

Registered number: 05391240

AKER ENGINEERING & TECHNOLOGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 JUNE 2016

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AKER ENGINEERING & TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors

Tom Bagstevold (resigned 22 June 2016)
David Macbrayne Clark
Valborg Lundegaard (resigned 22 June 2016)
Astrid Skarheim Onsum (resigned 22 June 2016)
Erik Sjölie (resigned 22 June 2016)
Gunnar Jan Oma (appointed 22 June 2016)
Douglas Leslie Roger (appointed 22 June 2016)

Company secretary

Pinsent Masons Secretarial Limited

Registered number

05391240

Registered office

Building 6
Chiswick Park
556 Chiswick High Road
London
W4 5HR

AKER ENGINEERING & TECHNOLOGY LIMITED

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AKER ENGINEERING & TECHNOLOGY LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 26 JUNE 2016

Introduction

The directors present their annual report and financial statements for the period ended 26 June 2016, along with an unqualified audit report from KPMG LLP, the Company's statutory auditors.

Business review

Aker Solutions has an established engineering hub in London and, during the period, Aker Engineering & Technology Limited managed these engineering activities.

The company has benefited in the period from the strong performance of its key engineering contracts. At 26 June 2016, the number of permanent employees had increased to 152 (2015: 135). In addition there was 317 agency staff. This increase in headcount is reflective to the increase in activity during the period.

On 1st July 2016, Aker Engineering & Technology Limited sold its trading assets and liabilities at carrying value to Aker Solutions Limited, a wholly owned subsidiary of Aker Solutions Holding AS. This inter-group transfer included all trading assets and liabilities with the exception of the property lease and associated rental income which will continue to remain within Aker Engineering & Technology Limited. The transfer will assist the Group to consolidate its service offerings and become more transparent to its Global customer base. In addition, it will also assist in continuing to deliver cost efficiencies across the Group.

Principal risks and uncertainties

Principal risks and uncertainties are the enduring risk of oil price volatility together with resource management and increasing technical difficulty of extraction, entering new countries and developing new customer relationships. More locally, innovative recruitment processes and consideration of new geographic centres for work execution will help address some key challenges moving forward.

Additional business risks which would impact on the ability of the company to execute its strategy are significant movements in energy prices. These are affected by the global market and any significant movements in these prices will impact on oil exploration and ongoing development of projects.

Financial risk includes currency, counterparty and liquidity risk. Currency risk is managed via corporate treasury when contracts are awarded. Cover is provided in functional currency. Counterparty risk is managed through assessment of significant contractual counterparties and sub-contractors. Risk is reduced through bank and parent company guarantees and/or structuring of payment terms. Liquidity risk is managed through the internal policies in place over working capital. Whilst working capital will vary over time, management of significant counterparties will reduce liquidity risk.

Compliance and ethics are of significant importance for Aker Solutions. This includes management of ethical and political risks to prevent the company being involved in unethical behaviour, either directly or through third parties or partners, or involved in countries where international sanction regimes are in place. The risks arising are managed through regular country analysis, mandatory awareness training, compliance reviews and regular integrity due diligence.

AKER ENGINEERING & TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 26 JUNE 2016

Financial key performance indicators

Management uses a wide range of performance indicators and statistics to measure the progress or development of the business and its contracts. These include financial as well as non-financial indicators.

Financial indicators include variance comparison against budget, short and long term forecasts. In particular, turnover, contribution and operating profit along with margin percentages are closely monitored.

The financial KPI's are set out below:

	26 June 2016 £000	31 December 2015 £000
Revenue	50,475	71,227
Gross Profit	14,009	9,545
Gross Margin (%)	28	13
Earnings before interest, tax, depreciation and amortisation (EBITDA)	11,219	6,178
EBITDA Margin (%)	22	9
Earnings before interest and tax ("EBIT")	10,043	3,841
EBIT Margin (%)	20	5

Other key performance indicators

The Company's top priority is the safety of its employees and the Company works continuously to prevent incidents that could harm personnel, material or non-material assets. It investigates all serious incidents, near misses and risk observations to learn from these and improve safety. The Company also continues to identify, analyse and mitigate intentional security threats to personnel and assets.

The Company did not experience any serious environmental or security incidents in the period. There were no reportable injuries during the period. As a result, the lost-time injury frequency and total reportable incident frequency were both nil.

This report was approved by the board on 31 March 2017 and signed on its behalf.


Douglas Leslie Roger
Director

AKER ENGINEERING & TECHNOLOGY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 26 JUNE 2016

The directors present their report and the financial statements for the period ended 26 June 2016.

Principal activity

The principal activity of the company during the period was the provision of design, project management, and consultancy services to the energy, oil & gas industry.

Results and dividends

The profit for the period, after taxation, amounted to £7,300 thousand (2015 - £2,131 thousand).

The directors do not recommend the payment of a dividend (2015 : £nil).

Directors

The directors who served during the period were:

Tom Bagstevold (resigned 22 June 2016)
David Macbrayne Clark
Valborg Lundegaard (resigned 22 June 2016)
Astrid Skarheim Onsum (resigned 22 June 2016)
Erik Sjolie (resigned 22 June 2016)
Gunnar Jan Oma (appointed 22 June 2016)
Douglas Leslie Roger (appointed 22 June 2016)

Future developments

On 1st July 2016, Aker Engineering & Technology Limited sold its trading assets and liabilities at carrying value to Aker Solutions Limited, a wholly owned subsidiary of Aker Solutions Holding AS. This inter-group transfer included all trading assets and liabilities with the exception of the property lease and associated rental income which will continue to remain within Aker Engineering & Technology Limited. The transfer will assist the Group to consolidate its service offerings and become more transparent to its Global customer base. In addition, it will also assist in continuing to deliver cost efficiencies across the Group.

The Company is in active discussions with the landlord regarding novation of the property lease.

Employee involvement

The Company recognises the importance of employee involvement. Employees are provided with information and consulted on matters which are, in the opinion of the directors, of concern to them as employees and likely to affect their interests. The company encourages all employees to enhance their competence and develop new skills via participation in locally arranged training programs. These programs are designed to stimulate and challenge employee and in so doing aid in the process of employee recruitment and retention. Regular meetings are held, where employees are made aware of financial and economic factors affecting the business.

Health and safety is a core value of the company and is at the forefront of every decision made. Continuous efforts are made to improve existing measures and procedures and to raise awareness and stimulate an interest in health and safety issues.

Aker Solutions' share purchase program in 2016 gave each employee the opportunity to purchase shares. Any future share purchase programs will be subject to Aker Solutions ASA Board approval.

AKER ENGINEERING & TECHNOLOGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 JUNE 2016**

Disabled employees

The Company is committed to a policy of equality of treatment and opportunity for all employees, including those who are disabled. Arrangements are made, where possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities. Accordingly, the only personal attributes which are taken into account in making decisions about employees are those which relate directly to actual or potential performance.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 1st July 2016, Aker Engineering & Technology Limited sold its trading assets and liabilities at carrying value to Aker Solutions Limited, a wholly owned subsidiary of Aker Solutions Holding AS.

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP, Statutory Auditor will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 31 March 2017 and signed on its behalf.



Douglas Leslie Roger
Director

AKER ENGINEERING & TECHNOLOGY LIMITED

**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 26 JUNE 2016**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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. also responsible for safeguarding the assets of the and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AKER ENGINEERING & TECHNOLOGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKER ENGINEERING & TECHNOLOGY LIMITED

We have audited the financial statements of Aker Engineering & Technology Limited for the period ended 26 June 2016, set out on pages 8 to 35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework applicable in the UK and Republic of Ireland.

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 Auditors' 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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 June 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the period is consistent with the financial statements.

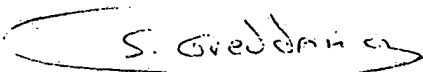
AKER ENGINEERING & TECHNOLOGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKER ENGINEERING & TECHNOLOGY
LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Slim Gueddana (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

37 Albyn Place
Aberdeen
AB10 1JB

31 March 2017

AKER ENGINEERING & TECHNOLOGY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 JUNE 2016**

	Note	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
Turnover	3	50,475	71,227
Cost of sales		(36,466)	(61,682)
Gross profit		14,009	9,545
Administrative expenses		(3,918)	(5,609)
Operating profit	4	10,091	3,936
Interest receivable and similar income	7	15	20
Interest payable and similar charges	8	(766)	(1,570)
Other finance charges		(48)	(95)
Profit before tax		9,292	2,291
Tax on profit	9	(1,992)	(160)
Profit for the period		7,300	2,131
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Cash flow hedges		14	8
Tax relating to components of other comprehensive income		2	2
		16	10
Total comprehensive income for the period/year		7,316	2,141

The notes on pages 13 to 35 form part of these financial statements.

AKER ENGINEERING & TECHNOLOGY LIMITED
REGISTERED NUMBER: 05391240

BALANCE SHEET
AS AT 26 JUNE 2016

	Note	26 June 2016 £000	31 December 2015 £000
Fixed assets			
Intangible assets	10	156	156
Tangible assets	11	22,100	23,239
		<u>22,256</u>	<u>23,395</u>
Current assets			
Stocks	12	-	19
Debtors: amounts falling due within one year	13	23,955	24,704
Cash at bank and in hand	14	9,973	780
		<u>33,928</u>	<u>25,503</u>
Creditors: amounts falling due within one year	15	(39,723)	(39,145)
Net current liabilities		<u>(5,795)</u>	<u>(13,642)</u>
Total assets less current liabilities		<u>16,461</u>	<u>9,753</u>
Provisions for liabilities			
Deferred taxation	17	(360)	(360)
Other provisions	18	(20,832)	(21,440)
		<u>(21,192)</u>	<u>(21,800)</u>
Net liabilities		<u><u>(4,731)</u></u>	<u><u>(12,047)</u></u>

AKER ENGINEERING & TECHNOLOGY LIMITED
REGISTERED NUMBER: 05391240

BALANCE SHEET (CONTINUED)
AS AT 26 JUNE 2016

		26 June 2016 £000	31 December 2015 £000
Capital and reserves	Note		
Called up share capital	19	3,500	3,500
Other reserves		26	10
Profit and loss account		(8,257)	(15,557)
		<u>(4,731)</u>	<u>(12,047)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2017.



Douglas Leslie Roger
Director

The notes on pages 13 to 35 form part of these financial statements.

AKER ENGINEERING & TECHNOLOGY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 JUNE 2016**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	3,500	10	(15,557)	(12,047)
Comprehensive income for the period				
Profit for the period	-	-	7,300	7,300
Cash flow hedge	-	14	-	14
Taxation in respect of items of other comprehensive income	-	2	-	2
Other comprehensive income for the period	-	16	-	16
Total comprehensive income for the period	-	16	7,300	7,316
At 26 June 2016	3,500	26	(8,257)	(4,731)

AKER ENGINEERING & TECHNOLOGY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	3,500	-	(17,688)	(14,188)
Comprehensive income for the year				
Profit for the year	-	-	2,131	2,131
Cash flow hedge	-	8	-	8
Taxation in respect of items of other comprehensive income	-	2	-	2
Other comprehensive income for the year	-	10	-	10
Total comprehensive income for the year	-	10	2,131	2,141
At 31 December 2015	3,500	10	(15,557)	(12,047)

The notes on pages 13 to 35 form part of these financial statements.

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JUNE 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Aker Engineering and Technology Limited (the Company) is a company incorporated and domiciled in England.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JUNE 2016

1. Accounting policies (continued)

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' report. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company has adequate resources to meet its obligations as they fall due. If required, additional resources can be made available from the Aker Solutions Group. The directors therefore believe that it remains appropriate for the financial statements to be prepared on a going concern basis.

1.4 Revenue

Turnover represents work performed by the company in respect of design, project management and consultancy services. Turnover is recorded at the fair value of the consideration receivable, net of VAT. Turnover is recognised at the point when services are delivered. Turnover, which includes inter-company trading, also includes rental income generated from the sub-lease of the Company's office in Chiswick Park. Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their state of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represents turnover recognised in excess of payments on account.

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Development expenditure	-	3 - 5 years
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1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JUNE 2016

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- life of lease
Fixtures and fittings	- 7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.7 Stocks

Stocks are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost to complete and sell. The cost of stocks is based on the first in, first out principle and includes expenditures for bringing them to their existing location and condition. Work in progress and finished goods include labour and attributable overheads.

1.8 Debtors

Trade and other receivables are recognised at the original invoiced amount, less an allowance for doubtful receivables. The invoiced amount is considered to be approximately equal to the value derived if the amortised cost method would have been used.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits held at banks and other short-term highly liquid deposits with original maturity of three months or less.

1.10 Financial Instruments

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

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JUNE 2016

1. Accounting policies (continued)

1.10 Financial instruments (continued)

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Balance Sheet at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

Loans and receivables

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

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

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

The Company comprises only out-of-the-money derivatives. They are carried in the Balance Sheet at fair value recognised in the Statement of Comprehensive Income.

At amortised cost

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

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

1. Accounting policies (continued)

1.11 Creditors

Trade and other payables are recognised at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortised cost method would have been used.

1.12 Hedge accounting

The Company has entered into currency forwards to manage its exposure to the risk arising from fluctuations in foreign exchange rates. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the Statement of Comprehensive Income for the period.

1.13 Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Statement of Comprehensive Income.

The Company's functional and presentational currency is GBP.

1.14 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

1.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

1. Accounting policies (continued)

1.18 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

1.19 Interest income

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

1.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JUNE 2016

1. Accounting policies (continued)

1.21 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 5 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JUNE 2016

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

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom precisely match actual results. The items where judgments and estimates have been made are described below:

Revenue

The estimate of total contract cost is a critical financial reporting estimate for service contracts. Remaining project cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, productivity factors, performance of subcontractors and sometimes also weather conditions. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

Liquidated damages are penalties for not achieving defined milestones. Liquidated damages are common in service contracts. If a project does not meet the defined milestone in a contract, a provision reducing project revenue is made when considered probable that a liquidated damage claim will be imposed. The estimated liquidated damage provision is highly judgmental and based on experience with similar situations and negotiations with customers.

The service contracts may have significant changes in scope of work and variation orders are normally agreed upfront. However, unapproved variation orders may be included in the project revenue where recovery is assessed as probable and other criteria are met.

Incentive payments are integral and are a significant part of contract revenue on many service contracts. Incentive payments include key performance indicators, bonuses, target sum mechanisms and productivity measures and can potentially both increase and decrease revenue.

Incentive payments are generally included when there is a high level of probability that the milestones or key performance indicators will be met. There is a risk that the actual payment of incentives differs from the estimated amount.

Tangible fixed assets and other intangibles

Judgment is involved when determining depreciation/amortisation period and when assessing impairment. Impairment indicators are assessed for individual development projects and for cash generating units as a whole. The impairment testing of a cash generating unit involves judgmental assumptions about future market development, cashflows, determination of discount rate, growth rate and other assumptions that may change over time.

Stocks

The assessment of obsolete and slow-moving stock in order to determine stock write-downs is subject to management judgment. The selling price in the market has to be estimated, and there is a risk that the actual selling price turns out to be lower than the amount estimated by management.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Debtors

Judgment is involved when determining the allowance for doubtful receivables. The allowance is based on individual assessments of each receivable.

Provisions

Provisions are estimated based on a number of assumptions and are, in their nature, inherently judgmental. The assumptions and estimation uncertainties are discussed within the Provisions Note.

Current and deferred tax

Management judgment is required when assessing the valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years. The discounted amount from these profits is compared to net present value of the tax assets. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect future reporting periods.

Research and development

The decision to capitalise a development program involves management judgment. There are strict internal rules defining what qualifies for capitalisation, and the documentation of this assessment is monitored centrally. Management makes assessment of future market opportunities, ability to successfully achieve the desired technological solution and the time and cost it takes to develop it. These factors may change over time.

Impairment indicators are assessed for individual development projects and for cash generating units as a whole. The impairment testing of a cash generating unit involves judgmental assumptions about future market development, cashflows, determination of discount rate, growth rate and other assumptions that may change over time.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016

3. Turnover

Turnover is mainly attributable to the provision of design, project management, and consultancy services. Turnover, which includes inter-company trading, also includes rental income generated from the sub-lease of the company's office in the UK.

Analysis of turnover by country of destination:

	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
United Kingdom	5,014	9,077
Rest of Europe	45,366	62,139
Rest of the world	95	11
	<u>50,475</u>	<u>71,227</u>

4. Operating profit

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

	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
Depreciation of tangible fixed assets	1,176	2,337
Exchange differences	(436)	35
Defined contribution pension cost	513	892
Operating lease costs	4,878	8,442

The Directors neither received nor waived any emoluments in respect of their services to the company during the current period or prior year.

5. Auditor's remuneration

The amount payable by the company to its auditors in respect of the audit of the financial statements and for other services provided to the Company is £20 thousand (2015: £18 thousand).

The audit fee is borne by another group company.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the parent.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016

6. Employees

Staff costs were as follows:

	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
Wages and salaries	6,744	11,711
Social security costs	760	1,428
Cost of defined contribution scheme	513	892
	<u>8,017</u>	<u>14,031</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2016 No.	2015 No.
Management and administration	<u>152</u>	<u>135</u>

7. Interest receivable

	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
Bank interest receivable	15	20
	<u>15</u>	<u>20</u>

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016

8. Interest payable and similar charges

	Period from 12 months to 1 January 31 2016 to 26 December June 2016 2015 £000 £000	
Interest payable on loans from group undertakings	766	1,570
	<u>766</u>	<u>1,570</u>

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

9. Taxation

	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
Corporation tax		
Current tax on profits for the period	1,992	753
	<u>1,992</u>	<u>753</u>
Group taxation relief	-	(459)
	<u>1,992</u>	<u>294</u>
Total current tax	<u><u>1,992</u></u>	<u><u>294</u></u>
Deferred tax		
Origination and reversal of timing differences	-	(134)
Total deferred tax	<u><u>-</u></u>	<u><u>(134)</u></u>
Taxation on profit on ordinary activities	<u><u>1,992</u></u>	<u><u>160</u></u>

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

9. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	Period from 1 January 2016 to 26 June 2016 £000	12 months to 31 December 2015 £000
Profit on ordinary activities before tax	9,292	2,291
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	1,858	464
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14	25
Capital allowances for period/year in excess of depreciation	120	263
Adjustments to tax charge in respect of prior periods	-	(525)
Other timing differences leading to a decrease in taxation	-	(67)
Total tax charge for the period/year	1,992	160

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 26 June 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 26 June 2016 by £54 thousand.

In light of the transfer of the Company's trading assets and liabilities to Aker Solutions Limited on 1 July 2016, an assessment of the impact on the deferred tax balances has been performed. On the basis that the business will continue to trade, the directors are satisfied that there is no significant impact on the deferred tax balances.

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016

10. Intangible assets

	Develop- ment £000
Cost	
At 1 January 2016	156
At 26 June 2016	<u>156</u>
Net book value	
At 26 June 2016	<u>156</u>
At 31 December 2015	<u>156</u>

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

11. Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2016	24,497	3,992	28,489
Additions	36	-	36
At 26 June 2016	24,533	3,992	28,525
Depreciation			
At 1 January 2016	3,616	1,633	5,249
Charge for the period on owned assets	858	318	1,176
At 26 June 2016	4,474	1,951	6,425
Net book value			
At 26 June 2016	20,059	2,041	22,100
At 31 December 2015	20,880	2,359	23,239

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

12. Stocks

	26 June 2016 £000	31 December 2015 £000
Work in progress	-	19
	<u>-</u>	<u>19</u>

13. Debtors

	26 June 2016 £000	31 December 2015 £000
Trade debtors	2,095	1,317
Amounts owed by group undertakings	10,644	11,681
Other debtors	197	177
Prepayments and accrued income	7,975	7,754
Tax recoverable	2,848	3,697
Financial instruments	196	78
	<u>23,955</u>	<u>24,704</u>

Amounts owed by group undertakings includes £nil (2015: £2,637 thousand) cash and bank balances held in bank sub accounts that are part of a group pooling system. The bank has the right at any time of set off in respect of any debit balances on any sub-account, towards satisfaction of any credit balance on other sub-accounts, in which case any debit balance represents a receivable from the Aker Solutions group and any credit balance represents borrowing from the Aker Solutions group. All other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

14. Cash and cash equivalents

	26 June 2016 £000	31 December 2015 £000
Cash at bank and in hand	9,973	781
	<u>9,973</u>	<u>781</u>

AKER ENGINEERING & TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016

15. Creditors: Amounts falling due within one year

	26 June 2016 £000	31 December 2015 £000
Trade creditors	3,040	3,502
Amounts owed to group undertakings	30,257	30,135
Corporation tax	22	-
Other taxation and social security	408	388
Other creditors	243	85
Accruals and deferred income	5,583	5,027
Financial instruments	170	8
	<u>39,723</u>	<u>39,145</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand with the exception of an intercompany loan owed to Aker Solutions ASA, the Company's ultimate parent, which bears interest at a rate of 5.3879% per annum. The amount subject to interest was £29,164 thousand (2015: £29,164 thousand) at 26 June 2016. The interest bearing intercompany loan has no fixed repayment date.

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Financial Instruments

	26 June 2016 £000	31 December 2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	10,169	859
Financial assets that are debt instruments measured at amortised cost	17,835	17,909
	<u>28,004</u>	<u>18,768</u>
Financial liabilities		
Derivative financial instruments designated as hedges of variable interest rate risk	(170)	(8)
Financial liabilities measured at amortised cost	(37,652)	(36,617)
	<u>(37,822)</u>	<u>(36,625)</u>

Aker Engineering and Technology Limited parent company's group policy is that all foreign exchange exposure is hedged, of which at least 80 percent shall be done back-to-back and qualify for hedge accounting or be hedges of separated embedded derivatives.

Financial assets measured at fair value through profit or loss comprise cash flow hedges.

Financial assets measured at amortised cost comprise trade and other receivables.

Derivative financial instruments designated as hedges of variable interest rate risk comprise cash flow hedges.

Financial liabilities measured at amortised cost comprise trade and other payables.

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

17. Deferred taxation

	2016 £000
At beginning of period	(360)
Charged to the profit or loss	-
At end of period	(360)

The provision for deferred taxation is made up as follows:

	26 June 2016 £000	31 December 2015 £000
Accelerated capital allowances	(360)	(360)
	(360)	(360)

18. Provisions

	Equalisation rent free period £000	Dilapidation £000	Total £000
At 1 January 2016	16,612	4,828	21,440
Charged to profit or loss	-	48	48
Utilised in period	(656)	-	(656)
At 26 June 2016	15,956	4,876	20,832

The dilapidation and rent free period provisions as at June 2016 relate to a lease ending 2028.

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Share capital

	26 June 2016 £000	31 December 2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
3,500,001 Ordinary shares of £1 each	3,500	3,500

20. Share based payments

The Company has a share option scheme for purchasing shares in its parent, whereby an employee could buy up to NOK 60,000 of Aker Solutions shares at a 25 percent reduction of cost price in addition to a discount of NOK 1,500. To encourage a long-term commitment to the company, a three-year lock-in period was part of the arrangement. The price reduction the employees receive upon purchase of the shares expensed during the period is £nil (2015: £6,062).

21. Pension commitments

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £513,201 (2015: £891,834). Contributions totaling £115,173 (2015: £Nil) were payable to the fund at the balance sheet date.

22. Commitments under operating leases

At 26 June 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	26 June 2016 £000	31 December 2015 £000
Not later than 1 year	9,776	9,778
Later than 1 year and not later than 5 years	39,023	39,112
Later than 5 years	69,519	74,442
Total	118,318	123,332

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The transactions are detailed below.

	Period from 1 January 2016 to 26 June 2016	12 months to December 2015
	£000	£000
Purchases		
Frontica Advantage Limited	21,912	30,558
Frontica Business Solutions Limited	1,625	4,890
Aker Powergas Pvt Limited	1,651	1,643
MHWirth UK Limited	17	-
	<u>25,205</u>	<u>37,091</u>
Sales		
Frontica Advantage Limited	39	194
MHWirth UK Limited	53	387
	<u>92</u>	<u>581</u>

The following balances were outstanding as at 26 June 2016:

Related party payables with Aker Powergas Pvt Limited were £625 thousand (2015: £250 thousand).

Related party receivables with Frontica Advantage Limited were £21 thousand (2015: £18 thousand) and MHWirth UK Limited £53 thousand (2015: £nil). The company has not made any provision for doubtful debts relating to amounts owed from related parties.

In addition to the above, the Company has entered into transactions in the ordinary course of business with other companies wholly owned by its ultimate parent company.

24. Post balance sheet events

On 1st July 2016, Aker Engineering & Technology Limited sold its trading assets and liabilities at carrying value to Aker Solutions Limited, a wholly owned subsidiary of Aker Solutions Holding AS.

As the transfer has been made between two entities that are under common control, no gain or loss will result from the transaction. The transfer included all trading assets and liabilities with the exception of the property lease and associated rental income which will continue to remain within Aker Engineering & Technology Limited.

AKER ENGINEERING & TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JUNE 2016**

25. Controlling party

The Company's immediate parent company is Aker Solutions AS, a company incorporated in Norway.

The only Group in which the results of the Company are consolidated is that headed by the Company's ultimate parent, Aker Solutions ASA, a public listed company incorporated in Norway. The consolidated financial statements of this Group are publicly available and may be obtained from the Group's website at www.akersolutions.com or from the registered office address at PO Box 169, NO-1325 Lysaker, Norway.