_2012 (1.25%).

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

	2015 $m	2014 $m
Present value of funded obligations	**(249.7)**	(293.1)
Fair value of scheme assets	**254.2**	266.1
Net surplus/(deficit)	**4.5**	(27.0)

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

	2015 $m	**2015 %**	2014 $m	2014 %
Equity securities	**206.9**	**81.4**	201.4	75.7
Corporate bonds	**24.9**	**9.8**	18.4	6.9
Gilts	**13.2**	**5.2**	19.4	7.3
Annuity policies	**6.4**	**2.5**	7.2	2.7
Cash	**2.8**	**1.1**	19.7	7.4
	254.2	**100.0**	266.1	100.0

The amounts recognised in the income statement are as follows:

	2015 $m	2014 $m
Current service cost included within employee benefits expense	**-**	3.5
Past service gain	**-**	(6.7)
Interest cost	**10.1**	12.0
Interest income on scheme assets	**(9.2)**	(10.2)
Total included within finance expense	**0.9**	1.8

The employee benefits expense and past service gain are included within administrative expenses in the income statement.

29 Retirement benefit scheme surplus/deficit *(continued)*

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

	2015 $m	2014 $m
Present value of funded obligations at 1 January	**293.1**	267.1
Current service cost	**-**	3.5
Past service gain	**-**	(6.7)
Interest cost	**10.1**	12.0
Re-measurements:		
- actuarial (gains)/losses arising from changes in financial assumptions	**(15.1)**	37.5
- actuarial (gains)/losses arising from changes in experience	**(3.1)**	7.0
Benefits paid	**(15.6)**	(9.2)
Settlement of unfunded liability	**(4.7)**	-
Exchange movements	**(15.0)**	(18.1)
Present value of funded obligations at 31 December	**249.7**	293.1

At 31 December 2015, the present value of funded obligations comprised $175.0m relating to deferred members and $74.7m relating to pensioners.

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

	2015 $m	2014 $m
Fair value of scheme assets at 1 January	**266.1**	225.9
Interest income on scheme assets	**9.2**	10.2
Contributions	**2.5**	28.0
Benefits paid	**(15.6)**	(9.2)
Expenses paid	**(0.1)**	(0.5)
Re-measurement gain on scheme assets	**6.7**	28.0
Exchange movements	**(14.6)**	(16.3)
Fair value of scheme assets at 31 December	**254.2**	266.1

Analysis of the movement in the balance sheet (surplus)/deficit:

	2015 $m	2014 $m
Liability at 1 January	**27.0**	41.2
Current service cost	**-**	3.5
Past service gain	**-**	(6.7)
Finance expense	**0.9**	1.8
Contributions	**(2.5)**	(28.0)
Expenses paid	**0.1**	0.5
Re-measurement (gains)/losses recognised in the year	**(24.9)**	16.5
Settlement of unfunded liability	**(4.7)**	-
Exchange movements	**(0.4)**	(1.8)
(Surplus)/deficit at 31 December	**(4.5)**	27.0

The contributions expected to be paid during the financial year ending 31 December 2016 amount to $2.5m (£1.7m).

29 Retirement benefit scheme surplus/deficit *(continued)*

Scheme risks
The retirement benefit scheme is 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.

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.

Assumption	**Change**	**Impact on obligation**
Discount rate	0.1%	$4.7m
Rate of retail prices index inflation	0.1%	$2.8m
Rate of consumer price index inflation	0.1%	$1.3m
Life expectancy	1 year	$6.6m

Defined contribution plans
Pension costs for defined contribution plans were as follows:

	2015 $m	2014 $m
Defined contribution plans	**78.8**	89.6

There were no material contributions outstanding at 31 December 2015 in respect of defined contribution plans.

The Group operates a pension arrangement in the US for certain employees. During the year, the Group made contributions of $0.8m (2014: $0.9m) 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 as a long-term receivable. Investments held by the Group at 31 December amounted to $75.5m (2014: $71.7m) and will be used to pay benefits when employees retire. The corresponding liability is recorded in other non-current liabilities.

Notes to the financial statements *continued*

30 Operating lease commitments – minimum lease payments

	2015 Property	**2015** Vehicles, plant and equipment	2014 Property	2014 Vehicles, plant and equipment
	$m	**$m**	$m	$m
Amounts payable under non-cancellable operating leases due:				
Within one year	**78.4**	**9.3**	87.8	17.7
Later than one year and less than five years	**251.7**	**11.4**	268.1	14.5
After five years	**232.2**	**-**	188.2	-
	562.3	**20.7**	544.1	32.2

The Group leases various offices and facilities under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases vehicles, plant and equipment under non-cancellable operating lease agreements.

31 Contingent liabilities

At the balance sheet date, the Group had cross guarantees without limit extended to its principal bankers in respect of sums advanced to subsidiaries.

From time to time, the Group is notified of claims in respect of work carried out. Where management believes we are in a strong position to defend these claims no provision is made.

The Group is aware of potential legal challenges which may affect historic and future employment costs and may have an impact on the Group. At this point it is not possible to make a reliable estimate of the liability, if any, that may arise and therefore no provision has been made.

32 Capital and other financial commitments

	2015 $m	2014 $m
Contracts placed for future capital expenditure not provided in the financial statements	**5.0**	5.8

The capital expenditure above relates to property plant and equipment. In addition, joint venture companies have commitments amounting to $1.0m.

33 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 certain joint venture companies.

	2015 $m	2014 $m
Sale of goods and services to joint ventures	**47.6**	57.5
Purchase of goods and services from joint ventures	**11.6**	15.6
Receivables from joint ventures	**147.0**	181.0
Payables to joint ventures	**18.6**	27.6

Key management compensation is disclosed in note 28.

34 Subsidiaries and joint ventures

The Group's related undertakings at 31 December 2015 are listed below. All subsidiaries are fully consolidated in the financial statements. Ownership interests reflect holdings of ordinary shares.

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
AG Offshore Engineering (China) Ltd	China	100%
Altablue Australia Pty Ltd	Australia	100%
Altablue Inc.	United States	100%
AltaBlue Limited	Jersey	100%
Australian Skills Training Pte. Ltd.	Singapore	100%
Automated Technology Group Holdings Limited	United Kingdom	100%
Autotech Controls Limited	United Kingdom	100%
Baker Energy International Equatorial Guinea S.A.	Equatorial Guinea	65%
Beta Machinery Analysis Ltd.	Canada	100%
BMA Engineering Sdn. Bhd.	Malaysia	100%
BMA Global Ltd.	Canada	100%
BMA Investments Ltd.	Canada	100%
BMA Services, Inc.	United States	100%
BMA Solutions L.P.	United States	100%
Brazos M&E (Nevada), Inc	United States	100%
Brazos M&E Ltd	United States	100%
Brazos M&E Management, LLC	United States	100%
Caliber Holding, Inc	United States	100%
Caliber Services, LP	United States	100%
Cape Software, Inc.	United States	100%
CSGP, LLC	United States	100%
Dockside Services (Devonport) Limited	United Kingdom	48%
Eagle Pipeline Construction, Inc.	United States	100%
East Mediterranean Energy Services Limited	United Kingdom	100%
Elkhorn Construction, Inc.	United States	100%
Elkhorn Holdings, Inc.	United States	100%
Energy Logistics, Inc.	United States	33%
Erbus AS	Norway	100%
Ethos Energy Group Limited	United Kingdom	51%
EthosEnergy Sp ZOO	Poland	41%
EthosEnergy (Abu Dhabi) L.L.C.	United Arab Emirates	25%
EthosEnergy (Canada), Ltd	Canada	51%
EthosEnergy (GBR) Limited	United Kingdom	51%
EthosEnergy (MEA) Limited	United Kingdom	51%
EthosEnergy (Middle East) Limited	United Kingdom	51%
EthosEnergy (USA), LLC	United States	51%
EthosEnergy Accessories and Components, LLC	United States	51%
EthosEnergy AG	Switzerland	51%
EthosEnergy Australia Pty Ltd	Australia	51%
EthosEnergy B.V.	Netherlands	51%
EthosEnergy Component Repair, LLC	United States	51%
EthosEnergy de Colombia SAS	Colombia	51%
EthosEnergy de Mexico SA de CV	Mexico	51%
EthosEnergy Field Services, LLC	United States	51%
EthosEnergy GmbH	Germany	51%
EthosEnergy GTS Holdings (US), LLC	United States	51%
EthosEnergy Holdings (Ireland) Limited	Ireland	51%
EthosEnergy International Limited	Jersey	51%
EthosEnergy Investments Limited	United Kingdom	51%
EthosEnergy Italia SpA	Italy	51%
EthosEnergy Light Turbines Limited	United Kingdom	51%
EthosEnergy Light Turbines, LLC	United States	51%
EthosEnergy Oman Limited	Jersey	51%

Notes to the financial statements *continued*

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
EthosEnergy Overseas Limited	United Kingdom	51%
EthosEnergy Peru S.A.C.	Peru	51%
EthosEnergy Poland Spolka Akcyjna	Poland	51%
EthosEnergy Power Operations (Freeport), LLC	United States	51%
EthosEnergy Power Operations (West), LLC	United States	51%
EthosEnergy Power Plant Services, LLC	United States	51%
EthosEnergy Power Solutions, LLC	United States	51%
EthosEnergy TC Inc	United States	51%
EthosEnergy Thailand Limited	Thailand	46%
EthosEnergy US Group Inc.	United States	51%
EthosEnergy US Holdings Limited	United Kingdom	51%
EthosEnergy USA Holdings Inc.	United States	51%
Feng Neng Sgurr (Beijing) Renewable Energy Technology Co. Ltd	China	75%
Garlan Insurance Limited	Guernsey	100%
Gas Turbine Efficiency AB	Sweden	51%
Gas Turbine Efficiency Limited	United Kingdom	51%
Gas Turbine Efficiency Sweden AB	Sweden	51%
Gas Turbine Efficiency, Inc.	United States	51%
Gas Turbine Efficiency, LLC	United States	51%
Gas Turbine Fuel Systems Limited	United Kingdom	100%
Gentech Services Limited	Virgin Islands, British	51%
Ghabet El Iraq for General Contracting and Engineering Services, Engineering Consultancy (LLC)	Iraq	100%
Global Performance, LLC	United States	100%
Greenwell Services (UK) Limited	United Kingdom	100%
Grenland Group (China) Limited	China	100%
GTS Power Solutions Limited	Jersey	100%
H & L Accessory, LLC	United States	51%
Harwat International Finance Corporation N.V.	Curaçao	100%
Harwood Production Services Limited	United Kingdom	100%
Heart of Mustang	United States	100%
Hexagon Sociedad Anonima con Consejo de Administracion	Equatorial Guinea	65%
HFA Limited	United Kingdom	100%
Hoad, Inc.	United States	100%
ICGP, LLC; Infinity Construction Services, LP	United States	100%
Igranic Control Systems Limited	United Kingdom	100%
IMGP, LLC; Infinity Maintenance Services, LP	United States	100%
Infinity Construction Holding, LLC	United States	100%
Infinity Maintenance Holding, LLC	United States	100%
Innofield Services Pty Ltd	Australia	100%
Integrated Maintenance Services Limited	United Kingdom	100%
ISI Group, L.L.C.	United States	90%
ISI Mustang (Argentina) S.A.	Argentina	91%
ISI Mustang Bolivia S.R.L.	Bolivia	90%
ISI Mustang Chile SpA	Chile	90%
ISI Mustang Peru S.A.C.	Peru	89%
ISI Mustang Servicios de Ingenieria de Mexico, S de R.L. De C.V.	Mexico	89%
ISI Solutions Colombia Limitada	Colombia	90%
ISI Solutions, Inc.	United States	90%
J P Kenny Overseas Limited	Cyprus	100%
J P Kenny Technology Limited	United Kingdom	100%
J W G Trustees Limited	United Kingdom	100%
Jet Turbine Service LLC	United States	51%
John Brown E & C Ltd	United Kingdom	100%
John Wood Group B.V.	Netherlands	100%
John Wood Group Holdings B.V.	Netherlands	100%
John Wood Group US Company	United Kingdom	100%

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
John Wood Group USA, Inc.	United States	100%
JWG 16 Limited	United Kingdom	100%
JWG 64 Limited	United Kingdom	100%
JWG Cooperatief B.A	Netherlands	100%
JWG Ireland CAD	Ireland	100%
JWG Ireland NOK	Ireland	100%
JWG Ireland USD	Ireland	100%
JWG Ireland USD 2	Ireland	100%
JWG Ireland USD 3 Unlimited Company	Ireland	100%
JWG Netherlands 1 B.V.	Netherlands	100%
JWG Netherlands 2 B.V.	Netherlands	100%
JWG Netherlands 3 B.V.	Netherlands	100%
JWG Netherlands 4 B.V.	Netherlands	100%
JWG Nigeria Limited	Nigeria	49%
JWG Norway Investments Limited	United Kingdom	100%
JWGUS Company Limited	United Kingdom	100%
JWGUSA Holdings Limited	United Kingdom	100%
JWGUSA Holdings, Inc.	United States	100%
JWH Management Services Limited	United Kingdom	100%
Kelchner, Inc.	United States	100%
Kelfield, Inc.	United States	100%
Kelwat Investments Limited	United Kingdom	100%
KTR-WG Turbine Services LLP	Kazakhstan	26%
Leadgate Plant Hire Limited	United Kingdom	95%
Liberty Services, Inc.	United States	33%
Libyan-Australian Joint Venture Company for Safety Services	Libya	50%
M & O Global Pty Ltd	Australia	100%
M&O Pacific Limited	New Zealand	100%
Marine & Offshore Group Pty Limited	Australia	100%
Marine Computation Services Kenny Group Limited	Ireland	100%
Massy Wood Group Ltd.	Trinidad and Tobago	50%
MCS Kenny International (UK) Limited	United Kingdom	100%
MCS Kenny International Norge AS	Norway	100%
Melwat Finance Limited	United Kingdom	100%
Mitchell's Oil Field Services, Inc.	United States	100%
Multiphase Solutions Kenny Limited	United Kingdom	100%
Mustang and Faisal Jameel Al-Hejailan and Dar Al-Riyadh Consulting Company	Saudi Arabia	56%
Mustang Engineering (North Carolina) PC	United States	100%
Mustang Engineering Florida, Inc.	United States	100%
Mustang Engineering India Private Limited	India	100%
Mustang Engineering Limited	United Kingdom	100%
Mustang Engineering Pty. Ltd.	Australia	100%
Mustang International, L.P.	United States	100%
Mustang Malaysia Sdn. Bhd.	Malaysia	100%
Mustang of New Jersey, Inc.	United States	80%
Mustang Process and Industrial Inc.	United States	100%
Mustang Saudi Arabia Co. Ltd.	Saudi Arabia	100%
Mustang Subs GP, Inc.	United States	100%
Mustang Subs LP, Inc.	United States	100%
NDT Systems, Inc.	United States	100%
Northern Integrated Services Limited	United Kingdom	50%
O.T.S. Finance and Management Limited	Vanuatu	100%
ODL Canada Limited	Canada	50%
ODL PTY LTD	Australia	100%
ODL, Inc.	United States	100%
Offshore Design Limited	United Kingdom	100%
Onshore Pipeline Engineering, D.P.C.	United States	100%

Notes to the financial statements *continued*

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
OTS International Training Services Limited	United Kingdom	100%
Overseas Technical Service (Harrow) Limited	United Kingdom	100%
Overseas Technical Service International Limited	Vanuatu	100%
Overseas Technical Services Nigeria Limited	Nigeria	83%
Patrie Investments B.V.	Netherlands	100%
Prezioso Pyeroy Services Limited	United Kingdom	95%
Procesos y Disenos Energeticos SA	Colombia	100%
Production Services Network (UK) Limited	United Kingdom	100%
Production Services Network Angola Limitada	Angola	49%
Production Services Network Bangladesh Limited	United Kingdom	100%
Production Services Network Corporate Limited	United Kingdom	100%
Production Services Network Emirates LLC	United Arab Emirates	49%
Production Services Network Eurasia LLC	Russian Federation	50%
Production Services Network Gabon Sole Limited	Gabon	100%
Production Services Network International Limited	Bermuda	100%
Production Services Network Qatar LLC	Qatar	24%
Production Services Network Resource Corp	Philippines	75%
Production Services Network Sakhalin LLC	Russian Federation	50%
Proyectos Especializados de Generacion EEG, S.A. de C.V.	Mexico	51%
PSJ Fabrications Ltd	United Kingdom	100%
PSN (Angola) Limited	United Kingdom	100%
PSN (Philippines) Limited	United Kingdom	100%
PSN Asia Limited	United Kingdom	100%
PSN KazStroy JSC	Kazakhstan	50%
PSN Overseas Holding Company Limited	United Arab Emirates	100%
PSN Overseas Limited	United Kingdom	100%
PSN Overseas Romania SRL	Romania	100%
PSN Production Services Network Philippines Corp	Philippines	60%
PT Australian Skills Training	Indonesia	95%
PT. Wood Group Kenny Indonesia	Indonesia	90%
Pyeroy (Ireland) Limited	Ireland	95%
Pyeroy Limited	United Kingdom	95%
RWG (Repair & Overhauls) Limited	United Kingdom	50%
RWG (Repair & Overhauls) USA, Inc.	United States	50%
RWG OTEC Sdn. Bhd.	Malaysia	25%
RWG Reparacao E Revisao Limitada	Brazil	50%
Sakhalin Technical Services Network LLC	Russian Federation	40%
Santos Barbosa Tecnica Comercio e Servicios Ltda	Brazil	100%
SARL Wood Group Algeria	Algeria	100%
SD FortyFive Limited	United Kingdom	100%
Servicios EHC Training C.A.	Venezuela	50%
SgurrControl Limited	United Kingdom	39%
SgurrEnergy Inc.	United States	60%
SgurrEnergy India Pvt. Ltd	India	38%
SgurrEnergy Limited	United Kingdom	76%
Shanahan Engineering (Switzerland) GmbH	Switzerland	51%
Shanahan Engineering Group	Ireland	49%
Shanahan Engineering Limited	Ireland	51%
Shanahan Engineering Turkey Insaat Sanayive Ticaret Limited Sirket	Turkey	51%
Shanahan Engineering, Inc.	United States	51%
Ship Support Services Limited	United Kingdom	48%
Sigma 3 (North Sea) Limited	United Kingdom	63%
Simco	Venezuela	90%
SKS Wood Sdn Bhd	Brunei	43%
Sulzer Wood Limited	United Kingdom	49%
Swaggart Brothers, Inc.	United States	100%
Swaggart Logging & Excavation LLC	United States	100%

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
The Automated Technology Group Limited	United Kingdom	100%
The Igranic Group Limited	United Kingdom	100%
TransCanada Turbines (UK) Limited	United Kingdom	50%
TransCanada Turbines Australia Pty Limited	Australia	50%
TransCanada Turbines Ltd.	Canada	50%
TransCanada Turbines, Inc.	United States	50%
Turbocare S.p.A	Poland	51%
United Electrical & Instrumentation (Nevada), Inc	United States	100%
United Electrical & Instrumentation Management, Ltd	United States	100%
United Electrical & Instrumentation, Ltd	United States	100%
Vista-Mustang JV Corp.	Canada	50%
W L S Holdings Limited	United Kingdom	100%
WG International Services Limited	Cyprus	100%
WG Intetech Holdings Limited	United Kingdom	90%
WG Power US Limited	United Kingdom	100%
WGD003 Limited	United Kingdom	100%
WGD004 Limited	United Kingdom	100%
WGD005 Limited	United Kingdom	100%
WGD006 Limited	United Kingdom	100%
WGD007 Limited	United Kingdom	100%
WGD008 Limited	United Kingdom	100%
WGD009 Limited	United Kingdom	100%
WGD010 Limited	United Kingdom	100%
WGD013 Limited	United Kingdom	100%
WGD014 Limited	United Kingdom	100%
WGD015 Limited	United Kingdom	100%
WGD016 Limited	United Kingdom	100%
WGD017 Limited	United Kingdom	100%
WGD018 Limited	United Kingdom	100%
WGD020 Limited	United Kingdom	100%
WGD021 Limited	United Kingdom	100%
WGD022 Limited	United Kingdom	100%
WGD023 Limited	United Kingdom	100%
WGD024 Limited	United Kingdom	100%
WGD025 Limited	United Kingdom	100%
WGD026 Limited	United Kingdom	100%
WGD027 Limited	United Kingdom	100%
WGD028 Limited	United Kingdom	100%
WGD029 Limited	United Kingdom	100%
WGD030 Limited	United Kingdom	100%
WGD031 Limited	United Kingdom	100%
WGD032 Limited	United Kingdom	100%
WGD034 Limited	United Kingdom	100%
WGD035 Limited	United Kingdom	100%
WGPF Contracting Limited	Cyprus	100%
WGPS International Limited	Cyprus	100%
WGPS Peru S.A.C.	Peru	100%
WGPSN (Holdings) Limited	United Kingdom	100%
WGPSN Eurasia Limited	United Kingdom	50%
WGPSN Queensland Pty Ltd	Australia	100%
Wood Group - CCC Limited	Cyprus	100%
Wood Group - Nobel Oil B.V.	Netherlands	100%
Wood Group (Canada) Limited	Canada	100%
Wood Group (South Africa) Pty Ltd	South Africa	100%
Wood Group Algeria Limited	United Kingdom	100%
Wood Group Algiers Limited	United Kingdom	100%

Notes to the financial statements *continued*

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
Wood Group Angola Limited	Cyprus	100%
Wood Group Annaba Limited	United Kingdom	100%
Wood Group Arzew Limited	United Kingdom	100%
Wood Group Asset Management Solutions Limited	United Kingdom	100%
Wood Group Australia PTY Ltd	Australia	100%
Wood Group de Chile S.A.	Chile	51%
Wood Group de Mexico S.A. de C.V.	Mexico	100%
Wood Group E & PF Holdings, Inc.	United States	100%
Wood Group Engineering & Operations Support Limited	United Kingdom	100%
Wood Group Engineering (Colombia) Ltd.	British Virgin Islands	100%
Wood Group Engineering (North Sea) Limited	United Kingdom	100%
Wood Group Engineering and Production Facilities Australia Pty Ltd	Australia	100%
Wood Group Engineering and Production Facilities Brasil Ltda	Brazil	100%
Wood Group Engineering and Production Facilities de Mexico S.A. de C.V.	Mexico	100%
Wood Group Engineering Contractors Limited	United Kingdom	100%
Wood Group Engineering International Limited	United Kingdom	100%
Wood Group Engineering Pte. Limited	Singapore	100%
Wood Group Engineering Sdn. Bhd	Malaysia	100%
Wood Group Engineering Services (France) SAS	France	100%
Wood Group Engineering Services (Middle East) Limited	Jersey	100%
Wood Group Engineering Services (North Africa) Limited	Cyprus	100%
Wood Group Engineering Services (Qatar) LLC	Qatar	25%
Wood Group Environmental Services Limited	United Kingdom	100%
Wood Group Equatorial Guinea Limited	Cyprus	100%
Wood Group ESP Saudi Arabia Limited	Saudi Arabia	51%
Wood Group Frontier Limited	United Kingdom	100%
Wood Group Gas Turbine Services & Partner LLC	Oman	36%
Wood Group Gas Turbine Services Holdings Limited	United Kingdom	100%
Wood Group Gas Turbines (Venezuela) Limited	British Virgin Islands	51%
Wood Group Gas Turbines De Venezuela, S.A.	Venezuela	99%
Wood Group Gas Turbines Limited	United Kingdom	100%
Wood Group Ghana Limited	Ghana	49%
Wood Group Hassi Messaoud Limited	United Kingdom	100%
Wood Group Holdings (International) Limited	United Kingdom	100%
Wood Group HR Limited	United Kingdom	100%
Wood Group Industrial Services Limited	United Kingdom	95%
Wood Group Integrity Management Pty Ltd	Australia	100%
Wood Group Integrity Management UK Limited	United Kingdom	100%
Wood Group International Limited	United Kingdom	100%
Wood Group International N.V.	Curaçao	100%
Wood Group International Services Pte. Ltd.	Singapore	100%
Wood Group Intetech Consultancy Limited	United Kingdom	90%
Wood Group Intetech Limited	United Kingdom	90%
Wood Group Intetech Overseas Holdings Company Limited	United Kingdom	90%
Wood Group Intetech Wells Limited	United Kingdom	90%
Wood Group Investments Limited	United Kingdom	100%
Wood Group Kazakhstan LLP	Kazakhstan	100%
Wood Group Kenny Australia Pty Ltd	Australia	100%
Wood Group Kenny Canada Ltd.	Canada	100%
Wood Group Kenny Corporate Limited	United Kingdom	100%
Wood Group Kenny do Brasil Servicos de Engenharia Ltda	Brazil	100%
Wood Group Kenny India Private Limited	India	100%
Wood Group Kenny Ireland Limited	Ireland	100%
Wood Group Kenny Limited	United Kingdom	100%
Wood Group Kenny Norge AS	Norway	100%
Wood Group Kenny SAS	France	100%

Name of subsidiary or joint venture	Country of incorporation or registration	Ownership interest %
Wood Group Kenny Sdn Bhd	Malaysia	100%
Wood Group Kenny UK Limited	United Kingdom	100%
Wood Group Kenny, Inc.	United States	100%
Wood Group Kianda Limitada	Angola	41%
Wood Group Limited	United Kingdom	100%
Wood Group Management Services de Mexico S.A. de C.V.	Mexico	100%
Wood Group Management Services Limited	United Kingdom	100%
Wood Group Management Services, Inc.	United States	100%
Wood Group Mocambique, Limitada	Mozambique	100%
Wood Group Mustang (Canada) Construction Management Inc.	Canada	100%
Wood Group Mustang (Canada) Inc.	Canada	100%
Wood Group Mustang (M) Sdn. Bhd.	Malaysia	100%
Wood Group Mustang Holdings, Inc.	United States	100%
Wood Group Mustang Norway AS	Norway	100%
Wood Group Mustang Norway Operations AS	Norway	100%
Wood Group Mustang, Inc.	United States	100%
Wood Group Norway Holdings AS	Norway	100%
Wood Group O&M International, Ltd.	Cayman Islands	100%
Wood Group Offshore Services Limited	Guernsey	100%
Wood Group Oilfield Rentals Limited	United Kingdom	100%
Wood Group Operations Holdings Limited	United Kingdom	100%
Wood Group OTS International Inc.	Cayman Islands	100%
Wood Group Overseas N.V.	Curaçao	100%
Wood Group PDE Limited	British Virgin Islands	100%
Wood Group Peru S.A.C.	Peru	100%
Wood Group Power Investments Limited	United Kingdom	100%
Wood Group Pratt & Whitney Industrial Turbine Services, LLC	United States	25%
Wood Group Production And Consulting Services, Inc	United States	100%
Wood Group Production Facilities (Malaysia) Sdn. Bhd.	Malaysia	48%
Wood Group Production Facilities Limited	Jersey	100%
Wood Group Production Facilities Pty Limited	Australia	100%
Wood Group Production Services Global, Inc.	United States	100%
Wood Group Production Services UK Limited	United Kingdom	100%
Wood Group Production Technology Limited	United Kingdom	100%
Wood Group Properties Limited	United Kingdom	100%
Wood Group PSN Australia Pty Ltd	Australia	100%
Wood Group PSN Canada Inc.	Canada	100%
Wood Group PSN Commissioning Services, Inc	United States	100%
Wood Group PSN India Private Limited	India	100%
Wood Group PSN Lease Maintenance & Construction LLC	United States	100%
Wood Group PSN Limited	United Kingdom	100%
Wood Group PSN Uganda Limited	Uganda	100%
Wood Group PSN, Inc.	United States	100%
Wood Group Somias SPA	Algeria	55%
Wood Group Support Services, Inc.	United States	100%
Wood Group Trinidad & Tobago Limited	Trinidad and Tobago	100%
Wood Group US Holdings, Inc.	United States	100%
Wood Group US International, Inc.	United States	100%
Wood Group USA, Inc.	United States	100%
Wood Group Well Support, Inc.	United States	100%
Wood Group, LLC	Iraq	100%
Wood Group/MO Services, Inc.	United States	100%
Wood Group/OTS Limited	United Kingdom	100%
Woodhill Frontier Limited	United Kingdom	100%
Yeskertkish Kyzmet Kazakhstan LLP	Kazakhstan	100%