

The Automated Technology Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Registered Number - 03109235



The Automated Technology Group Limited

Directors

D Ashford
I Farmer
L Hinder
S Litchfield

Company Secretary

I Jones

Registered office

Compass Point, Kingston Road
Staines Upon Thames
Middlesex
TW18 1DT

Bankers

HSBC PLC
2 Queens Road
Aberdeen
AB15 4ZT

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

The Automated Technology Group Limited

**Annual report and financial statements
for the year ended 31 December 2018**

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The Automated Technology Group Limited
Strategic report
for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Principal activities

The Automated Technology Group Limited is a limited liability company incorporated and domiciled in England. The principal place of business is at Wrest Park, Silsoe, Bedfordshire, MK45 4HS.

The company has two activities;

- Controls - the concept, simulation, design, manufacture and installation of complex, high value automation and control systems, with main markets being automotive, material handling, aerospace and food and beverage.
- Power - the development, design, manufacture and installation of low and medium voltage electrical control systems for process, utility and heavy industry sectors.

Going concern

The COVID 19 pandemic is presenting some significant challenges to the business and whilst the directors have put measures in place to preserve cash, current forecasts show that the business will require financial support from its ultimate parent company, John Wood Group PLC, for the remainder of 2020.

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures have been taken by the UK Government and other Governments around the world to contain the virus have had a significant impact on economic activity.

Measures to prevent the transmission of the virus include, but not limited to:

- Limiting the movement of people, including requesting that people work from home;
- Restricting flights and other travel; and
- Temporarily closing businesses, schools and cancelling events.

These actions will have an immediate impact on businesses across a wide range of industries. It will also begin to affect supply chains and production of goods throughout the world and lower economic activity is likely to result in reduced demand for many goods and services.

To date, the business has suffered minimal material impact from the actions taken by the Government in response to COVID 19. The Company's principal activity is to provide manufacturing, logistics and power transmission services and accordingly many of the staff are working either from home where possible or on client sites that remain operational.

In response to COVID 19, the Company has introduced staggered shifts, increased cleanliness measures and safe distancing measures. In addition, the Company's most affected employees have been asked to isolate on full pay. Areas of the business that has been marginally impacted is production of control panels. In this instance the staff may be furloughed for a period. These measures will have an impact on margins and project milestones, however the management have a proven track record of leveraging our flexible, asset light model in response to changing market conditions.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of John Wood Group PLC, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

Results

The profit for the year amounted to £2,207k (2017 Restated: profit of £299k).

The Automated Technology Group Limited
Strategic report
for the year ended 31 December 2018

Review of business

The Automated Technology Group Limited turnover for the year was £43,229k (2017 Restated: £47,999k). The increased level of sales on prior year is largely due to growth in North America.

The company, being a project based business, is wholly reliant on the skills and capability of its employees. The company has been able to continue to grow through its continued investment in staff development, training and recruitment and thanks to the dedication and commitment of all its employees.

It is expected that the coming year will see the company continuing to capitalise on a strong market for its broad service offering that is in demand across many areas of the automation market.

The financial position of the Company is shown on the balance sheet on page 13.

Key performance indicators ("KPIs")

The directors of John Wood Group PLC, the ultimate holding company, manage operations on a Group basis. For this reason the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or position of this business.

The development and position of the Specialist Technical Solutions Business Unit, which includes the Company, is discussed in the Group's annual report and financial statements.

Principal risks and uncertainties

The company has continued to work to improve its systems of internal control with weekly management meetings and monthly Business Review meetings. This gives the opportunity for risks and uncertainties to be discussed and addressed on a regular basis. The board of directors reviews and documents the principal risks as a part of the budget setting process.

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Principal risks and uncertainties (continued)

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

Risk Profile	Mitigation, monitoring and assurance
<p>People Availability of competent resources: The ability of the company to retain and attract appropriately qualified and experienced staff is key to the continued success of the business.</p>	<ul style="list-style-type: none"> • Continuing expansion development of the internal apprentice training programme • Development and nurture of relationship with off-shore organisations to source engineering resources to complement lack of available resources in the UK
<p>Financial Credit risk: The customer fails to settle significant debt. Exchange rate risk: The company is exposed to translation and transaction foreign exchange risk.</p>	<ul style="list-style-type: none"> • The company looks to deal mainly with <i>established or financially sound customers</i> • Credit checks are carried out on new customers and from time to time are undated for continuing customers • Aged debt is monitored and escalated where payments are behind terms • The company matches the revenue and costs of all foreign currency transactions to eliminate, so far as possible, currency exposures • Net foreign currency exposures are monitored regularly
<p>Operational Revenue recognition: The company recognises revenue on projects based on the percentage complete of the individual project. A key element of this calculation is the estimation of the costs to complete on contracts, which is an inherent risk of project accounting.</p>	<ul style="list-style-type: none"> • The company has a strong project management system with monthly project reviews. These reviews are attended by key management to assess the performance of individual projects.
<p>Technology Information Technology: The company is heavily reliant on its IT infrastructure. Any loss of data or system availability would have a serious impact on the company's ability to meet customer commitments.</p>	<ul style="list-style-type: none"> • We have: <ul style="list-style-type: none"> ◦ a tried and tested business continuity plan ◦ physical access controls, and ◦ multiple backups off site

On behalf of the Board



L Hinder
Director
15 May 2020

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The Automated Technology Group Limited
Directors' report
for the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Future developments

The directors anticipate that there will not be any significant changes to the activities of the Company in the medium-term.

Dividends

During the year the directors did not declare a dividend (2017: £nil).

Financial instruments

The Company enters into forward currency contracts to manage the currency risks arising from its operations. See note 21 for further information.

Directors

The current directors of the Company are listed on page 1.

The directors who served during the year and at the date of this report, unless otherwise stated, were as follows:

D Ashford
I Farmer
L Hinder
N Brookes (Resigned 31 March 2020)
S Litchfield
A Robinson (Resigned 31 March 2020)

Employees

Wood is committed to attracting, retaining, developing and mobilising the right people to the right place at the right time at the right cost. We aim to create an environment where people choose to stay with us for the long-term by having excellent leaders, high engagement and development opportunities, supported by fair and competitive remuneration. Our success depends entirely on the strength of our people, their skillset and values. Our ability to identify, promote and mobilise our people is important to the long-term health of the organisation.

Wood aims to achieve a competitive advantage through our workforce planning model, connecting the business strategy with our people strategy, ensuring maximum utilisation and mobility of Group talent. We attract and select the best people by ensuring our global and regional resourcing strategies deliver an efficient and cost effective service to our stakeholders.

We provide meaningful performance-based recognition programmes to drive organisational results, recognise high performance among employees and value employee contributions.

The Group endorses and supports the principles of equal employment opportunity. To ensure these are adhered to, the People and Organisation department has set down a number of policies, including:

- equal employment opportunities to all appropriately qualified individuals;
- disabled persons receive full and fair consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities, and
- all employment decisions are made on a non-discriminatory basis.

**The Automated Technology Group Limited
Directors' report (continued)
for the year ended 31 December 2018**

Corporate social responsibility (CSR)

The Company is committed to being a socially responsible organisation. To achieve this, the Company adheres to core Wood shared values that take account of the economic, social and environmental impact of all aspects of the business. People are the Company's business and their health and safety is its greatest responsibility. Taking that responsibility seriously means extending it to the communities where the Company works and where employees live.

Everyone who works for the Company is required to work within the Wood core values and comply with specific personal commitments to health and safety, ethical behaviour, teamwork and protecting the Company's reputation.

Find out more about our shared values at: www.woodgroup.com/values

Health, Safety, Security and Environment ("HSSE")

Wood is committed to the highest standards of health, safety, environmental and security management. Our aim is to comply with all applicable legislation and relevant industry standards. In the absence of regulatory controls we set our own internal standards.

Our HSSE policy defines our commitment to:

- protecting the health and safety of our employees and others who may be affected by our business activities;
- reducing the environmental impact of operations under our control or direct influence, and
- continually improving our health, safety and environmental performance.

Our goal is to sustain an incident free work environment, as we believe that all incidents are preventable.

Every person working for the Company is responsible and accountable for working in a manner consistent with this goal. To achieve this we:

- create a positive HSSE culture;
- encourage and support positive intervention;
- understand and manage HSSE risks;
- implement an effective HSSE Management System;
- manage HSSE performance, and
- integrate HSSE into business planning

Our aim is to comply with all applicable legislation and relevant industry standards. In the absence of such regulatory controls we set standards consistent with this policy.

We are a socially responsible employer. We work with our customers, contractors, partners and suppliers to improve the efficiency of our operations by conserving resources, reducing waste and emissions, and preventing environmental pollution.

We seek sustainable solutions to business needs, balancing environmental, social and economic considerations by engaging with employees, customers, partners, contractors, suppliers and communities where we work.

We have a Safety, Assurance and Business Ethics (SABE) committee that is responsible for providing governance in relation to Group-wide and business specific HSSE performance, risk management, assurance and business ethics. The primary focus of the committee is to ensure that HSSE and Business Ethics risks are understood, managed and that our supporting systems and assurance activities are suitable, adequate and effective.

Refer to the John Wood Group PLC 2018 Annual Report and Accounts for further details, including activities in 2018.

**The Automated Technology Group Limited
Directors' report (continued)
for the year ended 31 December 2018**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101").

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquiries of fellow directors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no relevant information of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor

Following a tender process, KPMG LLP was appointed as auditor for 2018. The auditor has indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed.

On behalf of the Board



I Jones
Secretary

15 May 2020

**Independent Auditors' report to the members of The Automated Technology Group Limited
(continued)**

Opinion

We have audited the financial statements of The Automated Technology Group Ltd (the "Company") for the year ended 31 December 2018, which comprise the profit and loss account, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 2.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditors' report to the members of The Automated Technology Group Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

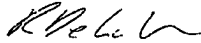
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

**Independent Auditors' report to the members of The Automated Technology Group Limited
(continued)**

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

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



Richard De La Rue (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
15 May 2020

The Automated Technology Group Limited
Profit and loss account and other comprehensive income
for the year ended 31 December 2018

	Note	As Restated *	
		2018	2017
		£000	£000
Turnover	3	43,229	47,999
Cost of sales		(34,639)	(39,977)
Gross profit		8,590	8,022
Administrative expenses		(7,607)	(7,621)
Operating exceptional items	6	1,526	-
Operating profit	7	2,509	401
Gain on disposal of tangible fixed assets	8	-	4
Interest receivable and similar income	9	7	8
Interest payable and similar expenses	10	(134)	(14)
Profit before taxation		2,382	399
Tax on profit	11	(175)	(100)
Profit and total comprehensive income for the year		2,207	299
Attributable to:			
Equity owners of the Company		2,207	299

* Refer to note 2.2.

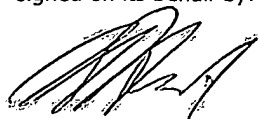
The results have been derived wholly from continuing operations.

The Automated Technology Group Limited
Balance sheet
As at 31 December 2018

	Note	As Restated *	
		2018 £000	2017 £000
Fixed assets			
Tangible assets	12	724	1,040
		724	1,040
Current assets			
Stocks	13	151	152
Debtors	14	21,789	18,894
Cash at bank and in hand		-	4,744
		21,940	23,790
Creditors: amounts falling due within one year	15	(10,519)	(14,892)
Net current assets		11,421	8,898
Total assets less current liabilities		12,145	9,938
Provisions for liabilities	16	(241)	(241)
Net assets		11,904	9,697
Capital and reserves			
Called-up share capital	17	-	-
Profit and loss account		11,904	9,697
Total equity		11,904	9,697

* Refer to note 2.2.

The financial statements on pages 12 to 27 were approved by the Board of Directors on 15 May 2020 and were signed on its behalf by:



L Hinder
 Director

Registered number: 03109235

The Automated Technology Group Limited
Statement of changes in equity
for the year ended 31 December 2018

	Called-up share capital £000	As restated * Profit and loss account £000	Total equity £000
At 1 January 2017	-	9,398	9,398
Profit and total comprehensive income for the year (as previously stated)	-	1,468	1,468
Prior year adjustment	-	(1,169)	(1,169)
Profit and total comprehensive income for the year (restated)	-	299	299
At 31 December 2017 (as restated)	-	9,697	9,697
Profit and total comprehensive income for the year	-	2,207	2,207
At 31 December 2018	-	11,904	11,904

* Refer to note 2.2.

The Automated Technology Group Limited
Notes to the financial statements
for the year ended 31 December 2018

1 General information

The Automated Technology Group Limited is a limited liability company incorporated and domiciled in England. The principal activities of the Company are as follows:

Controls - the concept, simulation, design, manufacture and installation of complex, high value automation control systems, with main markets being automotive, material handling, aerospace and food and beverage.

Power - the development, design, manufacture and installation of low and medium voltage electrical control systems for process, utility and heavy industry sectors.

2 Summary of significant accounting policies

The principal accounting policies, which have been applied 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.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - in particular FRS 101 - and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 23 gives details of the Company's ultimate parent and from where consolidated financial statements prepared in accordance with IFRS may be obtained.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

- no detailed disclosures in relation to financial instruments;
- certain disclosures relating to revenue
- no cash flow statement;
- no disclosure of related party transactions with fellow 100% subsidiaries of John Wood Group PLC;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- no disclosure of "key management compensation" for key management other than the directors, and
- no disclosures relating to the Company's policy on capital management.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The financial statements are presented in Pounds Sterling (GBP) and all values are rounded to the nearest thousand Pounds Sterling (£000) except where otherwise indicated.

The Company's business activities, together with the factors likely to affect its future, are set out in the Strategic and Directors reports. The financial position of the Company is shown in the balance sheet on page 13. Its borrowing facilities are described in note 15 to the financial statements. In addition, note 21 includes the Company's financial risk management objectives; details of its financial instruments and hedging activities, and its exposures to interest rate risk and liquidity risk. Thus the directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

2.2 Prior year adjustment

During the preparation of 2018 financial statements it was identified that purchase invoices with a total value of £3,117,000 which had been expensed in 2018 related to 2017 activity. These amounts had not been accrued at December 31 2017. This resulted in an understatement of cost of sales and an overstatement of net assets in 2017. Per long term contract revenue recognition this also resulted in an understatement of revenue. The directors have therefore restated the prior period financial statements. This has resulted in the following:

For the year ended 31 December 2017, amounts recoverable on long term contracts was increased by £1,670,000, accrued expenses and deferred income was increased by £3,117,000, turnover was increased by £1,670,000 and cost of sales was increased by £3,117,000. Current year corporation tax expense was reduced by £278,000 and corporation tax debtor was increased by £278,000.

The following tables summarise the impact of the prior period restatement on the comparative information included in these financial statements.

	As previously stated	Prior year adjustment	As restated
	£000	£000	£000
Turnover	46,329	1,670	47,999
Cost of sales	(36,860)	(3,117)	(39,977)
Gross profit	9,469	(1,447)	8,022
Tax on profit	(378)	278	(100)
Profit and total comprehensive income for the year	1,468	(1,169)	299

	As previously stated	Prior year adjustment	As restated
	£000	£000	£000
Amounts recoverable on long term contracts	6,525	1,670	8,195
Corporation tax	824	278	1,102
Debtors	16,946	1,948	18,616
Current Assets	21,842	1,948	23,790
Accrued expenses and deferred income	(1,371)	(3,117)	(4,488)
Creditors: amounts falling due within one year	(11,775)	(3,117)	(14,892)
Net assets	10,866	(1,169)	9,697
Profit & loss account	10,866	(1,169)	9,697
Total equity	10,866	(1,169)	9,697

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

2 Summary of significant accounting policies - (continued)

2.3 Going concern

As mentioned in note 22, COVID 19 pandemic is presenting some significant challenges to the business. The Directors of the company have updated their existing budgets and cash flow forecasts for the impact of COVID 19 to 31 May 2021. This forecast contains certain assumptions about future sales, the gross margins achievable, the level of cost and other operating expenses and cash balance. In addition to this business plan, the Directors have considered severe but plausible downside sensitivities and certain mitigating actions that management can implement that are within the control of the company to ensure the ongoing operation of the company. Whilst the directors have put measures in place to preserve cash, the forecasts show that the business will require financial support from its ultimate parent company, John Wood Group PLC. Confirmation has been provided by John Wood Group PLC that it intends to make available such funds as are needed by the Company to enable the Company to meet its financial liabilities as they fall due, for the period of at least 12 months from the date of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of John Wood Group PLC, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

2.4 Functional and reporting currency

The financial statements are presented in Pounds Sterling which is the functional currency of the Company and constitutes the principal income stream of the Company.

2.5 Cash flows

The Company is a wholly-owned subsidiary of John Wood Group PLC and its cash flows are included in the consolidated group cash flow statements of that company (see note 23). Consequently the Company has taken advantage of the exemption available with FRS 101 from publishing a cash flow statement.

2.6 Foreign currency translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Non-monetary items are translated using the exchange rates as at the date of the original transactions.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Land is not depreciated and depreciation on other assets is calculated using the straight-line method to allocate their cost less estimated residual values over their estimated useful lives, as follows:

Office equipment	2-10 years
Leasehold improvements	Shorter of the estimated life or period of lease
Plant & Machinery	2-10 years
Vehicles	1-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

2 Summary of significant accounting policies (continued)

2.8 Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the profit and loss account.

2.9 Trade debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment.

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred. Evidence that a financial asset is credit-impaired includes a customer being in significant financial difficulty or a breach of contract such as default.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers the company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The company has a non-recourse financing arrangement with one of its banks in which funds are received in relation trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of payment from the bank. See note 21 for further details.

2.10 Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowing costs are expensed through the profit and loss account.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

If the effect of the time value of money is material provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

2 Summary of significant accounting policies (continued)

2.12 Dilapidation provision

Under the terms of agreements for certain leasehold land and buildings, the Company is obliged to return the premises to the lessor on cessation or termination of the lease, maintained to a certain standard. Provision is made, on a straight line basis, for the directors' estimate of such costs over the lease period.

2.13 De-recognition of financial assets and liabilities

Financial assets:

A financial asset (or where appropriate a part of a financial asset) is de-recognised where the rights to receive cash flows from the asset have expired.

Financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

2.14 Turnover from contracts with customers

Revenue recognition:

Revenue comprises the fair value of the consideration specified in a contract with a customer and is stated net of sales taxes (such as VAT) and discounts. The Company recognises revenue when it transfers control over a good or service to a customer. The company has two types of contracts: Cost reimbursable and long term contracts.

Cost reimbursable projects:

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

For long term contracts, see 2.15.

2.15 Long-term contracts

Revenue on fixed price or lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised over time, according to the stage of completion reached in the contract, by measuring the proportion of costs incurred for work performed to total estimated costs. Revenue in respect of variations is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not been agreed, then revenue is recognised only to the extent that that it is highly probable that a significant reversal of revenue will not occur.

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

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

2.16 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, or whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys the right to use the asset.

The Company has entered into various operating leases, the payments for which are recognised as an expense in the profit and loss account on a straight-line basis over the lease terms.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

2 Summary of significant accounting policies - (continued)

2.17 Employee benefits

The Company operates a defined contribution pension scheme, and the expense incurred is taken to the profit and loss account. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable to the fund.

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there has been a past practice that has created a constructive obligation.

The Company recognises amounts due to employees for holiday/vacation pay, which have been earned but not yet taken at the end of the financial year, and accrues for these costs in the balance sheet and expenses them to the profit and loss account.

2.18 Taxation

The tax expense in the profit and loss account represents the sum of current and deferred taxes. Current tax is based on taxable profit for the year and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the profit and loss account.

2.19 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 Company's financial performance.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

2 Summary of significant accounting policies - (continued)

2.20 Judgements and key sources of estimation or uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

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

Revenue on Lump sum projects is recognised according to the stage of completion reached in the project by measuring the proportion of costs incurred for work performed to total estimated costs. Estimating the costs to completion and therefore the total contract costs is a key judgement in respect of revenue recognition and to this end very detailed project analysis is carried out and reviewed on a monthly basis on all large projects.

3 Turnover

Analysis of turnover by category is as follows:

	2018	Restated * 2017
	£000	£000
Cost reimbursable contracts	1,311	372
Fixed price contracts	41,918	47,627
Total	43,229	47,999

Analysis of turnover by geographical destination is as follows:

	2018	Restated * 2017
	£000	£000
United Kingdom	25,388	30,932
Europe	10,427	8,067
USA	7,414	9,000
Total	43,229	47,999

* Refer to note 2.2.

4 Staff costs and employee information

	2018	2017
	£000	£000
Wages and salaries	11,422	10,663
Social security costs	1,132	1,145
Other pension costs	743	707
Total	13,297	12,515

The monthly average "full time equivalent" number of employees for 2018 was 239 (2017: 261).

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

5 Directors' remuneration

Staff costs include amounts payable to directors as follows:

	2018	2017
	£000	£000
Aggregate emoluments	640	153
Money purchase pension plan contributions	94	15
	734	168

Five Directors were remunerated by the company. The other director is employed through a separate subsidiary of John Wood Group PLC.

6 Exceptional Items

	2018	2017
	£000	£000
Write off intercompany payable balance	1,526	-
Total	1,526	-

Intercompany payable balance written off following dissolution of Igranic Systems Limited.

7 Operating profit

Operating profit is stated after charging/(crediting):

	2018	2017
	£000	£000
Depreciation of tangible assets (note 12)	339	380
Net foreign exchange (gain)/loss	(127)	194
Operating lease expenditure:		
- Land and buildings	342	356
- Other	256	585
Services provided by the Company's UK statutory auditors:		
- Fees payable for the UK statutory audit	36	36

8 Gain on disposal of tangible fixed assets

No Motor vehicles were disposed of in the year (2017: £4k).

9 Interest receivable and similar income

	2018	2017
	£000	£000
Bank interest receivable	7	8
Total	7	8

10 Interest payable and similar charges

	2018	2017
	£000	£000
Bank interest payable	134	14
Total	134	14

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

11 Taxation

	2018	* As restated 2017
	£000	£000
Current tax		
UK corporation tax	218	93
Adjustments in respect of prior years	(2)	(2)
Total current income tax	216	91
Deferred tax		
Origination and reversal of temporary differences	(45)	7
Effect of change in tax rate	4	-
Adjustments in respect of prior years	-	2
Total deferred tax	(41)	9
Tax on profit	175	100

The tax in the profit and loss account for the year varied from the average standard rate of corporation tax in the UK due to the following factors:

	2018	* As restated 2017
	£000	£000
Profit before tax of £2,382k (2017: profit of £399k) at average UK standard rate of corporation tax of 19.00% (2017: 19.25%)	453	78
Non-deductible or non-taxable items	(280)	15
Effect of deferred tax	-	7
Effect of changes in tax rates	4	-
Adjustments in respect of prior years	(2)	-
Tax charge for the year	175	100

Deferred tax

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£000	£000
Fixed asset timing differences	91	(48)
Short term timing differences and losses	-	(2)
Deferred tax (provision)/asset/(provision)	91	(50)

Movement on deferred tax balance

	2018	2017
	£000	£000
(Provision)/asset at 1 January	50	59
Credit to the profit and loss account	41	(9)
Other movement	-	-
(Provision)/Asset/(provision) at 31 December	91	50

The standard Corporation Tax rate in the UK changed from 20% to 19% with effect from 1 April 2017 and remained 19% throughout 2019.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

12 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2018	1,317	1,446	168	239	3,170
Additions	-	28	-	-	28
Disposals	-	-	-	(23)	(23)
At 31 December 2018	1,317	1,474	168	216	3,175
Accumulated depreciation					
At 1 January 2018	750	1,076	156	148	2,130
Charge for the year	143	158	8	30	339
Disposals	-	-	-	(18)	(18)
At 31 December 2018	893	1,234	164	160	2,451
Net book value					
At 31 December 2018	424	240	4	56	724
At 31 December 2017	567	370	12	91	1,040

13 Stocks

	2018	2017
	£000	£000
Raw materials	151	152
Total	151	152

14 Debtors

	2018	Restated *
	£000	£000
Trade debtors – third parties	8,515	8,044
Trade debtors – Group companies	1,125	1,093
Prepayments and accrued revenue	140	160
Amounts recoverable on long-term contracts (restated)	9,377	8,195
Corporation tax	-	1,102
Other taxes and social security	400	-
Deferred tax	91	50
Other debtors	2,141	250
	21,789	18,894

Trade debtors are non-interest bearing and are generally on 30-60 days payment terms. Group trade debtors are repayable on demand.

* Refer to note 2.2.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

15 Creditors: amounts falling due within one year

	2018	Restated *
	£000	£000
Trade creditors – third party	4,389	7,009
Trade creditors – Group companies	960	2,370
Bank loans and overdrafts	1,821	-
Accrued expenses and deferred income (restated)	1,498	4,488
Payments received on account on long-term contracts	939	943
Group relief payable	475	-
Social security and other taxes	371	82
Other creditors	66	-
	10,519	14,892

Trade creditors are non-interest bearing and are normally settled on 15 - 60 days terms. Group trade creditors are repayable on demand.

* Refer to note 2.2.

16 Provision for liabilities

	2018	2017
	£000	£000
Dilapidations / warranties	241	241
Total	241	241

See note 11 for details of deferred tax.

17 Called up share capital

	2018	2017
	£000	£000
Allotted and fully paid:		
100 (2017: 100) Ordinary shares of £1 each	-	-
Total	-	-

18 Lease commitments

The Company has financial commitments under non-cancellable operating leases. The future minimum rental commitments under these leases are as follows:

	2018	2018	2017	2017
	Land & buildings	Other	Land & buildings	Other
	£000	£000	£000	£000
Within one year	234	270	338	464
Between one year and five years	496	151	1,084	242
After more than five years	680	-	1,006	-
Total	1,410	421	2,428	706

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

19 Contingent liabilities

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

20 Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard 101 not to disclose transactions and balances with John Wood Group PLC and its wholly-owned subsidiaries, on the grounds that the Company itself is a wholly-owned subsidiary of John Wood Group PLC, for which the consolidated financial statements are publicly available.

21 Financial risk management objectives and policies

21.1 General

The Company's principal financial liabilities comprise intercompany loans and trade creditors. The main purpose of these financial liabilities is to finance the Company's operations. The Company has various other financial assets such as trade debtors and cash at bank, which arise directly from its operations.

The main risks arising from the Company's financial instruments are (a) cash flow interest rate risk, (b) foreign currency risk, and (c) credit risk. The policies for managing each of these risks are summarised below, together with comments on liquidity risk.

(a) Cash flow interest rate risk:

The Company's exposure to the risk of changes in market interest rates relates primarily to intercompany borrowings.

In light of the fact that virtually all of the Company's interest income and charges are inter-Group, the directors have decided currently not to hedge any of its interest rate exposures. This decision will be regularly reviewed.

(b) Foreign currency risk:

The Company is exposed to foreign currency risk on transactions where sales, purchases and borrowings which are in currencies other than the Company's functional currency. The Company strives to bill its customers in the currency in which the costs have been incurred, and maintain intercompany loans in the functional currency of the Company, to eliminate the currency exposure wherever possible.

(c) Credit risk:

The Company trades only with recognised, creditworthy third parties which are typically large companies. It is the Company's policy that credit terms for all new major customers are approved by the Specialist Technical Solutions Business Unit's executive management committee, who also monitor receivable balances on an ongoing basis, with the result that the Company's exposure to bad debts is not considered significant.

With respect to credit risk from other financial assets, these primarily relate to cash and cash equivalents and the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

(d) Liquidity risk:

The Company monitors its risk to a shortage of funds by regular projected cash flow forecasts from operations which also consider the maturity of its financial assets and liabilities. Any additional funding required is supplied by fellow Wood companies.

The Automated Technology Group Limited
Notes to the financial statements (continued)
for the year ended 31 December 2018

22 Events subsequent to the Balance sheet date

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures have been taken by the UK Government and other Governments around the world to contain the virus have had a significant impact on economic activity.

Measures to prevent the transmission of the virus include, but not limited to:

- Limiting the movement of people, including requesting that people work from home;
- Restricting flights and other travel; and
- Temporarily closing businesses, schools and cancelling events.

These actions will have an immediate impact on businesses across a wide range of industries. It will also begin to affect supply chains and production of goods throughout the world and lower economic activity is likely to result in reduced demand for many goods and services.

To date, the business has suffered minimal material impact from the actions taken by the Government in response to COVID 19. The Company's principal activity is to provide manufacturing, logistics and power transmission services and accordingly many of the staff are working either from home where possible or on client sites that remain operational.

In response to COVID 19, the Company has introduced staggered shifts, increased cleanliness measures and safe distancing measures. In addition, the Company's most affected employees have been asked to isolate on full pay. Areas of the business that has been marginally impacted is production of control panels. In this instance the staff may be furloughed for a period. These measures will have an impact on margins and project milestones, however the management have a proven track record of leveraging our flexible, asset light model in response to changing market conditions.

23 Ultimate parent undertaking

The Company is a wholly owned subsidiary of John Wood Group plc.

The directors regard John Wood Group PLC, a company registered in Scotland, as the ultimate parent undertaking and controlling party.

John Wood Group PLC is the only undertaking for which consolidated financial statements that include the financial statements of the Company, are prepared. Copies of John Wood Group PLC financial statements can be obtained from the Company Secretary at 15 Justice Mill Lane, Aberdeen, AB11 6EQ, Scotland.