

Registered number: 09861581

AFW HUNGARY LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

THURSDAY



A24 *A8CWL8ZF*
29/08/2019 #328
COMPANIES HOUSE

AFW HUNGARY LIMITED

COMPANY INFORMATION

Directors	CA Chatfield WG Setter
Company secretary	IA Jones
Registered number	09861581
Registered office	Booths Park Chelford Road Knutsford Cheshire WA16 8QZ

AFW HUNGARY LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Income Statement	3
Balance Sheet	4
Statement of Changes in Equity	5 - 6
Notes to the Financial Statements	7 - 13

AFW HUNGARY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare 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'. 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 UK Accounting Standards 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 to 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.

Principal activity

The Company's principal activity is the provision of finance to fellow group undertakings.

Results and dividends

The profit for the year, after taxation, amounted to \$9,146,000 (2017: \$8,986,000).

The Directors do not recommend the payment of a dividend (2017: £nil).

Going concern

The Directors, having made enquiries, consider that the Company has adequate resources to operate for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served during the year were:

CA Chatfield
WG Setter

AFW HUNGARY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Future developments

The Company is expected to continue to provide finance to fellow group undertakings.

Strategic Report

The Company is entitled to the small companies' exemption from the requirement to prepare a Strategic Report.

Qualifying third party indemnity provisions

The Company maintains Directors' and Officers' liability insurance cover. In addition, throughout the financial period and at the date of this report, qualifying third party indemnity provisions within the meaning of Sections 232-234 of the Companies Act 2006 were in place for all of the Directors.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'IA Jones', written over a circular stamp or seal.

IA Jones
Secretary

Date: 28 August 2019

AFW HUNGARY LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$000	<i>Restated</i> 2017 \$000
Other operating income/(expense)		90	(141)
Operating profit/(loss)	3	<u>90</u>	<u>(141)</u>
Interest receivable and similar income	5	9,127	9,127
Interest payable and similar expenses	6	(71)	-
Profit before tax		<u>9,146</u>	<u>8,986</u>
Tax on profit	7	-	-
Profit for the financial year		<u><u>9,146</u></u>	<u><u>8,986</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the Income Statement.

All amounts relate to continuing operations.

AFW HUNGARY LIMITED
REGISTERED NUMBER:09861581

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 \$000	2018 \$000	2017 \$000	2017 \$000
Current assets					
Debtors	8	241,052		231,941	
		<u>241,052</u>		<u>231,941</u>	
Creditors: amounts falling due within one year	9	(71)		(1,801)	
		<u></u>		<u></u>	
Net current assets			240,981		230,140
Creditors: amounts falling due after more than one year	10		(1,695)		-
			<u>(1,695)</u>		<u>-</u>
Net assets			239,286		230,140
Capital and reserves					
Called up share capital	11		-		-
Retained earnings			239,286		230,140
			<u>239,286</u>		<u>230,140</u>
Total equity			239,286		230,140
			<u><u>239,286</u></u>		<u><u>230,140</u></u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



WG Setter
Director

Date: 28 August 2019

AFW HUNGARY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Retained earnings	Total equity
	\$000	\$000	\$000
At 1 January 2018	-	230,140	230,140
Comprehensive income for the year			
Profit for the year	-	9,146	9,146
At 31 December 2018	-	239,286	239,286

AFW HUNGARY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Called up share capital	Retained earnings	Total equity
	\$000	\$000	\$000
At 1 January 2017	-	221,154	221,154
Comprehensive income for the year			
Profit for the year	-	8,986	8,986
At 31 December 2017	<u>-</u>	<u>230,140</u>	<u>230,140</u>

The notes on pages 7 to 13 form part of these financial statements.

AFW HUNGARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

AFW Hungary Limited is a private company, limited by shares and is incorporated and domiciled in England and Wales.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The results of the Company are included in the consolidated accounts of John Wood Group PLC which are available from 15 Justice Mill Lane, Aberdeen, AB11 6EQ.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the The preparation of financial statements in compliance with FRS 101 requires the use of certain Company's accounting policies (see note 2).

It is John Wood Group's policy to recognise exchange gains and losses on trade and financing balances in operating profit or loss. As a result, exchange gains and losses on financing balances that were recognised in net financing income/expense in 2017 have been reclassified into operating profit. There is no impact to net profit or loss.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

The Directors, having made enquiries, consider that the Company has adequate resources to operate for the foreseeable future and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

AFW HUNGARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

1.5 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.6 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

AFW HUNGARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to group undertakings, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

AFW HUNGARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.8 Taxation

Income tax expense comprises the sum of the current tax charge and the movement in deferred tax.

Current tax payable or recoverable is based on taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or deductible.

Tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity as appropriate.

A current tax provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account risks and uncertainties surrounding the obligation. Separate provisions for interest and penalties are also recorded if appropriate. Movements in interest and penalty amounts in respect of tax provisions are not included in the tax charge, but are disclosed within profit/(loss) before income tax.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted to apply when the deferred tax asset is realised or the liability is settled.

1.9 Disclosure of impact of new accounting standards

The Company has adopted IFRS 9 "Financial Instruments" with a date of initial application of 1 January 2018 using the cumulative effect method, by recognising the cumulative effect by initially applying IFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. On transition to IFRS 9, comparative periods have not been restated and no restatement of the opening balance sheet at 1 January 2018 has been required.

AFW HUNGARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors believe the most significant areas of judgement and estimation arise from:

Recoverability of intercompany receivables

Determining whether the amounts receivable from fellow group undertakings are recoverable requires an assessment of these companies' ability to repay the debt. This involves a review of these companies' assets and future cash flows and judgements to be made over the likelihood of repayment and the level of any provisions required.

Determination of functional currency

IAS 21 The Effects of Changes in Foreign Exchange Rates requires an entity to determine its functional currency and measure its results and financial position in that currency. Functional currency is the currency of the primary economic environment in which the entity operates. IAS 21 lists indicators that may provide evidence of an entity's functional currency. Where these indicators are mixed and the functional currency is not obvious, judgement is required in determining the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. Operating profit/(loss)

The operating profit/(loss) is stated after (crediting)/charging:

	2018	<i>2017</i>
	\$000	\$000
Exchange differences	(90)	108

4. Directors' remuneration

None of the Directors received any remuneration in respect of their services to the Company during the current or preceding financial year.

5. Interest receivable and similar income

	2018	<i>Restated</i> 2017
	\$000	\$000
Interest receivable from group companies	9,127	9,127

6. Interest payable and similar charges

	2018	<i>Restated</i> 2017
	\$000	\$000
Interest payable to group companies	71	-

AFW HUNGARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Taxation

	2018	2017
	\$000	\$000
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018	2017
	\$000	\$000
Profit on ordinary activities before tax	<u>9,146</u>	<u>8,986</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 : 19.25%)	1,738	1,730
Effects of:		
Group relief for nil consideration	<u>(1,738)</u>	<u>(1,730)</u>
Total tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

Factors that may affect future tax charges

As at 31 December 2018, the reduction in the rate of corporation tax to 17% on 1 April 2020 had been enacted. The reduction in the rate of corporation tax to 17% is not forecast to have a significant impact on future tax charges to the Income Statement.

AFW HUNGARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Debtors

	2018 \$000	2017 \$000
Amounts owed by group undertakings	241,052	231,926
Derivative financial instruments	-	15
	<u>241,052</u>	<u>231,941</u>

9. Creditors: Amounts falling due within one year

	2018 \$000	2017 \$000
Amounts owed to group undertakings	71	1,801
	<u>71</u>	<u>1,801</u>

10. Creditors: Amounts falling due after more than one year

	2018 \$000	2017 \$000
Amounts owed to group undertakings	1,695	-
	<u>1,695</u>	<u>-</u>

11. Share capital

	2018 \$	2017 \$
Allotted, called up and fully paid		
1 Ordinary share of \$1	1	1
	<u>1</u>	<u>1</u>

The Company does not have an authorised share capital.

12. Controlling party

The immediate parent company is FW Hungary Licensing Limited Liability Company, which is incorporated in Hungary.

The Directors consider the Company's ultimate parent company to be John Wood Group PLC, a company incorporated in Scotland.

The largest group in which the results of the Company were consolidated for the year ended 31 December 2018 was John Wood Group PLC.