# Wood Group to restate financial results due to cultural failings



Wood Group, a prominent engineering and consultancy company based in Aberdeen, has announced the necessity to restate its financial results following an independent review that uncovered significant cultural failings within the organisation. The findings of the review, which was conducted by Deloitte, indicated that managerial pressure led to the withholding of crucial information from auditors, thereby necessitating adjustments in the company’s financial statements.

On Monday, Wood Group communicated that it expects “material” adjustments to its income statements and balance sheets for the three most recent financial years, along with delays in its accounts for the fiscal year 2024. As a consequence, the company has stated that it will not be able to publish its full-year 2024 accounts by the previously set deadline of April 30. Should further work be required to complete these accounts, the company warned that its shares could be suspended from trading, triggering a steep decline of 36.3 per cent in early trading on the same day, pushing the share price to as low as 28.8p from Friday's close of 40p.

The decline comes as Wood Group has grappled with financial difficulties, including a heavy debt burden and cash flow issues. Over the past year, the company’s share price has plummeted by approximately 70 per cent. It remains in discussions with Sidara, a privately held network of engineering and design companies headquartered in the United Arab Emirates, regarding a potential takeover bid. Sidara has until April 17 to present a firm offer.

The independent review highlighted various deficits in the company’s financial culture, including “inappropriate management pressure” to adhere to previously reported figures, unsupported accounting dispensations, and instances of over-optimism or lack of evidence regarding certain accounting judgments. The review also pinpointed issues within existing contracts, particularly concerning “legacy lump sum turnkey projects,” which encompass everything from project design to construction.

Wood Group has maintained that no significant issues were detected within its consulting, operations, and investment services divisions. The company, which employs roughly 35,000 staff, stated it is committed to addressing these cultural and financial weaknesses through a detailed remediation plan. This plan will involve strengthening governance and control measures, as well as revising its organisational structure.

In a notable change in leadership, the company’s Chief Financial Officer, Arvind Balan, recently resigned after it was revealed that he had misrepresented his qualifications. He has been temporarily replaced by Iain Torrens, a past CFO at TalkTalk and the financial services firm Icap.

The situation at Wood Group comes amidst ongoing discussions with lenders about refinancing options due to non-compliance with prior financial covenants. The ramifications of these financial oversights are expected to significantly impact the reported performance of the projects business unit for 2022, 2023, and the first half of 2024.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.cityam.com/wood-group-shares-slump-as-it-launches-write-offs-review/> - This article corroborates Wood Group's financial struggles and the initiation of a Deloitte-led review following significant project write-offs, which affected its shares and investor confidence.
* <https://www.woodplc.com/news/latest-press-releases/2025/business-update> - This business update from Wood PLC supports the ongoing review of financial culture, governance, and controls, and discusses expectations for prior year adjustments without a material impact on cash positions.
* <https://www.morningstar.co.uk/uk/news/AN_1730975806729671800/top-news-wood-group-plunges-as-calls-on-probe-after-write-off-woe.aspx> - This news piece highlights Wood Group's financial challenges, including the impact of contract write-offs and the independent review by Deloitte, which led to a significant decline in its shares.
* <https://www.courts.michigan.gov/492eca/siteassets/publications/benchbooks/evidence/evidbb.pdf> - Although this document does not directly relate to Wood Group, it discusses the general principles of evidence and review processes that could apply in business contexts.
* <https://www.cityam.com/wood-group-shares-slump-as-it-launches-write-offs-review/> - This article provides further details on Wood Group's operational challenges, including the impact on its projects business and the collapse of a takeover deal with Sidara.
* <https://www.woodplc.com> - Wood PLC's official website could provide more general information about the company's operations, leadership changes, and financial strategies, although specific details about the review might not be listed.
* <https://www.ft.com/content/d5bfa707-f0d3-453a-8fa0-0fa48fcdcca7> - Please view link - unable to able to access data