

**Kellogg Brown & Root Overseas Limited**  
**Annual Report and Financial Statements**  
**31 December 2017**

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# **Kellogg Brown & Root Overseas Limited**

## **Financial Statements**

**Year ended 31 December 2017**

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# **Kellogg Brown & Root Overseas Limited**

## **Strategic Report**

### **Year ended 31 December 2017**

The directors present their strategic report of the company for the year ended 31 December 2017.

#### **Principal activities and business review**

The principal activities of the company during the year were those of a holding company of Kellogg Brown & Root Nigeria Limited and the provision of engineering, procurement and construction management services for the oil and gas industry. The company has a branch in Angola. From 2009-2016 the company has been involved with a contract to construct facilities for Sonangal in Angola.

#### **Results**

The profit for the year, after taxation, amounted to £703,826 (2016: loss - £7,975,616). The net liabilities at the end of the year totalled £17,936,551 (2016: net liabilities - £18,640,377).

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the following:

- Delivering contracts on time and to budget. Rigorous criteria are applied to ensure that only those contracts where the risks are well understood are accepted. Contract performance is closely monitored and managed from inception to completion.
- Continuing to win new business. The company maintains a firm focus on costs and efficiency as well as developing its offering in order to remain competitive.
- Recoverability of intercompany receivables. Where amounts are due from group companies with net liabilities, parental guarantees and letters of support are obtained to ensure that they will be able to meet their obligations as they fall due.
- Financial counterparty risk. Group treasury activities are monitored and co-ordinated by a central Treasury department on behalf of the whole KBR group. This includes the risk of potential failure by counterparties holding cash deposits on behalf of group companies.

#### **Key performance indicators**

The businesses which form this company make up part of the KBR, Inc. group ("the group"). The KPIs used to review and monitor the business are set by the directors of the group and are discussed in more detail in the Annual Report of the group. KPIs include the profitability of key contracts which are reviewed regularly.

# Kellogg Brown & Root Overseas Limited

## Strategic Report *(continued)*

**Year ended 31 December 2017**

This report was approved by the board of directors on 29 October 2018 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'M Nelhams', written over a horizontal line.

Mr M Nelhams  
Director

Registered office:  
Hill Park Court  
Springfield Drive  
Leatherhead  
Surrey  
KT22 7NL

# **Kellogg Brown & Root Overseas Limited**

## **Directors' Report**

**Year ended 31 December 2017**

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

### **Directors**

The directors who served the company during the year were as follows:

Mr M Nelhams  
Mr M Simmonite

### **Dividends**

The directors do not recommend the payment of a dividend.

### **Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities as shown on page 7, which the Directors believe to be appropriate for the following reason. The Company is dependent for its working capital on funds provided to it by KBR Holdings LLC, the Company's ultimate parent. KBR Holdings LLC has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due for payment.

### **Disclosure of information in the strategic report**

The following information previously included in the directors' report can be found in the strategic report on page 1:

- Principal activities and business review
- Results
- Principal risks and uncertainties
- Key performance indicators

### **Directors' responsibilities statement**

The directors are responsible 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# Kellogg Brown & Root Overseas Limited

## Directors' Report *(continued)*

### Year ended 31 December 2017

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 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.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board of directors on 29 October 2018 and signed on behalf of the board by:



Mr M Nelhams  
Director

Registered office:  
Hill Park Court  
Springfield Drive  
Leatherhead  
Surrey  
KT22 7NL

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Kellogg Brown & Root Overseas Limited**

### **Opinion**

We have audited the financial statements of Kellogg Brown & Root Overseas Limited ("the company") for the year ended 31 December 2017 which comprise the Income Statement, Statement of Financial Position and Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **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.



**Natalia Bottomley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
 15 Canada Square  
 London

E14 5GL

30/10/2018



# Kellogg Brown & Root Overseas Limited

## Income Statement

Year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>	<b>4</b>	–	8,517,293
Cost of sales		<u>36,024</u>	<u>(6,012,243)</u>
<b>Gross profit</b>		<b>36,024</b>	<b>2,505,050</b>
Administrative expenses		<u>791,349</u>	<u>(10,138,961)</u>
<b>Operating profit/(loss)</b>	<b>5</b>	<b>827,373</b>	<b>(7,633,911)</b>
Interest payable and similar expenses	<b>8</b>	<u>(123,547)</u>	<u>(155,046)</u>
<b>Profit/(loss) before taxation</b>		<b>703,826</b>	<b>(7,788,957)</b>
Tax on profit/(loss)	<b>9</b>	–	<u>(186,659)</u>
<b>Profit/(loss) for the financial year</b>		<u><b>703,826</b></u>	<u><b>(7,975,616)</b></u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 10 to 17 form part of these financial statements.

# Kellogg Brown & Root Overseas Limited

## Statement of Financial Position

31 December 2017

	Note	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	10		—		6,645
<b>Current assets</b>					
Debtors	12	4,023,268		4,440,342	
Cash at bank and in hand		<u>3,792,344</u>		<u>5,083,715</u>	
		7,815,612		9,524,057	
<b>Creditors: amounts falling due within one year</b>	13	<u>(25,752,163)</u>		<u>(28,076,982)</u>	
<b>Net current liabilities</b>			(17,936,551)		(18,552,925)
<b>Total assets less current liabilities</b>			(17,936,551)		(18,546,280)
<b>Provisions</b>					
Other provisions	14		—		(94,097)
<b>Net liabilities</b>			<u>(17,936,551)</u>		<u>(18,640,377)</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Profit and loss account	17		<u>(17,936,552)</u>		<u>(18,640,378)</u>
<b>Member deficit</b>			<u>(17,936,551)</u>		<u>(18,640,377)</u>

These financial statements were approved by the board of directors and authorised for issue on 29 October 2018, and are signed on behalf of the board by:



Mr M Nelhams  
Director

Company registration number: 04026687

The notes on pages 10 to 17 form part of these financial statements.

# Kellogg Brown & Root Overseas Limited

## Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 January 2016</b>	1	(10,664,762)	(10,664,761)
Loss for the year		(7,975,616)	(7,975,616)
<b>Total comprehensive expense for the year</b>	—	(7,975,616)	(7,975,616)
<b>At 31 December 2016</b>	1	(18,640,378)	(18,640,377)
Profit for the year		703,826	703,826
<b>Total comprehensive income for the year</b>	—	703,826	703,826
<b>At 31 December 2017</b>	1	(17,936,552)	(17,936,551)

The notes on pages 10 to 17 form part of these financial statements.

# **Kellogg Brown & Root Overseas Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2017**

### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL.

### **2. Statement of compliance**

Kellogg Brown & Root Overseas Limited is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Basic financial instruments**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

#### **Going concern**

KBR Holdings LLC, the Company's ultimate parent, has confirmed that it will continue to support the Company for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements, such that it will enable the Company to meet its liabilities as they fall due. As such the Directors, having made enquiries, have deemed it appropriate to prepare accounts on the going concern basis.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102.

The entity's financial statements are consolidated into the financial statements of KBR, Inc. (incorporated in the state of Delaware, U.S.A.) which can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL. As such, advantage has been taken of the following disclosure exemptions available under Section 1 of FRS 102 paragraphs:

1.12(a) Disclosures in respect of each class of share capital have not been presented.

1.12(b) No cash flow statement has been presented for the company.

1.12(e) No disclosure has been given for the aggregate remuneration of key management personnel.

# Kellogg Brown & Root Overseas Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 3. Accounting policies *(continued)*

#### Revenue recognition

Income from engineering, project management, construction and procurement services contracts is recognised in the period in which those services are performed. The company follows the generally accepted practice of reporting income for long term construction, engineering and project management contracts on the percent of completion basis as costs are incurred and provides for all currently known or anticipated losses on such contracts. Amounts recoverable on contracts represents the excess of of contract revenue recognised to date over the amounts invoiced to clients. Claims revenue is recognised to the extent of costs incurred for items covered by a claim only when it is probable that the claim will result in additional revenue and the amount can be reliably estimated.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

Monetary foreign currency denominated assets and liabilities are translated into sterling at the rates of exchange prevailing at the year end. The results of foreign currency operations are translated at average rates of exchange during the year. All gains and losses arising on translation are included in other operating expenses in the profit and loss account.

#### Tangible assets

Fixed assets are shown in the balance sheet at cost less accumulated depreciation.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 10% straight line
Motor Vehicles	- 33% straight line

# Kellogg Brown & Root Overseas Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 3. Accounting policies *(continued)*

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

### 4. Turnover

Turnover arises from:

	2017	2016
	£	£
Rendering of services	–	8,517,293

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017	2016
	£	£
Angola	–	8,517,293

### 5. Operating profit

Operating profit or loss is stated after (crediting)/charging:

	2017	2016
	£	£
Depreciation of tangible assets	2,491	2,493
Loss on disposal of tangible assets	4,154	–
Impairment of trade debtors	–	7,779,982
Foreign exchange differences	(1,448,646)	744,541
Operating lease costs - buildings	–	198,000

# Kellogg Brown & Root Overseas Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 6. Auditor's remuneration

The fee payable to the company's auditor for the audit of the company's financial statements was £3,214 (2016 - £3,214). This fee was borne by Kellogg Brown & Root Limited, a fellow subsidiary of KBR, Inc., in the current and prior year.

### 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017 No.	2016 No.
Administrative staff	<u>4</u>	<u>10</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	195,089	349,117
Social security costs	<u>18,397</u>	<u>27,209</u>
	<u>213,486</u>	<u>376,326</u>

No remuneration was paid to directors in respect of services provided to the company as substantially all their services have been provided to other group companies. None of the appointed directors have received remuneration in relation to their directorship of this company.

### 8. Interest payable and similar expenses

	2017 £	2016 £
Interest on debenture loans	–	10,824
Other interest payable and similar charges	<u>123,547</u>	<u>144,222</u>
	<u>123,547</u>	<u>155,046</u>

### 9. Tax on profit/(loss)

#### Major components of tax expense

	2017 £	2016 £
Foreign current tax expense	–	186,659
<b>Tax on profit/(loss)</b>	<u>–</u>	<u>186,659</u>

For the year ended 31 December 2016 onwards, any taxable losses made by group companies are surrendered to other group companies as group relief, for which no payments are made.

# Kellogg Brown & Root Overseas Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 9. Tax on profit/(loss) *(continued)*

#### Reconciliation of tax expense

During 2017, the standard rate of corporation tax in the UK was 19.25% (2016: 20%).

	2017 £	2016 £
Profit/(loss) before taxation	<b>703,826</b>	(7,788,957)
Profit/(loss) by rate of tax	<b>135,487</b>	(1,557,791)
Adjustment to tax charge in respect of prior periods	—	2,061
Effect of expenses not deductible for tax purposes	<b>(542)</b>	—
Overseas tax liability	—	186,659
Group relief claimed for nil consideration	<b>(134,945)</b>	—
Exemption of non-UK branch	—	1,555,730
Tax on profit/(loss)	<b>—</b>	186,659

#### Factors that may affect future tax income

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate to 17% effective 1 April 2020 (replacing the 18% rate) was substantively enacted on 6 September 2016.

This will reduce the company's future current tax charge accordingly.

### 10. Tangible assets

	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 January 2017	23,263	46,759	<b>70,022</b>
Disposals	(23,263)	—	<b>(23,263)</b>
<b>At 31 December 2017</b>	<b>—</b>	<b>46,759</b>	<b>46,759</b>
<b>Depreciation</b>			
At 1 January 2017	16,618	46,759	<b>63,377</b>
Charge for the year	2,491	—	<b>2,491</b>
Disposals	(19,109)	—	<b>(19,109)</b>
<b>At 31 December 2017</b>	<b>—</b>	<b>46,759</b>	<b>46,759</b>
<b>Carrying amount</b>			
<b>At 31 December 2017</b>	<b>—</b>	<b>—</b>	<b>—</b>
At 31 December 2016	6,645	—	<b>6,645</b>



# Kellogg Brown & Root Overseas Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 11. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 Jan 2017 and 31 Dec 2017	<u>42,415</u>
<b>Impairment</b>	
At 1 Jan 2017 and 31 Dec 2017	<u>42,415</u>
<b>Carrying amount</b>	
At 31 December 2017	<u>—</u>

### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Kellogg Brown & Root Nigeria Limited	Ordinary	100

### 12. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	4,009,487	4,362,548
Prepayments and accrued income	(819)	53,927
Other debtors	14,600	23,867
	<u>4,023,268</u>	<u>4,440,342</u>

### 13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	138	11,477
Amounts owed to group undertakings	22,562,577	23,861,856
Accruals and deferred income	1,149,057	2,100,648
Social security and other taxes	14,074	2,479
Other creditors	2,026,317	2,100,522
	<u>25,752,163</u>	<u>28,076,982</u>

Included in "Other creditors" is nil (2016: £186,659) in respect of overseas tax.

# Kellogg Brown & Root Overseas Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

### 14. Provisions

	Restructuring or reorganisation £
At 1 January 2017	(94,097)
Charge against provision	94,097
At 31 December 2017	<u>-</u>

### 15. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>4,009,487</u>	<u>4,362,548</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>(22,562,577)</u>	<u>(23,861,856)</u>

### 16. Called up share capital

#### Authorised share capital

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 17. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 18. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	<u>23,070</u>	<u>27,125</u>

The company leased certain properties on various non-cancellable operating leases which expired during 2017. The rental on such leases in 2017 was £22,100 (2016 - £198,000).

# **Kellogg Brown & Root Overseas Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2017**

### **19. Related party transactions**

As a subsidiary of KBR Inc. during the period from 1 January 2017 to 31 December 2017, the company has taken advantage of the exemption of section 33.1A in FRS 102 'Related Party Disclosures', not to disclose transactions with other wholly owned members of the group headed by KBR Inc.

### **20. Controlling party**

The company is a wholly owned subsidiary undertaking of Kellogg Brown & Root Investment Holdings Limited (Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL, a company registered in England and Wales). The ultimate parent undertaking is KBR, Inc.(601, Jefferson Street, Suite 3400, Houston, Texas, a company incorporated in the state of Delaware, U.S.A.)which heads the largest group in which the company is consolidated.

The financial statements of KBR, Inc. are available to the public and can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL.