

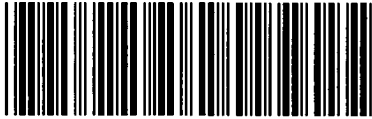
**Company Registration No. SC207740**

**Baker Energy Limited**

**Annual report and financial statements**

**for the year ended 31 December 2017**

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**Baker Energy Limited**  
**Annual report and financial statements for the year ended 31 December 2017**

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**Baker Energy Limited**  
**Annual report and financial statements for the year ended 31 December 2017**  
**Officers and professional advisers**

**Directors**

O Onabolu  
B Mcleish

**Company Secretary**

L Dunlop

**Registered Office**

Kirkhill Road  
Kirkhill Industrial Estate  
Dyce  
Aberdeen  
AB21 0GQ

**Independent Auditor**

KPMG LLP  
37 Albyn Place  
Aberdeen  
AB10 1JB

## **Baker Energy Limited**

### **Annual report and financial statements for the year ended 31 December 2017**

### **Directors' report**

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

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. No strategic report is presented as the directors have taken exemption under section 414B of the Companies Act 2006.

#### **Principal activities**

The principal activity of the company during the year was that of a holding company. The principal activities of the subsidiary company is the provision of sub-surface consultancy and operations management expertise to the oil and gas industry and oil and gas recovery.

#### **Directors**

The present membership of the Board is set out on page 3.

The directors of the company who held office during the year and to the date of this report were:

B Mcleish (appointed 12 June 2018)

O Onabolu (appointed 10 February 2017)

M Rasmuson (resigned 12 June 2018)

J Upton (resigned 10 February 2017)

#### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Results and dividends**

The loss after tax for the year was £5,000 (2016: £nil ). There were no dividends paid or proposed in either year.

#### **Going concern**

The company made a loss of £5,000 for the year and had net current assets of £2,428,000 as at 31 December 2017.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found within note 1 to the financial statements.

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

The United Kingdom European Union membership referendum that took place on 23 June 2016 resulted in an overall vote to leave the European Union. In the short-term, the directors do not expect the significant effect of such on the company and its operations. However the longer term political and economic effects of this event will depend on the arrangements negotiated between the United Kingdom and European Union. The directors continue to monitor the situation closely and review potential risks to the company.

**Baker Energy Limited**  
**Annual report and financial statements for the year ended 31 December 2017**  
**Directors' report (continued)**

**Auditor**

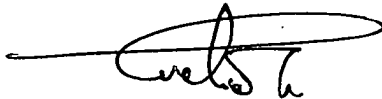
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed to be re-appointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



O Onabolu  
Director  
19 September 2018

**Baker Energy Limited**  
**Annual report and financial statements for the year ended 31 December 2017**  
**Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, 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 Auditor's report to the members of Baker Energy Limited**

### **Opinion**

We have audited the financial statements of Baker Energy Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss account, Balance sheet and Statement of Changes in Equity and 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 year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Directors' report**

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

## **Independent Auditor's report to the members of Baker Energy Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Williamson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
37 Albyn Place  
Aberdeen  
AB10 1JB

27 September 2018



**Baker Energy Limited**  
**Profit and loss account**  
**For the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
Administrative expenses and operating loss	3	(5)	-
<b>(Loss)/profit before taxation</b>		(5)	-
Tax on (loss)/profit	5	-	-
<b>(Loss)/profit for the financial year and total comprehensive loss attributable to the owner of the company</b>		(5)	-

The company has not recognised gains and losses for the current and prior year other than as included in the results above. Accordingly no statement of comprehensive income is presented. The results for the current and prior year are derived from continuing operations.

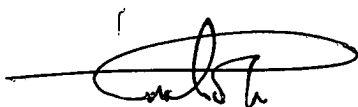
The notes on 12 to 17 form an integral part of these financial statements.

**Baker Energy Limited**  
**Balance sheet**  
**As at 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Debtors			
- due within one year	7	2,434	2,443
		2,434	2,443
<b>Creditors: amounts falling due within one year</b>	8	(6)	(10)
<b>Net current assets</b>		2,428	2,433
<b>Total assets less current liabilities</b>		2,428	2,433
<b>Net assets</b>		2,428	2,433
<b>Capital and reserves</b>			
Called-up share capital	9	750	750
Share premium		528	528
Profit and loss account		(2,530)	(2,525)
Capital redemption reserve		15	15
Capital contribution		3,665	3,665
<b>Total shareholder's funds</b>		2,428	2,433

The financial statements of Baker Energy Limited, company number SC207740, were approved by the Board of Directors and authorised for issue on 19 September 2018.

Signed on behalf of the Board of Directors by:



O Onabolu  
Director

The notes on pages 12 to 17 form an integral part of these financial statements.

**Baker Energy Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2017**

	Called-up share capital (note 9) £'000	Share premium £'000	Profit and loss account £'000	Capital redemption reserve £'000	Capital contribution £'000	Total £'000
<b>At 1 January 2016</b>	750	528	(2,525)	15	3,665	2,433
<b>Total comprehensive income</b>	-	-	-	-	-	-
<b>At 31 December 2016</b>	750	528	(2,525)	15	3,665	2,433
Loss for the financial year	-	-	(5)	-	-	(5)
<b>Total comprehensive loss</b>	-	-	(5)	-	-	(5)
<b>At 31 December 2017</b>	750	528	(2,530)	15	3,665	2,428

The notes on pages 12 to 17 form an integral part of these financial statements.

# **Baker Energy Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2017**

#### **1. Accounting policies**

The principal accounting policies adopted are described below. They have been applied consistently throughout the current and preceding year.

##### **General information and basis of accounting**

Baker Energy Limited is a private limited company, limited by shares which is incorporated in Scotland and registered in the United Kingdom. The address of the registered office is given on page 3. The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its ultimate parent, General Electric Company, which may be obtained from the address in note 11. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of cash flow statement, disclosure of related party transactions, share-based payments and remuneration of key management personnel.

##### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the financial statements.

##### **Consolidation**

The company has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to prepare consolidated accounts. The company is a wholly owned subsidiary undertaking of Baker Hughes, a GE company, which is incorporated in the USA. The company and all of its subsidiary undertakings are included in the Baker Hughes, a GE company consolidated financial statements which are prepared in accordance with US GAAP and are drawn up to 31 December 2017. These may be obtained from the address stated in note 11.

These financial statements therefore present information about the company as an individual undertaking and not as a group.

##### **Investments**

Fixed and current asset investments are included in the balance sheet of the company at cost less provision for any impairment in value.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Baker Energy Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**1. Accounting policies (continued)**

**Financial instruments (continued)**

*(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

*(ii) Investments*

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

*(iii) Equity instruments*

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**Taxation**

Current tax including United Kingdom corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying tax differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Baker Energy Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

**Intercompany recoverability**

In respect to intercompany receivables (as described in note 7), a review has been completed regarding the recoverability of the outstanding balances. Based on the details available, management consider there is little or no risk in terms of recoverability and conclude no bad debt provision is required.

**3. Operating (loss)/profit**

The audit fee for the company is borne by Baker RDS Limited. In the opinion of the directors £5,044 (2016: £5,000) of the audit fee of Baker RDS Limited related to the company.

**4. Information regarding directors and employees**

**Directors' emoluments:**

Disclosures of directors' remuneration are not required under the small companies reporting regulations.

**Employee information:**

The company had nil employees in 2017 (2016: nil).

**5. Tax on (loss)/profit**

The standard rate of tax for the year, based on the average UK standard rate of corporation tax, is 19.25% (2016: 20%). The actual current tax credit for the current year and credit for the preceding year differs for the reasons set out in the following reconciliation.

The differences between the total tax credit shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax are as follows:

**Baker Energy Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**5. Tax on (loss)/profit (continued)**

	2017 £	2016 £
<b>(Loss)/profit before tax</b>	(5)	-
Tax on (loss)/profit on ordinary activities at average UK corporation tax rate of 19.25% (2016: 20%)	(1)	-
<i>Effects of:</i>		
Deferred tax not provided	1	-
<b>Total tax charge for the year</b>	-	-

A reduction in the corporation tax rate was announced in Finance (No 2) Act 2015, which was substantively enacted on 18 November 2015. As a consequence, the tax rate reduced to 19.25% from 20% with effect from 1 April 2017. Finance Act 2016, which was substantively enacted on 15 September 2016, included a further reduction in the tax rate to 17% with effect from 1 April 2020.

**6. Fixed assets: investments**

	<b>Subsidiaries £'000</b>
<b>Net book value</b>	
At 31 December 2017 and 31 December 2016	-

The company has subsidiary undertakings in Baker RDS Limited. The subsidiary is wholly owned (0.000048% ordinary shares and 99.999952% preference shares) and incorporated in the United Kingdom. Baker RDS Limited's principal business is the provision of sub-surface consultancy and operations management expertise to the oil and gas industry and it's registered office is at Kirkhill Road, Kirkhill Industrial Estate, Dyce, Aberdeen, AB21 0GQ.

**7. Debtors**

	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group companies	2,434	2,443

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

**Baker Energy Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**8. Creditors**

<b>Amounts falling due within one year</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Amounts owed to group companies	1	10
Accruals and deferred income	5	-
	<u>6</u>	<u>10</u>

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

**9. Called-up share capital and reserves**

<b>Called-up, allotted and fully paid</b>	<b>2017</b>		<b>2016</b>	
	<b>Number of shares</b>	<b>£'000</b>	<b>Number of shares</b>	<b>£'000</b>
£0.10 ordinary shares	6,650,161	665	6,650,161	665
£0.10 B ordinary shares	24,000	2	24,000	2
£0.10 C ordinary shares	454,593	46	454,593	46
£0.10 D ordinary shares	371,250	37	371,250	37
		<u>750</u>		<u>750</u>

The rights of the 'B' ordinary shares are as follows:

- The 'B' ordinary shares rank pari passu with the ordinary shares and 'C' ordinary shares in entitlement to dividends at a set percentage where certain conditions arise.
- On distribution of the company assets, 'B' ordinary shares rank after the ordinary shares and 'C' ordinary shares.

'B' ordinary shares carry the same voting rights as ordinary and 'C' ordinary shares



**Baker Energy Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**9. Called-up share capital and reserves (continued)**

The rights of the 'C' ordinary shares are as follows:

- 1) The 'C' ordinary shares rank pari passu with the ordinary shares and 'B' ordinary shares in entitlement to dividends at a set percentage when certain conditions arise.
- 2) When calculating dividends payable in respect of 'C' ordinary shares, special provisions exist to exclude profit of certain group companies and related disposal proceeds.
- 3) On distribution of the company assets, 'C' ordinary shares rank pari passu with the ordinary shares but ahead of the 'B' ordinary shares.
- 4) 'C' ordinary shares carry the same voting rights as 'B' ordinary and ordinary shares.

The D Ordinary shares have no voting rights and are subject to special provisions excluding them from the participation in the profit of certain group companies and related disposal proceeds.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profit or losses.

The capital redemption reserve represents the nominal value of redeemed shares.

The capital contribution reserve represents the contributions without consideration in exchange.

**10. Related party transactions**

The company has taken advantage of FRS 102.33.1A 'Related Party Disclosures' and hence has not disclosed details of transactions with other group companies in which Baker Hughes, a GE company and General Electric Company ultimately own 100% of the share capital.

**11. Immediate and ultimate parent company and related undertakings**

The company's immediate parent and controlling party is Baker Hughes Limited, a company incorporated in England & Wales. Copies of the financial statements of the immediate parent can be requested from the Company Secretary at The Ark, 201 Talgarth Road, Hammersmith, London, W6 8BJ.

The company's ultimate parent company is General Electric Company, which is incorporated in the USA and has its registered office at 1 River Road, Schenectady, New York 12345-6999. It is the largest entity consolidating the results of this company. The smallest entity consolidating the results of the company is Baker Hughes, a GE company, which is incorporated in the USA and has its registered office at 1209 Orange Street, Wilmington, Delaware 19801.

Copies of the financial statements of General Electric Company and Baker Hughes, a GE company, may be requested from the Company Secretary at The Ark, 201 Talgarth Road, Hammersmith, London, W6 8BJ.

The company's only other related undertakings is disclosed in note 6.