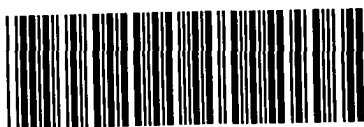


Fluor Projects Limited

Annual Report and Financial Statements

31 December 2014

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COMPANIES HOUSE

Fluor Projects Limited

Registered No: 06364708

Directors

A G Rees

K E White

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Registered office

Fluor Centre

140 Pinehurst Road

Farnborough

Hampshire

GU14 7BF

Strategic report

for the year ended 31 December 2014

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

Results

The profit for the year, after taxation, amounted to £215,669 (2013: £3,645,885).

Principal activities

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 and commercial clients.

Business Review

As the company is part of a group providing integrated world class engineering, procurement, construction, maintenance and project management services, we believe that our business model allows us the opportunity to bring to our clients on a global basis compelling business offerings that combine excellence in execution, safety, cost containment and experience. In that regard, we believe that our business strategies, which are based on certain core competencies: excellence in execution, financial strength, safety, global execution platform, market diversity, client relationship and risk management, provide us with some significant competitive advantages.

The key financial and other performance indicators during the year were as follows:-

	2014	2013	Change
	£	£	%
Turnover	4,625,025	90,866,538	(95)%
Profit Before Tax	336,216	4,744,604	(93)%
Profit After Tax	215,669	3,645,885	(94)%
Equity Shareholders' Fund	4,740,094	4,524,425	5%

The turnover has reduced due to the cancellation of a major project in the second quarter of 2014, which followed its suspension in quarter one 2013.

The increase in Equity Shareholders' Funds is represented by the current year Profit After Tax. There were no other movements in Equity Shareholders' Funds.

Principal Risk and Uncertainties

The principal risks and uncertainties facing the company are as follows:

Financial Risk Management

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 debtors, trade creditors and accruals, arise directly from its operations. The company finances its operations through its retained reserves 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 and US dollars. 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.

Strategic report

for the year ended 31 December 2014 (continued)

- 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 intercompany borrowings. The directors continually monitor the company's performance and liquidity profile.

- Competition

Intense competition in the global engineering, procurement and construction industry could reduce our market share and profits. Competition can place downward pressure on our contract prices and profit margins, and may force us to accept contractual terms and conditions that are not normal or customary, thereby increasing the risk that we may have losses on such contracts. Such risks are managed by our core competencies: excellence in execution, financial strength, safety, global execution platform, market diversity, client relationship and risk management.

- Markets

We are vulnerable to the cyclical nature of the markets that we serve. The demand for our services is dependent upon the existence of projects with engineering, procurement, construction and management needs. Capital expenditures by our clients may be influenced by factors such as prevailing prices and expectations about future prices, technological advances, the costs of exploration, production and delivery of product, domestic and international political, military, regulatory and economic conditions and other similar factors. We believe that our ability to assess, understand, gauge and mitigate project risk, especially in difficult locations, gives us the ability to selectively enter into markets or accept projects where we feel we can best manage risks.

On behalf of the board



Director K. WHITE

Date: 27/4/15

Directors' report

for the year ended 31 December 2014

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

Dividends

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

Future developments

The company continues to pursue prospects in a number of areas around the world. There are currently no projects in active execution but the directors remain confident that future projects will materialise.

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 2 and 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 2014 to the date of this report are shown on page 1.

Financial Risk Management

The company's exposure to financial risk managements are outlined in the Strategic Report on pages 2 and 3.

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



Director **K. WHITE**

Date: **27/4/15**

Statement of directors' responsibilities

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

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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. 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 Statement of directors' responsibilities set out on page 5, 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 annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

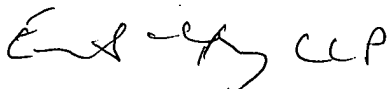
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Date: **28 APR 2015**

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	4,625,025	90,866,538
Cost of sales		(4,279,996)	(85,855,604)
Gross profit		345,029	5,010,934
Administrative expenses		(9,295)	(290,552)
Operating profit	3	335,734	4,720,382
Interest receivable and similar income	5	15,019	24,584
Interest payable and similar charges	6	(14,537)	(362)
Profit on ordinary activities before taxation		336,216	4,744,604
Tax on profit on ordinary activities	7	(120,547)	(1,098,719)
Profit for the financial year	11	215,669	3,645,885

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £215,669 for the year ended 31 December 2014 (2013: £3,645,885).

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Current assets			
Debtors	8	318,093	4,399,620
Cash at bank and in hand		7,701,875	8,204,842
		<u>8,019,968</u>	<u>12,604,462</u>
Creditors: amounts falling due within one year	9	(3,279,874)	(8,080,037)
		<u>4,740,094</u>	<u>4,524,425</u>
Net assets			
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	4,739,994	4,524,325
		<u>4,740,094</u>	<u>4,524,425</u>
Equity shareholder's funds			
	11	<u>4,740,094</u>	<u>4,524,425</u>

These financial statements were approved by the Board of Directors for issue on 27/4/15 and are signed on their behalf by:



Director K. WHITE

Notes to the financial statements

at 31 December 2014

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 up to a maximum of costs included when council advice that there is a significant chance of success. 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 amounts billed are classified as "amounts recoverable on contracts" and are separately disclosed within debtors.

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

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 2014

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 and commercial clients. All of the turnover generated this year relates to work undertaken in Europe and Africa £4,625,025 (2013: £90,866,538).

3. Operating profit

This is stated after charging:

	2014 £	2013 £
Auditors' remuneration – audit services	-	4,444
Foreign exchange (gain)/losses	(188,685)	60,565

The audit fee of £4,050 for the company is borne by Fluor Limited, a fellow subsidiary undertaking.

4. Staff costs and directors' remuneration

The company did not employ any staff during the year (2013: nil). No director received any remuneration during the year (2013: £nil).

5. Interest receivable and similar income

	2014 £	2013 £
Interest receivable on bank deposits	15,019	24,584

6. Interest payable and similar charges

	2014 £	2013 £
Bank and other interest	14,537	362

Notes to the financial statements

at 31 December 2014

7. Tax charge on ordinary activities

(a) The tax charge is as follows:

	2014 £	2013 £
<i>UK Corporation tax</i>		
UK Corporation tax on profit for year	51,346	1,103,121
Adjustments in respect of previous years	47,995	14,422
	<u>99,341</u>	<u>1,117,543</u>
<i>Foreign tax</i>		
Current year	21,206	(18,824)
Current tax charge (see note 7(b))	<u>120,547</u>	<u>1,098,719</u>

(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 21.5% (2013: 23.25%). The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>336,216</u>	<u>4,744,604</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	72,286	1,103,121
Effects of:		
Adjustments in respect of previous years	47,995	14,422
Adjustments in respect of previous years – foreign tax	-	(18,824)
Different rate of taxes on overseas earnings	266	-
Total current tax charge (note 7(a))	<u>120,547</u>	<u>1,098,719</u>

(c) Factors affecting future tax charge

The main rate of UK corporation tax reduced from 23% to 21% from 1 April 2014. The rate will reduce to 20% from 1 April 2015. At the balance sheet date the future tax reduction had been enacted and hence in accordance with accounting standards, they have been reflected in the company's financial statements as at 31 December 2014. The rate change will impact the amount of future tax payments to be made by the company.

As at 31 December 2014 there were unrelieved foreign taxes amounting to £542,232 (2013: £562,172).

Notes to the financial statements

at 31 December 2014

8. Debtors

	2014	2013
	£	£
Trade debtors	-	4,393,378
Other debtors	5,427	6,242
Corporation tax	312,666	-
	<u>318,093</u>	<u>4,399,620</u>

9. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	82,569	93,905
Payments received on account	2,564,730	6,603,184
Amounts owed to fellow subsidiary undertakings	625,887	1,098,288
Corporation tax	-	252,280
Accruals	6,688	32,380
	<u>3,279,874</u>	<u>8,080,037</u>

Amounts owed to fellow group undertakings have no specified terms of settlement and are therefore considered current.

10. Share capital

Authorised, allotted, called up and fully paid

	2014	2013	2014	2013
	No.	No.	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

11. Reconciliation of shareholder's fund and movement on reserves

	Share capital	Profit and loss account	Shareholder's funds
	£	£	£
At 1 January 2014	100	4,524,325	4,524,425
Profit for the financial year	-	215,669	215,669
At 31 December 2014	<u>100</u>	<u>4,739,994</u>	<u>4,740,094</u>

Notes to the financial statements

at 31 December 2014

12. 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.

13. 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.