Teekay Hummingbird Production Limited

Annual report and financial statements

Registered Number SC294888

31 December 2019

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Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Principal activities and review of businesses
The Company's principal activities during the year were the business of FPSO vessel operations of Hummingbird Spirit for Spirit Energy.

The key financial and other performance indicators during the year were as follows:

	2019	2018	Variance
	$000	$000	%
Turnover	**47,632**	51,318	(7)
Operating (loss)/ profit	**(17)**	586	(103)
Profit before taxation	**-**	604	(100)
Shareholders' funds	**15,036**	15,048	(0)

Company turnover decreased in 2019 by 7% due to lower oil price-linked tariffs earned.

Principal risks and uncertainties
The Company is exposed to financial risks arising from its operations. The key financial risks include foreign currency risks, credit risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

Foreign currency risk
The Company has transactional currency exposures arising from costs that are denominated in a currency other than USD. The foreign currencies in which these transactions are denominated are mainly GBP. The reimbursable contract with Spirit Energy results in a natural hedging against currency exposure as Spirit Energy effectively carry the costs incurred by the Company, hence a sensitivity analysis for changes in the foreign exchange rate are not disclosed as the effect on income is considered not to be significant.

Credit risk
Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables and is concentrated mainly in the outstanding amount owing from multinational integrated oil companies. The credit risk exposure on these balances is considered moderately low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty meeting the financial obligations due to shortage of funds. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Strategic report (continued)

Business environment
The UK market for FPSOs is a competitive market with a few specialised vendors for operations in a harsh environment. The customers are the operators and owners of the oil field licenses. The Company meets competition from other third party vendors and from the operators and owners of the oil field as they can choose to own and run a FPSO themselves.

Future development
The Company has a long term contract with Spirit Energy for the operation of the FPSO Hummingbird Spirit on the Chestnut field,which originally was scheduled to end in September 2020. In October 2019, an extension of the contract was agreed with Spirit Energy until March 2023. Spirit Energy may terminate the contract early at any time after June 2021.

With respect to the ongoing COVID-19 pandemic, 2020 has been a challenging year. Activity on board the FPSO has been reduced in order to limit the risk of infections. A strict testing and quarantine regime has been applied prior to mobilisation. The Directors would like to use the opportunity to compliment all crew on board for their flexibility and loyalty during this pandemic which have helped minimise the impact on operations.

Going concern
The directors have a reasonable expectation that the Company has adequate resources to allow it to continue to trade for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the annual report and financial statements.

By order of the Board

Anne Elizabeth Liversedge
Director
Date: 10 March 2021

4th Floor 115 George Street
Edinburgh
Midlothian
United Kingdom
EH2 4JN

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2019.

Results and dividends
The Company recorded a loss after taxation of $12,000 (2018 – profit after taxation of $549,000).

The directors propose that no dividend be paid (2018 - $nil).

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

A. Elizabeth Liversedge (appointed on 16 April 2020)
N. Arvind Dhurandhar (appointed on 16 April 2020)
S. Morten Helland (resigned on 16 April 2020)
C. Brett (resigned on 16 April 2020)
T.O. Bye-Andersen (resigned on 16 April 2020)

Financial instruments
The Company's policy is to minimise the use of complex financial instruments.

Charitable and political contributions
The Company made no charitable donations or political contributions during the current or prior year.

Disclosure of information to auditor
The directors who held office at the date of approval of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report on page 2.

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

By order of the Board

Anne Elizabeth Liversedge
Director
Date: 10 March 2021

4th Floor 115 George Street
Edinburgh
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United Kingdom
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

Statement by the directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006

The Companies (Miscellaneous) Reporting Regulations 2018 introduced a new statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of Teekay Hummingbird Production Limited are required to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS (CONTINUED)

The delivery of the strategy of the Teekay Group, of which the company is a member, requires the Teekay Group to conduct business in a manner benefitting customers through balancing cost and risk while delivering shareholder value and protecting the Teekay Group's performance and reputation by prudently managing risks inherent in the business. In carrying out this strategy, the directors' duties under section 172 of the Companies Act 2006 have been considered.

The directors strongly believe that effective and meaningful engagement with stakeholders is key to promoting the success of the company. Details of the key stakeholders of the Teekay Group, and therefore the company, and how they engage with them are as follows:

- Teekay's vision is to bring energy to the world with Teekay Spirit. We put safety first, no compromises. We look after each other and make sure everyone gets home safely. We consider people, planet and performance in all our decisions and actions.
- Teekay Corporation's Sustainability Report for 2019 can be found on the home page www.teekay.com
- The operation of Hummingbird Spirit is outsourced to Altera Infrastructure Production AS, a company well known to Teekay as it used to be part of the Teeky Group, We know the management and the vision and the operating philosophies are very much aligned with those of Teekay.
- Safety is our first priority - always. We acknowledge that ensuring the health and safety of all the people involved in Teekay and operating contractor is a requisite for our license to operate. We thrive for zero harm to personnel and our commitment to safety is directly linked to the long-term success of Teekay.
- Teekay recognises that an effective integrity compliance program requires a healthy corporate culture of active ethics that is supported by a strong tone from the top that resonates throughout the organization. At Teekay, we believe "Everyone is a Leader." This means that doing business with integrity is embraced by everyone as a shared leadership responsibility.
- As a company that firmly believes in good ethical practices and doing business with integrity, it is important for Teekay to conduct the necessary due diligence to ensure we work with like-minded companies and in a manner that contributes to society and the environment that we work in.

The directors, both individually and together as a board of Teekay Hummingbird Production Limited (the "Board"), consider that the decisions taken during the year ended 31 December 2019 in discharging the function of the Board were in conformance with their duty under section 172 of the Companies Act 2006.

The Board is assisted in considering key stakeholders as part of the decision-making process by including stakeholder considerations in board papers as appropriate, and board papers are carefully reviewed and considered by all directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEEKAY HUMMINGBIRD PRODUCTION LIMITED

Opinion

We have audited the financial statements of Teekay Hummingbird Production Limited ("the company") for the year ended 31 December 2019 which comprise the profit and loss account, balance sheet, 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 2019 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.

Material uncertainty relating to going concern

We draw attention to note 1.2 to the financial statements which indicates that the company's ability to continue as a going concern is dependent on its customer not terminating the contract for the operation of the FPSO Hummingbird Spirit, for which they have the option to from July 2021 at 90 days' notice from 1 April 2021.

As at the date of this report, following a recovery in the price of crude oil, it is expected that operations on the Chestnut field will continue into 2022 however uncertainty exists given the nature of the contractual arrangement. In the event that the termination option is exercised, the FPSO unit will be decommissioned and scrapped. If this occurs, the Company would likely be liquidated over time as its principal activity of FPSO vessel operations of the Hummingbird Spirit will no longer be required.

These areas, along with the other matters explained in note 1.2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEEKAY HUMMINGBIRD PRODUCTION LIMITED (CONTINUED)

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 pages 4 and 5, 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.

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.

L Niccolls

Lyn Niccolls (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

11 March 2021

Profit and loss account

for the year ended 31 December 2019

	Notes	2019 $000	2018 $000
Turnover	2	**47,632**	51,318
Cost of sales		**(46,619)**	(49,800)
Gross profit		**1,013**	1,518
Administrative expenses		**(1,030)**	(932)
Operating (loss)/ profit	3	**(17)**	586
Interest receivable and similar income	6	**17**	18
Profit before taxation		**-**	604
Tax charge on profit	7	**(12)**	(55)
(Loss)/ Profit for the financial year		**(12)**	549

The activities of the Company relate entirely to continuing operations.

The Company has no items of other comprehensive income other than the results for the current and prior financial years as set out above.

Notes on pages 11 to 19 form part of the financial statements.

Balance sheet
as at 31 December 2019

	Notes	2019 $000	2019 $000	2018 $000	2018 $000
Current assets					
Debtors	8	**36,594**		23,631	
Cash at bank and in hand		**3,144**		2,329	
		39,738		25,960	
Creditors: amounts falling due within one year	9	**(24,702)**		(10,912)	
Net current assets			**15,036**		15,048
Net assets			**15,036**		15,048
Capital and reserves					
Called up share capital	10		**41,442**		41,442
Profit and loss account			**(26,406)**		(26,394)
Shareholders' funds			**15,036**		15,048

Notes on pages 11 to 19 form part of the financial statements.

These financial statements were approved by the board of directors on 10 March 2021 and are signed on their behalf by:

Anne Elizabeth Liversedge
Director

Company registered number: SC294888

Statement of changes in equity

	Called up Share capital	*Profit and Loss account*	*Total Equity*
	$000	*$000*	*$000*
Balance as at 1 January 2018	41,442	(26,943)	14,499
Total comprehensive income for the period			
Profit for the financial year	-	549	549
Total comprehensive income for the period	-	549	549
Balance at 31 December 2018	**41,442**	**(26,394)**	**15,048**

	Called up Share capital	*Profit and Loss account*	*Total Equity*
	$000	*$000*	*$000*
Balance as at 1 January 2019	41,442	(26,394)	15,048
Total comprehensive income for the period			
Loss for the financial year	-	(12)	(12)
Total comprehensive loss for the period	-	(12)	(12)
Balance at 31 December 2019	**41,442**	**(26,406)**	**15,036**

Notes on pages 11 to 19 form part of the financial statements.

Notes to the financial statements

1 Accounting policies

Teekay Hummingbird Production Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered office of this company is Unit 3, Prospect Park, Arnhall Business Park, Prospect Road, Westhill, Aberdeen AB32 6FJ, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is USD.

The Company is a wholly owned subsidiary of Hummingbird Spirit LLC, which is incorporated in the Republic of the Marshall Islands. The ultimate parent undertaking and parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Teekay Corporation, which is incorporated in the the Republic of the Marshall Islands.

The consolidated financial statements of Teekay Corporation are available to the public and may be obtained from 4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08 Bermuda. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position, are set out in the Strategic Report on page 2.

The Company has recorded a marginal loss for the year ended 31 December 2019 however has both net current asset and net asset positions recorded as at the year-end date. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons described below.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

The global COVID-19 coronavirus pandemic has been declared at the time of approval of these financial statements and is impacting all businesses. Since the year end, the global economic environment has been affected by the pandemic, with significant variations in the price of crude oil impacting the levels of production on oil fields.

The Company currently has a contract with Spirit Energy for the operation of the FPSO Hummingbird Spirit which runs until March 2023, however can be terminated by Spirit Energy from July 2021 at 90 days' notice from 1 April 2021.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements on the assumption that operations on the Chestnut field continue in line with the current contract, but also have considered plausible downside scenarios to consider the financial implications on the assumption that Spirit Energy elect to activate the clause to terminate the contract. Under both scenarios, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of severe but plausible downside scenarios have been considered. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations, however focuses on the potential termination of the customer contract from July 2021. The cash flow forecasts indicate that, after taking account of severe but plausible downsides, including the impact of the COVID-19 pandemic, the Company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

As at the date of this report, following a recovery in the price of crude oil, it is expected that operations on the Chestnut field will continue into 2022 however uncertainty exists given the nature of the contractual arrangement. In the event that the termination option is exercised, the FPSO unit will be decommissioned and scrapped. If this occurs, the Company would likely be liquidated over time as its principal activity of FPSO vessel operations of the Hummingbird Spirit will no longer be required.

On the basis of these reviews and after making suitable enquiries, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainties over the activity of the FPSO Hummingbird Spirit and therefore over the company's activity providing vessel operation services represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Turnover

Revenue linked to the oil-price and production volume is recognized as production occurs, while day rate revenue is recognised over the passage of time.

1.5 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges including net foreign exchange losses are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade debtors
Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairments losses.

Trade creditors
Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes (continued)

2 Turnover

	2019	2018
	$000	*$000*
Day rate and operation of FPSO	**47,632**	51,318

All turnover generated in both the current and prior year was done so in the United Kingdom.

3 Expenses and auditor's remuneration

Operating profit is stated after (crediting)/charging:	**2019**	2018
	$000	*$000*
Exchange (gain)/ loss	**(644)**	1
Operating lease charges – bareboat lease	**10,941**	14,810
Auditor's remuneration – audit services	**12**	13

4 Directors' emoluments

Management charges of $3,879,929 (2018: $4,977,452) in respect of Production Support Service fees have been made by Teekay Petrojarl Production AS and Teekay Petrojarl UK Ltd and includes the directors' remuneration which is not possible to identify separately.

5 Staff costs

The Company employed no staff during the current or previous year.

Notes (continued)

6 Interest receivable and similar income

	2019	2018
	$000	*$000*
Other interest income	17	18

7.a Taxation

Total tax expense recognised in the profit and loss account, is as follows:

	2019	2018
	$000	*$000*
Total current and deferred tax charge	12	55

7.b Reconciliation effective tax rate

Factors affecting the tax charge for the current year

The current tax.charge for the year is higher (2018: lower) than the standard rate of corporation tax in the UK, 19.00 % (2018: 19.00 %). The differences are explained below:

	2019	2018
	$000	*$000*
(Loss)/Profit for the year	(12)	549
Total tax charge	12	55
Profit before taxation	-	604
Current tax at 19.00 % (2018: 19.00 %)	-	115
Adjustment in respect of previous periods	12	-
Group relief not paid for	-	(57)
Deferred tax asset not previously recognised	-	(3)
Total tax charge included in profit (note 7.a)	12	55

A reduction in the UK corporate tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly.

Notes (continued)

7.c Deferred tax asset

The Company has unrecognised deferred tax on losses of $52,840 (2018: $52,840) that can be carried forward, non trading timing differences $210,622 (2018: $210,622) and $6,609 (2018: $6,609) in respect of accelerated tax depreciation of assets.

Deferred tax assets are only recognised for tax loss carry-forwards and accelerated tax depreciation of assets to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The unrecognized deferred tax asset at 31 December 2019 has been calculated based on the rate of 17% as this is the rate that was substantially enacted at the balance sheet date. If the deferred tax asset were to be calculated using the 19%, the deferred tax asset would be $59,056. Similarly, the amount of non trade timing differences and accelerated tax depreciation would have been $235,401 and $7,387, respectively, had they been calculated using the 19% rate.

8 Debtors

	2019	2018
	$000	*$000*
Trade debtors	**475**	5,189
Amount owed by group undertakings	**28,712**	11,913
Accrued revenue	**5,501**	6,324
Other receivables	**1,674**	95
Corporation tax	**232**	110
	36,594	23,631

Balances due from group undertakings are repayable on demand. No interest is charged on these amounts.

9 Creditors: amounts falling due within one year

	2019	2018
	$000	*$000*
Trade creditors	**2,822**	1,165
Accruals and deferred income	**6,008**	6,419
Amounts due to group undertakings	**15,872**	3,328
	24,702	10,912

Balances due to group undertakings are repayable on demand. No interest is charged on these amounts.

Notes (continued)

10 Called up share capital

	2019	2018
	$	*$*
Allotted, called up and fully paid		
25,011,855 ordinary shares of £1 each	**41,441,868**	41,441,868

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the year the Company issued no additional shares.

11 Operating lease commitments

The Company has entered into a non-cancellable operating lease of the FPSO Hummingbird Spirit. The term of the lease agreement is linked to the contract with Spirit Energy and ends when the contract is terminated.

The annual commitment under the lease of FSPO Hummingbird Spirit is variable and is calculated based on an residual profit allocation split. During the year $10,940,686 was recognised in the profit and loss account in respect of operating leases (2018: $14,810,364).

12 Related parties

	Sales to		*Expenses incurred from*	
	2019	2018	**2019**	2018
	$000	*$000*	*$000*	*$000*
Transactions with subsidiaries within the Teekay group	-	-	**(10,941)**	(14,810)
	-	-	**(10,941)**	(14,810)

	Receivables outstanding		*Creditors outstanding*	
	2019	2018	**2019**	2018
	$000	*$000*	*$000*	*$000*
Transactions with subsidiaries within the Teekay group	**28,712**	11,913	**(15,872)**	(3,328)
	28,712	11,913	**(15,872)**	(3,328)

Notes (continued)

13 Ultimate parent company

The Company is a subsidiary undertaking of Teekay Corporation which is the ultimate parent company incorporated in the Republic of the Marshall Islands.

The largest group in which the results of the Company are consolidated as at 31 December 2019 is that headed by Teekay Corporation, incorporated in the Republic of the Marshall Islands. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from their offices located at 4th Floor Belvedere Building, 69 Pits Bay Road, Hamilton, HM 08 Bermuda.

14 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods.

The accounting policies set out in note 1 have been applied consistently throughout the periods presented in these financial statements. The key area in the financial statements of estimates and judgements is deferred tax asset recognition.This area is judgemental as recognition of the tax asset is dependent on future taxable results in the company. Management has examined budgets and plans for the coming periods when assessing the estimates.

15 Subsequent events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (or "COVID 19") as a pandemic. Given the dynamic nature of these circumstances, the full extent to which the COVID-19 pandemic may have direct or indirect impact on the Company's business and the related financial reporting implications cannot be reasonably estimated at this time.

As of the date of this reporting, the Company has not yet experienced any material negative impacts to its business, results of operations, or financial position as a result of COVID-19. As COVID-19 was declared a pandemic after 31 December 2019, this is considered a non-adjusting post balance sheet event for the Company for the year ended 31 December 2019, without prejudice to the facts that the impacts will be recognized as part of the 31 December 2020 year end.