Registered number: 05391240

AKER ENGINEERING & TECHNOLOGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

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AKER ENGINEERING & TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	David Macbrayne Clark (resigned 23 July 2018) Gunnar Jan Oma (resigned 23 July 2018) Douglas Leslie Roger Sian Lloyd Rees (appointed 23 July 2018)
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

CONTENTS

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2017

Introduction

The directors present their annual report and financial statements for the 18 month period ended 31 December 2017.

Business review

Aker Engineering & Technology Limited is a wholly owned subsidiary of Aker Solutions AS. Aker Solutions had an established engineering hub, in the prior period, in London, and Aker Engineering & Technology Limited managed these engineering activities.

As part of the continuing drive to deliver cost efficiencies across the Group, consolidate service offerings and become more transparent to the Group's global customer base the Company sold its trading assets and liabilities at carrying value to Aker Solutions Limited on 1st July 2016. This inter-group transfer included all trading assets and liabilities with the exception of the property lease and associated rental income which continues to remain within Aker Engineering & Technology Limited. The transaction was completed on 1st July 2016 at the carrying value prevailing at the transaction date, the aggregate carrying value of the assets and liabilities transferred was £11,760K. The directors determined that the fair value of the assets and liabilities transferred was equal to the carrying value at the transfer date.

The transaction was made between entities that are under common control, no gain or loss has arisen in the financial statements of Aker Engineering & Technology Limited.

Following the sale of Company's trading assets and liabilities at carrying value; the Company's primary focus is to manage the remaining property lease and associated rental income.

Principal risks and uncertainties

The principal risk of the Company is the potential negative impact of the challenging economic environment on the Company's ability to mitigate its property lease costs through the sub-letting of office space unoccupied by the Aker Solutions Group.

The directors have not identified any further risks.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2017

Financial key performance indicators

Management uses a wide range of performance indicators and statistics to measure the progress or development of the business. 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:

	18 months to 31 December 2017 £000	*6 month to 26 June 2016 £000*
Revenue	**14,832**	*50,475*
Gross (Loss)/Profit	**(6,610)**	*14,009*
Gross Margin (%)	**(45)**	*28*
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**(10,040)**	*11,219*
EBITDA Margin (%)	**(68)**	*22*
Earnings before interest and tax ("EBIT")	**(13,515)**	*10,043*
EBIT Margin (%)	**(91)**	*20*

This report was approved by the board on 27 September 2018 and signed on its behalf.

S L Rees

Sian Lloyd Rees
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the 18 month period ended 31 December 2017.

Principal activity

The principal activity of the company during the prior period was the provision of design, project management and consultancy services to the energy, oil & gas industry. Following the sale of Company's trading assets and liabilities at carrying value, the Company's primary focus is to manage the remaining property lease and associated rental income.

Results and dividends

The loss for the period, after taxation, amounted to £12,637 thousand *(2016 - profit £7,300 thousand)*.

The directors do not recommend the payment of a dividend (2016 : £nil).

Directors

The directors who served during the period and to the date of this report were:

David Macbrayne Clark (resigned 23 July 2018)
Gunnar Jan Oma (resigned 23 July 2018)
Douglas Leslie Roger
Sian Lloyd Rees (appointed 23 July 2018)

Future developments

The directors do not anticipate any significant changes to the activities of the Company in the next 12 months.

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.

Auditor

The auditor, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2018 and signed on its behalf.

S L Rees

Sian Lloyd Rees
Director

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 DECEMBER 2017

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 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 altertnative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statementscomply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preperation of the financial statements that are free from material misstatements 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.

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

Opinion
We have audited the financial statements of Aker Engineering & Technology Limited ("the company") for the 18 month period ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in Equity and the related notes including the accounting policies in note 1.

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 loss for the period 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
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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, 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

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

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 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.

Paul Moran (Senior Statutory Auditor)
for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB
28 September 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
Turnover	3	**14,832**	*50,475*
Cost of sales		**(21,442)**	*(36,466)*
Gross (loss)/profit		**(6,610)**	*14,009*
Administrative expenses		**(6,758)**	*(3,918)*
Operating (loss)/profit	4	**(13,368)**	*10,091*
Interest receivable and similar income	7	**-**	*15*
Interest payable and similar expenses	8	**(147)**	*(814)*
(Loss)/profit before tax		**(13,515)**	*9,292*
Tax on (loss)/profit	9	**878**	*(1,992)*
(Loss)/profit for the financial period		**(12,637)**	*7,300*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**-**	*14*
Tax relating to components of other comprehensive income		**-**	*2*
		-	*16*
Total comprehensive (expense)/income for the period		**(12,637)**	*7,316*

The notes on pages 12 to 33 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		31 December 2017 £000		26 June 2016 £000
Fixed assets					
Intangible assets	10		-		156
Tangible assets	11		12,937		22,100
			12,937		22,256
Current assets					
Debtors: amounts falling due within one year	12	11,318		23,955	
Cash at bank and in hand	13	-		9,973	
		11,318		33,928	
Creditors: amounts falling due within one year	14	(22,613)		(39,723)	
Net current liabilities			(11,295)		(5,795)
Total assets less current liabilities			1,642		16,461
Provisions for liabilities					
Deferred taxation	15	-		(360)	
Other provisions	16	(19,010)		(20,832)	
			(19,010)		(21,192)
Net liabilities			(17,368)		(4,731)

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	31 December 2017 £000	*26 June 2016 £000*
Capital and reserves			
Called up share capital	17	**3,500**	*3,500*
Other reserves	18	**26**	*26*
Profit and loss account	18	**(20,894)**	*(8,257)*
		(17,368)	*(4,731)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2018.

D L Roger

Douglas Leslie Roger
Director
The notes on pages 12 to 33 form part of these financial statements.

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 27 June 2016	3,500	26	(8,257)	(4,731)
Comprehensive expense for the period				
Loss for the period	-	-	(12,637)	(12,637)
Total comprehensive expense for the period	-	-	(12,637)	(12,637)
At 31 December 2017	3,500	26	(20,894)	(17,368)

The notes on pages 12 to 33 form part of these financial statements.

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)

The notes on pages 12 to 33 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Aker Engineering and Technology Limited (the Company) is a private company incorporated, domiciled and registered in England. The registered number is 05391240 and the registered address is Building 6, Chiswick Park, 556 Chiswick High Road, London, W4 5HR.

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

1. Accounting policies (continued)

1.3 Going concern

As described in more detail in the Strategic Report on page 1, the Company sold its trading assets and liabilities, with the exception of the property lease and associated rental income to a fellow group company. The transfer, being a net liabilities position, resulted in a £11.8m increase in amounts due to group undertakings. At the balance sheet date amounts due to group undertakings amounted to £18.9m inclusive of the amount due on transfer. The company's forecasts indicate that the property lease expense will be in excess of the associated rental income and therefore that the company will require additional cash funding in order to meet its financing and other liabilities.

A parent undertaking has indicted that sufficient funds will be made available to allow the Company to meet its liabilities as they fall due for at least the next 12 months from the date of the approval of these financial statements and thereafter for the foreseeable future. The directors consider that the parent company has the ability to provide such funds. 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.

The Company's forecasts and projections, taking into account the above, show that the Company is expected to have a sufficient level of financial resources available both through funding already made available and that expected to be made available out of group funding facilities. Therefore the directors believes that the Company is well placed to manage its business risks successfully. Notwithstanding net current liabilities of £11.3m and net liabilities of £17.4m at the balance sheet date, after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1.4 Revenue

In the prior period, turnover represents work performed by the company in respect of design, project management, consultancy services and rental services. Turnover was recorded at the fair value of the consideration receivable, net of VAT. Turnover was recognised at the point when services are delivered. In the current year, turnover, substantially relates to 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.

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

1. Accounting policies (continued)

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.

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 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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 Financial instruments

The category 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 category's accounting policies in respect of financial instruments transactions are explained below:

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Financial assets

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

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.

1. Accounting policies (continued)

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1. **Accounting policies (continued)**

1.17 Interest income

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

1.18 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.

1.19 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. Accounting policies (continued)

1.20 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.

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

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, 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 judgements and estimated have been made are described below:

Revenue

The judgement surrounding revenue relates to the prior year. 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.

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.

3. Turnover

In the prior period turnover is mainly attributable to the provision of design, project management, and consultancy services and included inter-company trading and rental income generated from the sub-lease of the company's office in the UK. In the current year turnover only consists of rental income generated from the company's sub-leases.

Analysis of turnover by country of destination:

	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
United Kingdom	**14,832**	*5,014*
Rest of Europe	-	*45,366*
Rest of the world	-	*95*
	14,832	*50,475*

On 1st July 2016 the Company sold its trading assets and liabilities at carrying value to Aker Solutions Limited. This inter-group transfer included all trading assets and liabilities with the exception of the property lease and associated rental income which continues to remain within Aker Engineering & Technology Limited. The transaction was completed on 1st July 2016 at the carrying value prevailing at the transaction date, the aggregate carrying value of the assets and liabilities transferred was £11,760K. The directors determined that the fair value of the assets and liabilities transferred was equal to the carrying value at the transfer date.
The transaction was made between entities that are under common control, no gain or loss has arisen in the financial statements of Aker Engineering & Technology Limited.

4. Operating (loss)/profit

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

	Period from 27 June to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
Depreciation of tangible fixed assets	**3,475**	*1,176*
Impairment of tangible fixed assets	**5,688**	-
Exchange differences	**2**	*(436)*
Defined contribution pension cost	**-**	*513*
Operating lease costs	**14,634**	*4,878*

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 £10 thousand (2016: £20 thousand).

The audit fee is bourne 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

6. Employees

Staff costs were as follows:

	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
Wages and salaries	-	*6,744*
Social security costs	-	*760*
Cost of defined contribution scheme	-	*513*
	-	*8,017*

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

	2017 No.	*2016 No.*
Management and administration	-	*152*

All employees transferred to Aker Solutions Limited on 1 July 2016.

7. Interest receivable

	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
Bank interest receivable	-	*15*
	-	*15*

8. Interest payable and similar expenses

	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
Unwind of discount on provisions	**147**	*48*
Interest payable on loans from group undertakings	**-**	*766*
	147	*814*

9. Taxation

	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
Corporation tax		
Current tax on profits for the period	-	*1,992*
Adjustments in respect of previous periods	964	-
	964	*1,992*
Total current tax	964	*1,992*
Deferred tax		
Origination and reversal of timing differences	14	-
Changes to tax rates	(28)	-
Adjustments in respect of prior years	(170)	-
Recognition of current tax losses	(1,658)	-
Total deferred tax	(1,842)	-
Taxation on (loss)/profit	(878)	*1,992*

9. Taxation (continued)

Factors affecting tax credit for the period

The tax assessed for the period is lower than *(2016 - higher than)* the standard rate of corporation tax in the UK of 19.50% *(2016 - 20%)*. The differences are explained below:

	Period from 27 June 2016 to 31 December 2017 £000	*Period from 1 January 2016 to 26 June 2016 £000*
(Loss)/profit before tax	**(13,515)**	*9,292*
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.50% (2016 - 20%)	**(2,635)**	*1,858*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**750**	*14*
Capital allowances for period in excess of depreciation	**-**	*120*
Adjustments to tax charge in respect of prior periods	**794**	*-*
Impact of deferred tax rate change	**213**	*-*
Total tax (credit)/charge for the period	**(878)**	*1,992*

Factors that may affect future tax credits

Reductions in the UK corporation tax rate from 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax credit accordingly. A hybrid rate of 19.5% was applied for the 18 month period, with deferred tax being recognised at 17%.

Deferred tax has been recognised at the rate at which the timing difference are expected to reverse, 17% in 2017, reflecting the reduction in the UK rate of corporation tax as currently enacted.

10. Intangible assets

	Development Expenditure £000
At 27 June 2016	**156**
Disposals	**(156)**
At 31 December 2017	**-**
Net book value	
At 31 December 2017	-
At 26 June 2016	*156*

Intangible assets were transferred to Aker Solutions Limited on 1 July 2016.

11. Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Total £000
Cost			
At 27 June 2016	24,533	3,992	28,525
At 31 December 2017	24,533	3,992	28,525
Depreciation			
At 27 June 2016	4,474	1,951	6,425
Charge for the period on owned assets	2,503	972	3,475
Impairment charge	5,688	-	5,688
At 31 December 2017	12,665	2,923	15,588
Net book value			
At 31 December 2017	11,868	1,069	12,937
At 26 June 2016	*20,059*	*2,041*	*22,100*

12. Debtors

	31 December 2017 £000	*26 June 2016 £000*
Trade debtors	**2,556**	*2,095*
Amounts owed by group undertakings	**-**	*10,644*
Other debtors	**-**	*197*
Prepayments and accrued income	**4,949**	*7,975*
Corporation tax recoverable	**2,331**	*2,848*
Deferred taxation	**1,482**	*-*
Financial instruments	**-**	*196*
	11,318	*23,955*

13. Cash and cash equivalents

	31 December 2017 £000	*26 June 2016 £000*
Cash at bank and in hand	**-**	*9,973*
	-	*9,973*

14. Creditors: Amounts falling due within one year

	31 December 2017 £000	*26 June 2016 £000*
Trade creditors	**892**	*3,040*
Amounts owed to group undertakings	**18,916**	*30,257*
Corporation tax	**-**	*22*
Other taxation and social security	**-**	*408*
Other creditors	**-**	*243*
Accruals and deferred income	**2,805**	*5,583*
Financial instruments	**-**	*170*
	22,613	*39,723*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand with the exception of in the prior period, 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 £nil thousand (2016: £29,164 thousand) at 31 December 2017. The interest bearing intercompany loan was repayed on 28 August 2016 by Aker Solutions Limited who acquired the debt.

15. Deferred taxation

	2017 £000
At beginning of period	**(360)**
Credit to the profit or loss	**1,842**
At end of period	**1,482**

The deferred taxation balance is made up as follows:

	31 December 2017 £000	*26 June 2016 £000*
Accelerated capital allowances	**(176)**	*(360)*
Tax losses carried forward	**1,658**	*-*
	1,482	*(360)*

16. Provisions

	Equalisation rent free period £000	Dilapidation £000	Total £000
At 27 June 2016	15,956	4,876	20,832
Charged to profit or loss	-	147	147
Utilised in period	(1,969)	-	(1,969)
At 31 December 2017	**13,987**	**5,023**	**19,010**

The dilapidation and rent free period provisions as at December 2017 relate to a lease ending 2028.

17. Share capital

	31 December 2017 £000	*26 June 2016 £000*
Allotted, called up and fully paid		
3,500,001 Ordinary shares of £1 each	**3,500**	*3,500*

18. Reserves

Other reserves

The hedging reserve comprises the effective position of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Profit and loss account

Includes all current and prior period retained profits and losses.

19. 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 £nil (2016: £513,201). Contributions totaling £nil (2016:£115,173) were payable to the fund at the balance sheet date.

20. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2017 £000	*26 June 2016 £000*
Not later than 1 year	**9,756**	*9,776*
Later than 1 year and not later than 5 years	**39,023**	*39,023*
Later than 5 years	**54,846**	*69,519*
	103,625	*118,318*

21. Related party transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard 101 from disclosing transactions with two or more members of the Aker Solutions ASA group, provided that any subsidiary which is a party to the transaction is wholly owned within the group.

The Company had no transactions with related parties that are not 100% owned within the group.

22. Controlling party

The Company's immediate parent company is Aker Solutions Holding AS, a company incorporated in Norway. The registered office address of Aker Solutions Holding AS is Oksenoyveien 8 1366 Lysaker, 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 ar PO Box 169, NO-1325 Lysaker, Norway.