Wood Group Production Technology Limited

Annual report and accounts

for the year ended 31 December 2000

Registered Number 106951



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for the year ended 31 December 2000

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Wood Group Production Technology Limited

Directors' report for the year ended 31 December 2000

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

Principal activities
The company's principal activity during the year was the provision and service of downhole instrumentation for use in the oil industry.

Review of business
The profit and loss account for the year is set out on page 4.

The company has focused its activities on the provision and service of permanent downhole instrumentation.

Dividends
The loss for the financial year amounted to £232,000 (1999 : profit £593,000). The directors do not propose that any dividend be paid on the ordinary shares (1999 : nil). The loss for the year will be transferred from reserves.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors
The directors of the company at 31 December 2000, both of whom have been directors for the whole of the year ended on that date, are listed below:

A G Langlands
C E M Watson

Wood Group Production Technology Limited

Directors' interests
No director had an interest in the shares of the company.

The interests in the shares of John Wood Group PLC, the ultimate holding company, of A G Langlands who is also a director of that company are disclosed in the holding company directors' report.

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

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

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

By order of the board

C E M Watson
Company Secretary

Wood Group Production Technology Limited

Auditors' report to the members of Wood Group Production Technology Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

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

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

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen

9 May 2001

Wood Group Production Technology Limited

Profit and loss account for the year ended 31 December 2000

	Note	2000	1999
		£'000	£'000
Turnover			
Continuing operations		**4,563**	5,701
Discontinued operations		**-**	237
	2	**4,563**	5,938
Cost of sales		**(3,401)**	(4,454)
Gross profit		**1,162**	1,484
Net operating expenses	3	**(1,486)**	(1,263)
Operating (loss)/profit			
Continuing operations		**(324)**	808
Discontinued operations		**-**	(587)
		(324)	221
Profit on disposal of operation		**-**	444
(Loss)/profit on ordinary activities before interest		**(324)**	665
Net interest receivable	6	**18**	13
(Loss)/profit on ordinary activities before taxation	7	**(306)**	678
Tax on (loss)/profit on ordinary activities	8	**74**	(85)
Retained (loss)/profit for the financial year	15	**(232)**	593

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

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

Wood Group Production Technology Limited

Balance sheet as at 31 December 2000

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
Fixed assets					
Tangible assets	9		**108**		544
Current assets					
Stock	10	**557**		537	
Debtors : amounts falling due after one year	11	**197**		156	
Debtors : amounts falling due within one year	11	**1,460**		4,358	
Cash at bank and in hand		**703**		-	
			2,917		5,051
Creditors: amounts falling due within one year	12		**(935)**		(3,343)
Net current assets			**1,982**		1,708
Total assets less current liabilities			**2,090**		2,252
Provisions for liabilities and charges	13		**(165)**		(95)
			1,925		2,157
Capital and reserves					
Called up share capital	14		**3,000**		3,000
Profit and loss account deficiency	15		**(1,075)**		(843)
Equity shareholder's funds	16		**1,925**		2,157

The financial statements on pages 4 to 14 were approved by the board of directors on 9 May 2001 and were signed on its behalf by:

Director :

Director :

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

1 Principal accounting policies

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

The 1999 figures have been restated in order to reallocate provisions. The restatement does not have any effect on retained profits for the year ended 31 December 1999.

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

Plant and equipment	2 – 5 years
Vehicles	4 years

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

Stocks and work in progress
Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour plus attributable production overheads. Net realisable value is based on estimated selling price less anticipated costs of disposals. Provision is made for all foreseeable losses and in the case of stocks, due allowance is made for obsolete and slow moving items.

Deferred taxation
Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that a liability or asset will crystallise.

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

Research and development expenditure
Research and development expenditure of a general nature is written off as incurred.

Operating leases
Rentals under operating leases are charged to the profit and loss account in the period to which they relate.

Pension costs

The company participates in a group defined benefit pension scheme which is contracted out of the state scheme. The funds are valued every three years by a professionally qualified independent actuary and the rates of contribution payable are determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the scheme. Further details relating to the scheme are set out in the financial statements of John Wood Group PLC for the year ended 31 December 2000.

Cash flows

The company is a wholly owned subsidiary of John Wood Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of John Wood Group PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

2 Turnover

	2000	1999
	£'000	£'000
United Kingdom	**2,222**	3,372
Rest of World	**2,341**	2,566
	4,563	5,938

3 Net operating expenses

	2000	1999
	£'000	£'000
Distribution costs	**718**	380
Administrative expenses	**768**	883
	1,486	1,263

4 Employee information

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

By activity	2000	1999
Direct production workers	**23**	32
Management and staff	**14**	16
	37	48

Staff costs (for the above persons)	2000	1999
	£'000	£'000
Wages and salaries	**1,020**	1,326
Social security costs	**97**	135
Other pensions costs	**80**	87
Staff costs	**1,197**	1,548

5 Directors' emoluments

No remuneration has been paid to or waived by the directors during the year.

6 Net interest receivable

	2000	1999
	£'000	£'000
Interest receivable from group undertakings	**40**	89
Bank interest receivable	**39**	6
Repayment supplement re 1998 corporation tax	**7**	-
Bank overdraft interest payable	**(68)**	(82)
Net interest receivable	**18**	13

7 (Loss)/profit on ordinary activities before taxation

	2000	1999
	£'000	£'000
(Loss)/profit on ordinary activities before taxation is stated after (crediting)/charging:		
Profit on disposal of tangible fixed assets	**(52)**	(22)
Depreciation of tangible fixed assets	**281**	788
Auditors' remuneration	**12**	11
Hire and operating lease payments:		
Plant and equipment	**72**	75
Other	**80**	26
Development expenditure	**275**	198

8 Tax on profit on ordinary activities

	2000	1999
	£'000	£'000
UK corporation tax at 30% (1999 : 30.25%)		
Current	**(71)**	170
Deferred	**(21)**	32
Overseas taxation	**21**	13
Adjustment in respect of prior years:		
Current	**17**	(8)
Deferred	**(20)**	(122)
	(74)	85

The effective rate of tax credit for the year is 24% due to unrelieved overseas taxation.

9 Tangible assets

	Plant & equipment
	£'000
Cost	
At 1 January 2000	1,938
Additions	110
Disposals	(1,147)
At 31 December 2000	**901**
Depreciation	
At 1 January 2000	1,394
Charge for the year	281
Disposals	(882)
At 31 December 2000	**793**
Net book amount	
At 31 December 2000	**108**
At 31 December 1999	544

10 Stocks

	2000	1999
	£'000	£'000
Raw materials and consumables	**287**	361
Work in progress	**270**	176
	557	537

11 Debtors

	2000	1999
	£'000	£'000
Amounts falling due within one year		
Trade debtors	**575**	1,625
Amounts owed by group undertakings	**753**	2,434
Prepayments and accrued income	**31**	66
Corporation tax	**30**	233
Group relief	**71**	-
	1,460	4,358
Amounts falling due after more than one year		
Deferred taxation	**197**	156

Deferred taxation asset comprises:

	2000	1999
	£'000	£'000
Fixed asset timing difference	**189**	148
Other timing difference	**8**	8
	197	156

The movement in the deferred tax asset comprises:

	2000	1999
	£'000	£'000
At 1 January	**156**	66
Credited to profit and loss account	**41**	90
At 31 December	**197**	156

The deferred tax asset is based on a corporation tax rate of 30% (1999 : 30%).

12 Creditors

	2000	1999
	£'000	£'000
Bank overdraft	-	1,516
Trade creditors	393	719
Amounts due to group undertakings	202	370
Overseas taxation	21	-
UK corporation tax	20	142
Accruals and deferred income	299	366
Group relief payable	-	230
	935	3,343

13 Provision for liabilities and charges

	Warranty provision £'000
At 1 January 2000 (as restated)	95
Net charge to profit and loss account	70
At 31 December 2000	**165**

The warranty provision of £165,000 at 31 December 2000 arose in the normal course of business. The balance provided represents the directors' estimate of future expenditure based on the historical costs of such claims received by the company.

14 Called up share capital

	2000	1999
	£'000	£'000
Authorised		
3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid		
3,000,000 ordinary shares of £1 each	3,000	3,000

15 Profit and loss account deficiency

	£'000
At 1 January 2000	(843)
Retained loss for the financial year	(232)
At 31 December 2000	(1,075)

16 Reconciliation of movements in shareholder's funds

	2000	*1999*
	£'000	£'000
Opening shareholder's funds	**2,157**	1,564
(Loss)/profit for the financial year	**(232)**	593
Closing shareholder's funds	**1,925**	2,157

17 Leasing commitments

	2000 Land and buildings £'000	**2000 Other £'000**	1999 Land and buildings £'000	1999 Other £'000
Payments falling due in 2001 in respect of				
Within one year	**80**	**7**	80	7
Between one and two years	**-**	**13**	-	-
Between two and five years	**-**	**14**	-	41
	80	**34**	80	48

18 Contingent liabilities

The company has a contingent liability arising from a guarantee without limit extended to the Group's principal bankers in respect of sums advanced to the company and to certain other members of the Group.

19 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary where 90% or more of the voting rights are controlled within the group, and the consolidated financial statements of John Wood Group PLC, its ultimate parent company, are publicly available.

20 Ultimate holding company

Wood Group Production Technology Limited is a wholly owned subsidiary of Wood Group Logging Services Holdings Limited. The directors regard John Wood Group PLC, a company registered in Scotland, as the ultimate parent company and controlling party at 31 December 2000.

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

21 Pensions

The company participates in the group defined benefit pension scheme, details of which are given in Note 1. The total pension cost of the company for the year was £80,000 (1999 : £87,000).