

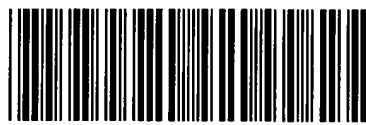
Registration number: 03109235

The Automated Technology Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

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The Automated Technology Group Limited
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The Automated Technology Group Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The principal activities of the company during the year were;

- 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.

Fair review of the business

Revenue has decreased by 31% to £29,620,000 (2018: £43,229,000). This is mainly due to a one off project in 2018 which generated revenue of £7,000,000 and several large projects in Slovakia ending in 2018.

The results for the year were affected by £nil (2018: £1,526,000) of exceptional items. Details of the exceptional items can be found in note 12 to the financial statements.

The loss for the year, after taxation, amounted to £2,759,000 (2018: £2,207,000 profit).

Environmental matters

Wood is committed to the highest of standards of health, safety, environmental and security management (“HSSE”). 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 HS&E 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 HS&E culture;
- Encourage and support positive intervention;
- Understand and manage HS&E risks;
- Implement an effective HS&E Management System;
- Manage HS&E performance; and
- Integrate HS&E 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 emission, and preventing environmental pollution.

The Automated Technology Group Limited
Strategic Report for the Year Ended 31 December 2019 (continued)

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 2019 Annual Report and Financial Statements for further details, including activities in 2019.

Company employees

Wood is committed to attracting, retaining, developing and mobilising the right people to the right place 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 company 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 company 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 qualified individuals;
- disabled persons receive full and fair consideration for employment and subsequent training, career development and promotion on the basis of their attitudes and abilities; and
- all employment decisions are made on a non-discriminatory basis.

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 part of the budget setting process.

Details of the company's financial risk management objectives and policies are included in note 22 to the financial statements.

The Automated Technology Group Limited
Strategic Report for the Year Ended 31 December 2019 (continued)

Section 172(1) statement

a) The likely consequences of any decisions in the long term;

The company are engaged in:

- 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.

The company consistently considers the long term impact of its decisions as can be noted from the following examples:

- Client feedback helps us to continually improve our performance. The insight from client engagement helps to inform company operational, business development and long-term strategic direction;
- Our clearly defined purpose and strategy, underpinned by our culture, is fundamental to sustaining value over the longer-term; and
- Our robust risk governance and operations assurance policies and processes ensure the long term sustainability for all our stakeholders.

b) The interest of the company's employees;

Our employees are fundamental to the delivery of the company's services and therefore to the long-term success of the business. It is important to develop our employees and keep them engaged and motivated. We engage with our workforce so that we can understand and address areas where we need to improve to ensure we deliver rewarding careers and retain our talented people.

Wood Group's leadership plays an important role in establishing and promoting the company's values and culture.

Wood Group has an all employee global survey to ask what we do well and what could be done better.

Wood Group has established a Listening Group Network (LGN) with meetings, attended by non-executive directors and members of the Executive Leadership Team (ELT), held throughout the year.

The Automated Technology Group Limited
Strategic Report for the Year Ended 31 December 2019 (continued)

c) The need to foster the company's business relationships with suppliers, clients and others;

As a wholly owned subsidiary within John Wood Group plc, the company benefits from the Group's approach on client service, supplier service and service towards other stakeholders.

Clients

On the client side the company's long-term success is underpinned by our clients and the delivery of predictable project outcomes that are aligned to our clients' requirements. To deliver a great service, we listen to our clients to make sure we are leveraging our scale, global reach and technical depth.

How we engage

Client engagements are managed through our structured Client Management Framework (CMF) by dedicated account managers with specific account planning and objectives.

Areas of engagement and outcomes

Client feedback helps us to continually improve our performance. The insight from client engagement helps to inform company operational, business development and long-term strategic direction.

Suppliers

Our suppliers are fundamental to our ability to deliver services to our clients safely, on time, within budget and to the quality standards we and our clients expect.

How we engage

Relationships with suppliers are developed at all levels within the organisation through daily business activities and regular meetings, however we engage in Supplier Relationship Management (SRM) with our strategic suppliers.

Areas of engagement and outcomes

Wood Group takes our relationships with our suppliers seriously. We review a number of KPIs/performance measures (e.g. HSSE incidents, quality, delivery, spend) as well as utilising due diligence to identify risks and work with our suppliers to close any gaps. We discuss matters including performance issues, training and innovations and upcoming projects to help us align business goals. In 2020, our environmental incident reporting system will include additional fields to gather information on equipment failure to allow issues to be addressed with suppliers.

Lenders

The company's long-term success is dependent on its good relationship with its lenders and their continued willingness to lend.

How we engage

With our lenders a mixture of formal and informal meetings and presentations are held. Key topics include financial performance, strategy and risk management. Lenders are kept up to date with financial performance and have the opportunity to ask further questions.

The Automated Technology Group Limited
Strategic Report for the Year Ended 31 December 2019 (continued)

d) The impact of the company's operations on the environment and the community;

Environment

Further information on our environmental performance and ongoing strategy is contained in the Wood Group's annual sustainability report which is available at: woodplc.com/sustainability.

Managing, protecting and enhancing our environment is imperative to the sustainability of our business and the standards we set and help shape the performance, profitability and the reputation of the Company.

How we engage

Wood Group has an integrated HSSEA management system which provides the framework for how we manage environmental risks and how we align our business to ISO14001:2015.

Areas of engagement and outcomes

Wood Group engage with regulators throughout the jurisdictions we operate in to ensure a close working relationship on our projects related to operational permits and licences, greenhouse gas emissions, discharges and waste management. Engagement ensures best practice and learning is shared and embedded into the projects we undertake.

Community

Our activities put us at the heart of local communities and we recognise that by actively supporting our local communities we:

- Develop closer ties based on mutual respect, trust and understanding;
- Bring long-term sustainability to the locations where we do business; and
- Form lasting relationships with local communities.

How we engage

We have taken a three-tiered approach to community engagement:

- (1) Supporting employee personal choice charities;
- (2) Uniting Wood Group's business behind one global cause that demonstrates we are stronger together; and
- (3) Volunteering to support our communities at a local level.

Areas of engagement and outcomes

We recognise that our employees are best placed to understand the needs of the communities we operate in and we support their volunteering efforts to benefit local communities.

The Automated Technology Group Limited
Strategic Report for the Year Ended 31 December 2019 (continued)

e) The desirability of the company maintaining a reputation for high standards of business conduct;

Our commitment to sustaining a visible, continually improving ethical culture remained strong throughout 2019.

Leaders across the organisation play a key role in delivering Wood's Ethics & Compliance (E&C) programme by emphasising ethical behaviour to our workforce and embedding Wood's E&C policies and procedures into our operations. In 2019, operational leaders across the business sponsored campaigns to raise awareness of behavioural expectations.

The importance of doing the right thing is reinforced in Wood Group's Code of Conduct which sets clear expectations for ethical business practices and guides employees how to respond if faced with ethical decisions. It also provides several "speak up resources" and encourages employees to report anything they feel does not reflect Wood Group's values, policies or the law. A number of E&C training and communication initiatives, including leadership webinars and face to face engagement sessions, both for targeted populations and the wider workforce, were used to further embed key concepts from the Code of Conduct, the importance of speaking up and Wood's zero-tolerance policy on retaliation.

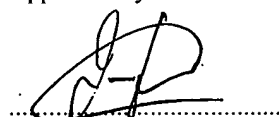
Compliance with the Code of Conduct and supporting policies and procedures is mandatory for all directors, officers and employees as well as contractors, consultants, representatives, intermediaries and agents retained by Wood. Any reports of non-compliance are investigated and appropriate action taken, up to and including termination of the business relationship.

f) The need to act fairly as between members of the company;

The company has only one shareholder, Automated Technology Group Holdings Limited. The ultimate parent company is John Wood Group PLC.

Refer to the John Wood Group PLC 2019 Annual Report and Financial Statements for details of how the Group act fairly between members of the company.

Approved by the Board on 29 June 2021 and signed on its behalf by:



IA Jones
Company secretary

The Automated Technology Group Limited
Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors

The directors, who held office during the year, were as follows:

LJ Hinder

S Litchfield

N Brookes (resigned 31 March 2020)

A Robinson (resigned 31 March 2020)

D Ashford (resigned 30 September 2020)

IP Farmer (resigned 25 January 2021)

The following directors were appointed after the year end:

AP James (appointed 21 June 2021)

MW Siddle (appointed 16 November 2020 and resigned 21 June 2021)

Results and dividends

The loss for the year, after taxation, amounted to £2,759,000 (2018: £2,207,000 profit).

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: nil).

Future developments

The Directors are carrying out an ongoing review of diversification within existing and adjacent markets and clients.

Engagement with employees, suppliers, customers and others

Relationships with stakeholders are of strategic importance to the company and these matters are therefore dealt with in the strategic report (under section 172 obligations).

Research and development

Research and development expenditure is written off in the year in which it is incurred.

The Automated Technology Group Limited
Directors' Report for the Year Ended 31 December 2019 (continued)

Going concern

Notwithstanding net current assets of £8,348,000 as at 31 December 2019, a loss for the year then ended of £2,759,000 and operating cash outflows for the year of £1,162,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its ultimate parent company, John Wood Group PLC, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on John Wood Group PLC not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £677,000, and providing additional financial support during that period. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Important non adjusting events after the financial period

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures that have been taken by Governments around the world, including the UK Government, 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 working from home;
- Restricting flights and other travel; and
- Temporarily closing businesses, schools and cancelling events.

These actions have had an impact on businesses across a wide range of industries, who are facing unique and unparalleled challenges. To date, the business has not suffered any material impact from the actions taken by Government in response to COVID-19 or oil price volatility. Management have a proven track order of leveraging our flexible, asset light model in response to changing market conditions.

COVID-19 has impacted the company as the clients are mainly small businesses which have been adversely affected resulting in lower operational activities. It has also created problems in winning new work thereby the backlog for 2021 is much lower than prior years. However, things are improving quickly since the announcement of a vaccine.

In the normal course of business the company has made claims to customers for work performed on contracts in 2020 and 2021 and received claims from customers for work performed in 2020 and 2021. Management have assessed the claims and do not believe there will be a material outflow of cash.

Since 31 December 2019 the company has made redundancies that at the date of signing cost the company £315,216. On 9 June 2021 employees were informed of a further planned redundancy program. Consultation is ongoing at the date of signing.

The Automated Technology Group Limited
Directors' Report for the Year Ended 31 December 2019 (continued)

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013, a strategic report and the company's results, activities, objectives, policies and risks has been included on page 1 and 6 of the financial statements.


Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after the circulation of these financial statements to the Company's shareholders, or 28 days after the latest date allowed for sending out copies of these financial statements, whichever is earlier.

Approved by the Board on 29 June 2021 and signed on its behalf by:


.....

IA Jones
Company secretary

The Automated Technology Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control, determined as 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.

The Automated Technology Group Limited
Independent Auditor's Report to the Members of The Automated Technology Group Limited

Opinion

We have audited the financial statements of The Automated Technology Group Limited (the 'Company') for the year ended 31 December 2019, which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the significant 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 2019 and of its loss 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.

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;

The Automated Technology Group Limited
Independent Auditor's Report to the Members of The Automated Technology Group Limited (continued)

- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion the directors' report has 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; or

We have nothing to report in these respects.

Responsibilities of directors

As explained more fully in their Statement of Directors' Responsibilities set out on page 10, 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 directors 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

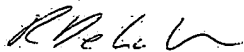
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

The Automated Technology Group Limited
Independent Auditor's 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

15 Canada Square
London
E14 5GL

Date: 29 June 2021

The Automated Technology Group Limited
Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue	4	29,620	43,229
Cost of sales		<u>(28,535)</u>	<u>(34,639)</u>
Gross profit		1,085	8,590
Administrative expenses		(3,290)	(7,607)
Operating exceptional items	12	<u>-</u>	<u>1,526</u>
Operating (loss)/profit	5	(2,205)	2,509
Finance income	6	-	7
Finance expense	7	<u>(296)</u>	<u>(134)</u>
(Loss)/profit before tax		(2,501)	2,382
Income tax expense	11	<u>(258)</u>	<u>(175)</u>
(Loss)/profit for the year		<u><u>(2,759)</u></u>	<u><u>2,207</u></u>

The above results were derived from continuing operations.

The operating loss before exceptional items is £2,205,000 (2018: £983,000 profit). Exceptional items are detailed in note 12 to the financial statements.

The notes on pages 17 to 41 form an integral part of these financial statements.

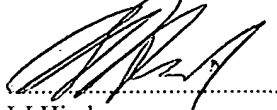
The Automated Technology Group Limited

(Registration number: 03109235)

Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	13	432	724
Right of use assets	14	1,333	-
Intangible assets	15	75	-
		<u>1,840</u>	<u>724</u>
Current assets			
Inventories	16	202	151
Trade and other receivables	17	19,223	21,789
Cash and cash equivalents		594	-
		<u>20,019</u>	<u>21,940</u>
Total assets		<u>21,859</u>	<u>22,664</u>
Equity and liabilities			
Equity			
Called up share capital	23	-	-
Profit and loss account		9,028	11,904
		<u>9,028</u>	<u>11,904</u>
Non-current liabilities			
Non-current lease liability	19	1,072	-
Provisions	20	88	241
		<u>1,160</u>	<u>241</u>
Current liabilities			
Current lease liability	19	431	-
Trade and other payables	21	7,663	8,698
Loans and borrowings	18	3,577	1,821
		<u>11,671</u>	<u>10,519</u>
Total liabilities		<u>12,831</u>	<u>10,760</u>
Total equity and liabilities		<u>21,859</u>	<u>22,664</u>

Approved by the Board on 29 June 2021 and signed on its behalf by:



LJ Hinder
Director

The notes on pages 17 to 41 form an integral part of these financial statements.

The Automated Technology Group Limited
Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	-	11,904	11,904
Adjustment on initial application of IFRS 16	-	(153)	(153)
At 1 January 2019 (As restated)	-	11,751	11,751
Loss for the year	-	(2,759)	(2,759)
Total comprehensive income	-	(2,759)	(2,759)
Share based payment transactions	-	36	36
At 31 December 2019	-	9,028	9,028
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	-	9,697	9,697
Profit for the year	-	2,207	2,207
Total comprehensive income	-	2,207	2,207
At 31 December 2018	-	11,904	11,904

The notes on pages 17 to 41 form an integral part of these financial statements.

The Automated Technology Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales and domiciled in England.

The address of its registered office is:

Booths Park
Chelford Road
Knutsford
WA16 8QZ

The address of its principal place of business is:

Wrest Park
Silsoe
Bedfordshire
MK45 4HS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies 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.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities measured at fair value through the income statement, and in accordance with the Companies Act 2006.

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information requirements in respect of paragraphs 79(a)(iv) of IAS 1, 73(e) of IAS 16, 'Property, plant and equipment' and 118(e) of IAS 38, 'Intangible assets'.
- Paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136 of IAS 1, 'Presentation of financial statements'.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- Paragraphs 17 and 18A of IAS 24, 'Related party disclosures', to disclose key management compensation.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

Going concern

Notwithstanding net current assets of £8,348,000 as at 31 December 2019, a loss for the year then ended of £2,759,000 and operating cash outflows for the year of £1,162,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its ultimate parent company, John Wood Group PLC, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on John Wood Group PLC not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £677,000, and providing additional financial support during that period. John Wood Group PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Changes in accounting policy

The company adopted IFRS 16 - Leases from 1 January 2019. No other standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

Changes resulting from adoption of IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The company has assessed the impact that the initial application of IFRS 16 has on its financial statements, as described below.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

The company adopted IFRS 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The company has recognised new assets and liabilities for its operating leases of property, vehicles and other assets. The nature of expenses related to those leases has changed because the company now recognises a depreciation charge for right of use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the company will no longer recognise provisions for operating leases that it assesses to be onerous, and instead performs an impairment test on the right of use assets.

On transition to IFRS 16, the company recognised additional right of use assets and additional liabilities, recognising the difference in retained earnings. The impact is summarised below:

Impact on Balance Sheet as at 1 January 2019

	As restated 1 January 2019 £ 000
Assets	
Non-current assets	
Right of use assets	1,303
Deferred tax assets	31
	<u>1,334</u>
Equity and liabilities	
Equity	
Retained earnings	153
Non-current liabilities	
Lease liabilities (non-current)	<u>(1,487)</u>
Total equity and liabilities	<u>(1,334)</u>

Depreciation and interest in 2019 have increased by £456,000 and £62,000 respectively, which is offset by a reduction in operating lease costs of £530,000, and therefore there is an increase of £12,000 on profit before tax.

When measuring liabilities for leases that were classified as operating leases, the company discounted payments using its incremental borrowing rate as at 1 January 2019. The weighted average rate applied is 4.12%. Right of use assets were measured at their carrying amount as if IFRS 16 had been applied since commencement date, discounted at the company's incremental borrowing rate at the date of initial application.

The company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

- The company has applied the exemption not to recognise right of use assets and liabilities for property leases with less than 12 months of lease term;
- The company has applied the exemption not to recognise right of use assets and liabilities for long term operating leases with a remaining lease term of 12 months as at 1 January 2019;
- The company applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The company relies on previous assessments on whether leases are onerous;
- The company has applied the exemption not to recognise right of use assets and liabilities for low value assets;
- The company has excluded initial direct costs in measuring the right of use asset at the date of initial application; and
- The company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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.

With regard to cost reimbursable projects and lump sum projects, further detail is provided below about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and related revenue recognition policies.

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 (KPIs) is estimated at the start of the contract, but any revenue recognised is constrained to the extent that is highly probable there will not be a significant reversal in future periods.

Lump sum or fixed price 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 yet been agreed, then revenue is recognised only to the extent 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 a 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 material 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.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Finance income and costs policy

Interest income and expense is recorded in the same income statement in the period to which it relates. Arrangement fees and expenses in respect of the company's debt facilities are amortised over the period which the company expects the facility to be in place. Interest relating to the unwinding of discount on deferred and contingent consideration, IFRS 16 lease liabilities and asbestos liabilities is included in finance expense. Interest expense and interest income on scheme assets relating to the company's retirement benefit schemes are also included in finance income and expense.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the relevant functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. Any exchange differences are taken to the income statement.

Tax

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the income statement due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The company's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

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. In line with IFRIC 23, depending on the circumstances, the provision is either the single most likely outcome, or a probability weighted average of all potential outcomes. The provision incorporates tax and penalties where appropriate. Separate provisions for interest are also recorded. Interest in respect of the tax provisions is not included in the tax charge, but disclosed within profit before tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on PP&E, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and it is intended that they will be settled on a net basis.

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. Transactions which may give rise to material exceptional items include gains and losses on divestment of businesses, write downs or impairments of assets including goodwill, restructuring or regulatory costs or provisions, litigation settlements, tax provisions or payments, provisions for onerous contracts and acquisitions and divestment costs. The tax impact on these transactions is shown separately in the exceptional items note to the financial statements.

Property, plant and equipment

Property, plant and equipment (PP&E) is stated at cost less accumulated depreciation and impairment. No depreciation is charged with respect to freehold land and assets in the course of construction.

Depreciation

Land is not depreciated and depreciation on other assets is calculated using the straight-line method over the following estimated useful lives of assets:

Asset class	Depreciation method and rate
Land and buildings	5 years
Other property, plant and equipment	1 to 10 years

When estimating the useful life of an asset group, the principal factors the company takes into account are the durability of the assets, the intensity at which the assets are expected to be used and the expected rate of technological developments. Asset lives and residual values are assessed at each balance sheet date.

Refer to the Leases policy for the company's policy with respect to the right of use assets.

Intangible assets

Intangible assets other than goodwill are carried at cost less accumulated amortisation. Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the company acquires a business, intangible assets on acquisition are identified and evaluated to determine the carrying value on the acquisition balance sheet.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Amortisation

Intangible assets are amortised over their estimated useful lives on a straight-line basis, as follows:

Asset class	Amortisation method and rate
Software licences	Over the licence term

Impairment

The company performs impairment reviews in respect of PP&E and intangible 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 fair value less costs to sell and its value in use, is less than its carrying amount.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities. The company presents balances that are part of a pooling arrangement on a gross basis in both cash and short-term borrowings.

Trade receivables

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

The company recognises loss allowances for Expected Credit Losses ('ECLs') on trade receivables and gross amounts due from customers, measured at an amount equal to lifetime ECLs. ECLs are a profitability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate 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 future cash flows of the 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 a default. The gross carrying amount of a financial asset is written off when the company has no reasonable expectation of recovering a financial asset in its entirety or a proportion 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 to trade receivable balances before the due date for payment. Trade receivables are derecognised on receipt of the payment from the bank. See note 17 for further details.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised where the company is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

The company has taken internal and external advice in considering known and reasonably likely legal claims made by or against the company. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the company on the basis of likely outcome, but no provisions are made for those which, in the view of management, are unlikely to succeed.

See note 20 for further details.

Possible but not probable liabilities are disclosed as contingent liabilities in note .

Leases (policy from 1 January 2019)

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control or use an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset, the company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019. The company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate ("IBR") and is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

The company has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Leases (policy prior to 1 January 2019)

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.

Share capital

The company has one class of ordinary shares and these are classified as equity. Dividends on ordinary shares are not recognised as a liability or charged to equity until they have been approved by shareholders.

Defined contribution pension obligation

The company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

Financial instruments

Derivative financial instruments

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the company measure the fair value of the instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The carrying values of trade receivables and payables approximate to their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Research and development government credits

The company claims research and development government credits. These credits are similar in nature to grants and are offset against the related expenditure category in the income statement. The credits are recognised when there is reasonable assurance that they will be received, which in some cases can be some time after the original expense is incurred.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Rounding of amounts

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates and judgements are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. Company management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities.

a) Income taxes (estimate)

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks. When actual liabilities differ from the provisions, adjustments are made which can have a material impact on the company's tax charge for the year.

Deferred tax asset recognition is based on two factors. Firstly, deferred tax liabilities in the same jurisdiction as assets that are legally capable of being offset and the timing of the reversal of the asset and liability would enable the deduction from the asset to be utilised against the taxable income from the liability. Secondly, forecast profits support the recognition of deferred tax assets not otherwise supported by deferred tax liabilities. Management uses in-house experts to determine the forecast period to support recognition, this is considered by jurisdiction or entity dependent on the tax laws of the jurisdiction. If actual results differ from the forecasts the impact of not being able to utilise the expected amount of deferred tax assets can have a material impact on the company's tax charge for the year.

b) Provisions and contingent liabilities (judgement and estimate)

The company records provisions where it has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the outcome is less than probable, but more than remote, or a reliable estimate cannot be made, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which the exercise of management judgement relating to the nature, timing and probability of the liability and typically the company's balance sheet includes contract provisions and provisions for pending legal issues.

c) Revenue recognition on fixed and long-term contracts (estimate)

The company has certain fixed price long term contracts which are accounted for in accordance with IFRS 15 and require estimates to be made for contract revenue. Contract revenues are affected by uncertainties that depend on the outcome of future events.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

d) Lease liability (judgement)

The company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option, Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate);
- Otherwise the company considers other factors including historical lease durations, the costs and business disruption to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the company's incremental borrowing rate ("IBR") is used. The IBR is obtained from various external financing sources and makes adjustments to reflect the terms of the lease and the type of asset leased.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£ 000	£ 000
Rendering of services	<u>29,620</u>	<u>43,229</u>

The analysis of the company's revenue for the year by class of business is as follows:

	2019	2018
	£ 000	£ 000
Cost reimbursable contracts	1,145	1,311
Fixed price contracts	<u>28,475</u>	<u>41,918</u>
	<u>29,620</u>	<u>43,229</u>

The Automated Technology Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Revenue (continued)

The analysis of the company's revenue for the year by market is as follows:

	2019	2018
	£ 000	£ 000
UK	24,178	25,388
Europe	4,958	10,427
Rest of world	484	7,414
	<u>29,620</u>	<u>43,229</u>

Contract assets and liabilities

	31 December	31 December
	2019	2018
	£ 000	£ 000
Contract assets	16,459	17,892
Contract liabilities	(487)	(939)
Net contract assets	<u>15,972</u>	<u>16,953</u>

The contract asset balances include amounts the company has invoiced to customers (trade receivables) as well as amounts where the company has the right to receive consideration for work completed which has not been billed at the reporting date (accrued income). Accrued income is transferred to trade receivables when the rights become unconditional which usually occurs when the customer is invoiced. Accrued income primarily relates to advance consideration received from customers, for which revenue is recognised over time.

Trade receivables and accrued income are included within the 'Trade and other receivables' heading in the company balance sheet. Deferred income is included within the 'Trade and other payables' heading in the company balance sheet.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5 Operating (loss) / profit

Arrived at after charging/(crediting)

	2019	2018
	£ 000	£ 000
Depreciation expense	210	339
Depreciation on right of use assets - Machinery	255	-
Depreciation on right of use assets - Property	177	-
Amortisation expense	89	-
Foreign exchange gains/(losses)	74	(127)
Operating lease expense - property	-	342
Operating lease expense - other	-	256
	-	256

The operating lease expense detailed in the comparative information is no longer applicable, due to the company adopting IFRS 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

6 Finance income

	2019	2018
	£ 000	£ 000
Interest income on bank deposits	-	7
	-	7

7 Finance expense

	2019	2018
	£ 000	£ 000
Interest on bank overdrafts and borrowings	236	134
IFRS 16 interest	60	-
	296	134

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£ 000	£ 000
Wages and salaries	12,060	11,422
Social security costs	1,250	1,132
Pension costs, defined contribution scheme	1,183	743
Share-based payment expenses	36	-
	14,529	13,297

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Management	15	15
Staff	220	224
	235	239

The average number of persons employed by the company (including directors) during the year was 235 (2018: 239).

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£ 000	£ 000
Remuneration	600	640
Contributions paid to money purchase schemes	175	94
	775	734

In respect of the highest paid director:

	2019	2018
	£ 000	£ 000
Remuneration	145	-

The Automated Technology Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Auditors' remuneration

	2019	2018
	£ 000	£ 000
Audit of the financial statements	<u>46</u>	<u>36</u>

11 Taxation

Tax charged in the income statement

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	-	218
UK corporation tax adjustment to prior periods	<u>136</u>	<u>(2)</u>
	<u>136</u>	<u>216</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	158	(45)
Arising from changes in tax rates and laws	(1)	4
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(35)</u>	<u>-</u>
Total deferred taxation	<u>122</u>	<u>(41)</u>
Tax expense in the income statement	<u>258</u>	<u>175</u>

The Automated Technology Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Taxation (continued)

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
(Loss)/profit before tax	<u>(2,501)</u>	<u>2,382</u>
Corporation tax at standard rate	(475)	453
Increase/(decrease) in current tax from adjustment for prior periods	101	(1)
Increase from effect of revenues exempt from taxation	(42)	(292)
Increase from effect of expenses not deductible in determining taxable profit	10	11
Decrease from tax losses for which no deferred tax asset was recognised	148	-
Increase from effect of exercise employee share options	5	-
Increase arising from group relief tax reconciliation	511	-
Increase from transfer pricing adjustments	1	-
Deferred tax (credit)/expense relating to changes in tax rates or laws	<u>(1)</u>	<u>4</u>
Total tax charge	<u>258</u>	<u>175</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

Unrecognised deferred tax assets at the end of the year amounted to £148,000 (2018: £nil).

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Taxation (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Fixed asset timing differences	91	(91)	-
Transition adjustments arising from first time adoption of IFRS 16	31	(31)	-
Net tax assets/(liabilities)	122	(122)	-

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Fixed asset timing differences	50	41	91
Transition adjustments arising from first time adoption of IFRS 16	-	-	-
Net tax assets/(liabilities)	50	41	91

12 Exceptional items

	2019 £000	2018 £000
Write off intercompany payable balance	-	1,526
	-	1,526

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Property, plant and equipment

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2019	1,317	1,858	3,175
Additions	-	83	83
Disposals	-	(1)	(1)
Transfers	-	(356)	(356)
At 31 December 2019	<u>1,317</u>	<u>1,584</u>	<u>2,901</u>
Depreciation			
At 1 January 2019	893	1,558	2,451
Charge for the year	130	80	210
Transfers	-	(192)	(192)
At 31 December 2019	<u>1,023</u>	<u>1,446</u>	<u>2,469</u>
Carrying amount			
At 31 December 2019	<u>294</u>	<u>138</u>	<u>432</u>
At 31 December 2018	<u>424</u>	<u>300</u>	<u>724</u>

Included within the net book value of land and buildings above is £294,000 (2018: £424,000) in respect of leasehold improvements.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Right of use assets

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2019	1,843	570	2,413
Additions	-	462	462
At 31 December 2019	<u>1,843</u>	<u>1,032</u>	<u>2,875</u>
Depreciation			
At 1 January 2019	915	195	1,110
Charge for the year	177	255	432
At 31 December 2019	<u>1,092</u>	<u>450</u>	<u>1,542</u>
Carrying amount			
At 31 December 2019	<u>751</u>	<u>582</u>	<u>1,333</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

15 Intangible assets

	Software and development costs £ 000	Total £ 000
Cost or valuation		
Transfers	356	356
At 31 December 2019	<u>356</u>	<u>356</u>
Amortisation		
At 1 January 2019	-	-
Amortisation charge	89	89
Transfers	192	192
At 31 December 2019	<u>281</u>	<u>281</u>
Carrying amount		
At 31 December 2019	<u>75</u>	<u>75</u>
At 31 December 2018	<u>-</u>	<u>-</u>

The Automated Technology Group Limited
Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Inventories

	31 December 2019 £ 000	31 December 2018 £ 000
Raw materials and consumables	<u>202</u>	<u>151</u>

17 Trade and other receivables

	31 December 2019 £ 000	31 December 2018 £ 000
Trade receivables	6,152	8,515
Amounts due from group undertakings	297	1,125
Accrued income	10,307	9,377
Prepayments	165	140
Other receivables	129	2,632
Income tax receivable	<u>2,173</u>	<u>-</u>
	<u>19,223</u>	<u>21,789</u>

Amounts due from group undertakings are interest free and repayable on demand.

18 Loans and borrowings

	31 December 2019 £ 000	31 December 2018 £ 000
Current loans and borrowings		
Bank overdrafts	<u>3,577</u>	<u>1,821</u>

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Leases

	31 December 2019 £ 000	31 December 2018 £ 000
Current lease liability	431	-
Non-current lease liability	<u>1,072</u>	<u>-</u>

The company leases various offices, warehouses, plant and equipment. The majority of the lease liability relates to properties and are generally made for fixed periods of up to three years, unless of strategic importance to the company. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. From 1 January 2019, leases are recognised as a right of use asset and corresponding liability, once the asset is available for use by the company.

The company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the company's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

20 Other provisions

	Onerous lease £ 000
At 1 January 2019	241
Increase (decrease) in existing provisions	<u>(153)</u>
At 31 December 2019	<u><u>88</u></u>

21 Trade and other payables

	31 December 2019 £ 000	31 December 2018 £ 000
Trade payables	3,878	4,389
Accrued expenses and deferred income	1,858	2,437
Amounts due to group undertakings	677	960
Social security and other taxes	1,245	371
Other payables	5	66
Income tax liability	<u>-</u>	<u>475</u>
	<u><u>7,663</u></u>	<u><u>8,698</u></u>

Amounts due to group undertakings are interest free and repayable on demand.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Financial risk management and impairment of financial assets

The main risks relating to the company's financial instruments are detailed below:

Credit risk and impairment

The company only trades with recognised, creditworthy third parties. It is the company's policy that credit terms for all new major customers are approved by the Asset Solutions EAAA 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. 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.

Foreign exchange 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 invoice 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.

Interest rate risk

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

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 and an external bank overdraft facility.

Fair values of financial assets and liabilities

Financial instruments included in the financial statements have been reviewed and the carrying values per the financial statements are the same as the fair values of these financial instruments.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

23 Share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
100 Ordinary shares at £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

24 Parent and ultimate parent undertaking

The company's immediate parent is Automated Technology Group Holdings Limited.

The ultimate parent is John Wood Group PLC. These financial statements are available upon request from 15 Justice Mill Lane, Aberdeen, AB11 6EQ.

The ultimate controlling party is John Wood Group PLC.

25 Non adjusting events after the financial period

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures that have been taken by Governments around the world, including the UK Government, 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 working 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 not suffered any material impact from the actions taken by Government in response to COVID-19. Management have a proven track order of leveraging our flexible, asset light model in response to changing market conditions.

COVID-19 has impacted the company as the clients are mainly small businesses which have been adversely affected resulting in lower operational activities. It has also created problems in winning new work thereby the backlog for 2021 is much lower than prior years. However, things are improving quickly since the announcement of a vaccine.

The Automated Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

25 Non adjusting events after the financial period (continued)

In the normal course of business the company has made claims to customers for work performed on contracts in 2020 and 2021 and received claims from customers for work performed in 2020 and 2021. Management have assessed the claims and do not believe there will be a material outflow of cash.

Since 31 December 2019 the company has made redundancies that at the date of signing cost the company £315,216. On 9 June 2021 employees were informed of a further planned redundancy program. Consultation is ongoing at the date of signing.