

Registered No 06364708

Fluor Projects Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Fluor Projects Limited

Registered No 06364708

Directors

M J McKee – Resigned 13 May 2013

A Rees – Appointed 10 May 2013

K E White

D L Gibson – Resigned 10 May 2013

Secretary

M J McKee – Resigned 13 May 2013

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Registered office

Fluor Centre

140 Pinehurst Road

Farnborough

Hampshire

GU14 7BF

Directors' report

for the year ended 31 December 2012

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year, after taxation, amounted to £521,171 (2011 £163,837)

The directors do not recommend the payment of a dividend (2011 £nil)

Principal activities and review of the business

The principal activity of the company continues to be the provision of a variety of engineering and construction services, including design, engineering, procurement, project management, construction and technical support to industrial, commercial and government clients in Portugal, Guinea, and Kazakhstan

Turnover for the year amounted to £374,997,999 (2011 £118,114,410)

Future developments

During 2012, the company performed front end engineering design and definitive engineering on a mining project based in Guinea, West Africa. Since the year end this project has been suspended until further notice

The company has completed its activities on a project in Portugal and financial close is expected to be reached during 2013

The company intends to develop other opportunities as they arise

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to price, credit, liquidity and foreign currency risk are described on page 3

The company has adequate financial resources and is well placed to take up other opportunities in a variety of geographic areas as they arise. As a consequence, the directors believe that the company will manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Directors of the company

The directors who served the company during the period 1 January 2012 to the date of this report are shown on page 1

Directors' liabilities

The company's ultimate parent undertaking, Fluor Corporation, has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Directors' report

for the year ended 31 December 2012 (continued)

Principal risks and uncertainties

The company's activities expose it to a variety of financial risks foreign currency risk, price risk, credit risk, and liquidity risk

Various financial instruments, for example trade receivables, trade payables, accruals and prepayments, arise directly from its operations. The company finances its operations through its retained reserves and a mixture of short term bank credit facilities and intercompany borrowings.

Compliance with the company's policies and exposure limits is reviewed periodically.

- Foreign currency risk

The company's revenue and costs are predominately transacted in Euro, with a percentage being transacted in alternative currencies such as the Sterling, US dollars and Kazakh Tenge. The company reports in sterling and therefore is subject to the risk of foreign exchange differences arising on translation. The directors of the company continually monitor exchange rates and will, where deemed appropriate, enter into foreign currency forward contracts in order to mitigate any exchange rate risk.

- Price risk

The risk is monitored both as part of the tender process for an individual contract and throughout the duration of the contract by reference to regular projections of outturn profitability and effective management of contract variations and claims.

- Credit risk

The company's policy is to trade only with recognised, creditworthy third parties. It is the policy of the company that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, both at operating unit and company level, with the objective of minimising the company's exposure to bad debts.

Credit risks arising from other financial assets of the company have a maximum exposure equal to the carrying amount of these instruments. Other financial assets consist of cash and cash equivalents.

- Liquidity risk

The company's objective is to maintain a balance between continuing funding and flexibility through the use of bank overdrafts and intercompany borrowings. The directors continually monitor the company's performance and liquidity profile.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

By order of the Board



K E White
Director

10 June 2013

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLUOR PROJECTS LIMITED

We have audited the financial statements of Fluor Projects Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nick Gomer (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

10 June 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	374,997,999	118,114,410
Cost of sales		(373,541,367)	(117,720,781)
Gross profit		1,456,632	393,629
Administrative expenses		(808,584)	(67,544)
Operating profit	3	648,048	326,085
Interest receivable and similar income		50,502	-
Interest payable and similar charges	5	(7,997)	(6,088)
Profit on ordinary activities before taxation		690,553	319,997
Tax on profit on ordinary activities	6	(169,382)	(156,160)
Profit for the financial year	10	521,171	163,837

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £521,171 for the year ended 31 December 2012 (2011 £163,837)

Fluor Projects Limited

Registered No 06364708

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	7	2,134,245	30,208,707
Cash at bank and in hand		34,457,312	2,810,399
		<u>36,591,557</u>	<u>33,019,106</u>
Creditors: amounts falling due within one year	8	(35,713,017)	(32,661,737)
Net assets		<u>878,540</u>	<u>357,369</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	878,440	357,269
Equity shareholder's funds	10	<u>878,540</u>	<u>357,369</u>

These financial statements were approved by the Board of Directors for issue on 10 June 2013 and are signed on their behalf by



K E White
Director

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and with the Companies Act 2006

Statement of cash flows

The company is a wholly owned subsidiary of Fluor International Limited, whose ultimate parent undertaking is Fluor Corporation. As Fluor Corporation prepares consolidated financial statements, the company has taken advantage of the exemptions provided under FRS 1 (Revised), not to prepare a statement of cash flows

Long-term contracts

Revenue from construction contracts, including long-term services provision contracts, is recognised by reference to the stage of completion of contract activity at the balance sheet date. This is determined by the proportion that contract costs incurred to date bear to the estimated total contract costs. When the outcome of a contract cannot be reliably measured, revenue is recognised only to the extent that contract costs incurred are likely to be recoverable and contract costs are expensed as incurred. Full provision is made for all known or expected losses on all contracts as soon as they are foreseen and is included within creditors as provisions for liabilities and charges.

Variations in contract work, claims and incentive payments are included in revenue from construction contracts when certain criteria are met. Variations are included when the customer has agreed to the variation or acknowledged liability for the variation in principle. Claims are included when negotiations with the customer have reached an advanced stage such that the customer is certain to accept the claim. Incentive payments are included when a contract is sufficiently advanced that it is probable that the performance standards triggering the incentive will be achieved.

The amounts by which recorded turnover are in excess of gross amounts due from customers are classified as "payments received on account" and are separately disclosed within creditors.

The amounts by which recorded turnover are in excess of payments on account are classified as "amounts recoverable on contracts" and are separately disclosed within debtors.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2012

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax) and, in the case of long-term contracts, the value of the work done during the year

Turnover is attributable to one continuing activity, which is the provision of engineering and construction services including design, engineering, procurement, project management, construction and technical support to industrial, commercial and government clients. All of the turnover generated this year relates to work undertaken in Europe and Africa £374,997,999 (2011 £118,114,410)

3. Operating profit

This is stated after charging/(crediting)

	2012 £	2011 £
Auditors' remuneration – audit services	3,500	3,500
Foreign exchange losses /(gains)	552,527	(16,730)

4. Staff costs and directors' remuneration

The company did not employ any staff during the year (2011 nil). No director received any remuneration during the year (2011 £nil)

5. Interest payable and similar charges

	2012 £	2011 £
Bank and other interest	7,997	6,088

6. Tax charge on ordinary activities

(a) The tax charge is as follows

	2012 £	2011 £
<i>UK Corporation tax</i>		
UK Corporation tax on profit for year	169,186	84,799
Adjustments in respect of previous years	196	-
	169,382	84,799
<i>Foreign tax</i>		
Current year	-	-
Adjustments in respect of previous years	-	71,361
Current tax charge (see note 6(b))	169,382	156,160

Notes to the financial statements

at 31 December 2012

6. Tax charge on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before tax	690,553	319,997
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	169,186	84,799
Effects of		
Adjustments in respect of previous years	196	-
Adjustments in respect of previous years – foreign tax	-	71,361
Total current tax charge (note 6(a))	169,382	156,160

(c) Factors affecting future tax charge

The corporation tax rate for the year to 1 April 2012 was 26% and 24% for the year to 1 April 2013. The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013.

There is a proposed reduction in the main rate of corporation tax to 21% with effect from 1 April 2014 as announced in the Autumn Statement of 5 December 2012 and a further fall to 20% from 1 April 2015 as announced in the Budget Statement of 20 March 2013. The effect on the company of further proposed reduction in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted.

As at 31 December 2012 there were unrelieved foreign taxes amounting to £574,914 (2011: £580,992).

7. Debtors

	2012 £	2011 £
Trade debtors	581,778	29,999,053
Amounts recoverable on contracts	829,045	134,737
Other debtors	4,744	44,643
Corporation tax	718,678	30,274
	2,134,245	30,208,707

There are no debtors falling due after more than one year (2011: £nil). Amounts owed by fellow group undertakings have no specified terms of settlement and are therefore considered current.

Notes to the financial statements

at 31 December 2012

8. Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft	418,896	7,422,459
Trade creditors	168,903	827,247
Payments received on account	19,736,600	14,843,506
Amounts owed to fellow subsidiary undertakings	14,888,556	5,254,839
VAT payable	183,491	4,308,911
Accruals	316,571	4,775
	<u>35,713,017</u>	<u>32,661,737</u>

There are no creditors falling due after more than one year (2011 £nil) Amounts owed to fellow group undertakings have no specified terms of settlement and are therefore considered current

9. Share capital

Authorised, allotted, called up and fully paid

	2012 No	2011 No	2012 £	2011 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10. Reconciliation of shareholder's deficit and movement on reserves

	Share capital £	Profit and loss account £	Share- holder's funds £
At 1 January 2012	100	357,269	357,369
Profit for the financial year	-	521,171	521,171
At 31 December 2012	<u>100</u>	<u>878,440</u>	<u>878,540</u>

11. Related party transactions

The company has taken advantage of the exemption in FRS 8 paragraph 3c not to disclose transactions with other companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling party

Notes to the financial statements

at 31 December 2012

12. Parent undertakings and controlling party

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

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