ERT Camelot Limited

Annual report and financial statements

Registered No. SC301741

31 December 2018

Contents

Directors
O Kratz
A Johnson

Secretary
Pinsent Masons Secretarial Ltd
1 Park Row
Leeds LS1 5AB

Company Number
SC301741

Auditor
KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB

Solicitor
Pinsent Masons
13 Queens Road
Aberdeen AB15 4YL

Registered Office
Pinsent Masons
13 Queens Road
Aberdeen AB15 4YL

Registered No. SC301741

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Dividends

The loss for the year after taxation amounted to £40,000 (2017 – loss of £157,000). The directors do not recommend a final dividend (2017 – £nil).

Directors

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

O Kratz
A Johnson

Principal activity

The principal activity of the Company during the year was the ongoing completion of the remaining decommissioning activities required by the UK Government, before this obligation is removed.

Business review

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

	2018	*2017*	*Change*
	£000	*£000*	*%*
Operating loss	(40)	(157)	+74
Loss for the financial year	(40)	(157)	+74
Shareholders' funds	(12,580)	(12,540)	-

The loss for the financial year of £40,000 represents a decrease of £117,000 from the loss in 2017.

Future developments

There are no future developments for Camelot as this installation was removed in July 2012. Remaining work left on site encompasses a final pipeline survey in 2019. Once approval is provided regarding the final pipeline survey, the decommissioning obligation will be removed.

Going concern

The financial statements have been prepared under the non-going concern basis. During the year ended 31 December 2018, until the date of this Director's report the company's principal activity was ongoing completion of the remaining decommissioning activities required by the UK Government. However, on this date, the directors took the decision to cease trading once approval is provided regarding the final pipeline survey and the decommissioning obligation is removed. As the directors intend to liquidate the company following the removal of the decommissioning obligation, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.1.

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Political contributions

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2017 – nil).

Registered No. SC301741

Directors' report (continued)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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.

Small companies' provision

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 and has not prepared a Strategic report.

On behalf of the Board

Owen Kratz
Director
13 May 2019

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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 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 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. As explained in note 1.1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 ERT Camelot Limited

Opinion

We have audited the financial statements of ERT Camelot Limited for the year ended 31 December 2018 which compromise the Profit and Loss Account and Other Comprehensive Loss, 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 2018 and of its loss for the year 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of liabilities and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1.1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Independent auditor's report

to the members of ERT Camelot Limited (continued)

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.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

Independent auditor's report

to the members of ERT Camelot Limited (continued)

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.

Paula Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
37 Albyn Place
Aberdeen
AB10 1JB

17 May 2019.

Profit and Loss Account and Other Comprehensive Loss

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Cost of sales		(7)	(130)
Gross loss		(7)	(130)
Administrative expenses		(33)	(27)
Operating loss	2-3	(40)	(157)
Loss before taxation		(40)	(157)
Tax on loss	4	-	-
Loss for the financial year		(40)	(157)
Other comprehensive income:		-	-
Total comprehensive loss for the year		(40)	(157)

All amounts relate to continuing activities.

Balance Sheet

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	5	-	-
		-	-
Current assets			
Debtors	6	2,046	2,078
		2,046	2,078
Creditors: amounts falling due within one year	7	(14,489)	(14,488)
Net current liabilities		(12,443)	(12,410)
Total assets less current liabilities		(12,443)	(12,410)
Provision for liabilities	8	(137)	(130)
Net liabilities		(12,580)	(12,540)
Capital and reserves			
Called up share capital	9	9,125	9,125
Profit and loss account		(21,705)	(21,665)
Deficit in shareholder's funds		(12,580)	(12,540)

These financial statements were approved by the board of directors on 13 May 2019 and were signed on its behalf by:

Owen Kratz

Owen Kratz
Director

Company registered number: SC301741

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	9,125	(21,508)	(12,383)
Loss for the year	-	(157)	(157)
At 1 January 2018	9,125	(21,665)	(12,540)
Loss for the year	-	(40)	(40)
At 31 December 2018	9,125	(21,705)	(12,580)

Notes to the financial statements

at 31 December 2018

1. Accounting Policies

ERT Camelot Limited (the "Company") is a private company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC301741 and the registered address is 13 Queen's Road, Aberdeen, AB15 4YL.

The Company financial statements of ERT Camelot Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 13 May 2019 and the balance sheet was signed on the board's behalf by Owen Kratz.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000).

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Helix Energy Solutions Group, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

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

The Company proposes to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

1.1 Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, as at the date of this financial statements the directors took the decision to cease trading once approval is provided regarding the final pipeline survey and the decommissioning obligation is removed. Accordingly the directors have not prepared the financial statements on a going concern basis. There is no effect on the measurement and presentation of this financial statements and no adjustments have been recorded.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Changes in Existing Decommissioning, Restoration and Similar Liabilities

As described in the decommissioning accounting policy, any change in estimated expenditure is reflected as an adjustment to the provision and the fixed asset. During 2018 the Camelot decommissioning provision was increased with respect to due to an adverse foreign exchange rate movement. The final pipeline survey will take place during 2019. Upon approval by the Department of Energy and Climate Change (DECC), this will extinguish any obligation by the Company.

1.4 Significant accounting policies

a) 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 tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

b) Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies 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

c) Decommissioning

Provision for decommissioning is recognised in full on the installation of oil and natural gas production facilities. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production and transportation facilities. Any change in estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

d) Maintenance expenditure

Expenditure on major maintenance, refits or repairs is capitalised where it: enhances the performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and is then written off; or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is expensed as incurred.

1.4 Significant accounting policies (continued)

e) Discounting

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense. Discounting is applied when the Company believes that the present value of the expenditures is expected to be materially different from the undiscounted amount.

f) Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within tangible assets.

g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction are capitalised from the date of commencement of construction until the asset is ready for use.

The depreciated cost of tangible fixed assets at 1 January 2014, the IFRS transition date is considered as deemed cost.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

2. Expenses and auditor's remuneration

Included in loss are the following:

	2018	*2017*
	£000	*£000*
Depreciation and impairment	7	130

Auditor's remuneration:

	2018	*2017*
	£000	*£000*
Audit of the financial statements	3	3
Non audit services	1	1

Audit fee is paid by Energy Resource Technology (UK) Limited.

3. Directors' remuneration and staff costs

The directors of the Company are also directors of the holding company or fellow subsidiaries. All directors' contracts of employment are held within another group company.

The directors' remuneration is paid by the ultimate parent undertaking. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow companies.

The Company had no employees in the current year.

4. Tax

(a) Tax on loss

The tax charge is made up as follows:

	2018 £000	2017 £000
Current tax:		
UK corporation tax on the loss for the year	(8)	(30)
Adjustments to tax charge in respect of previous periods	8	30
Total current tax	-	-
Deferred tax: (note 4(c))	-	-
Total deferred tax	-	-
Tax on loss	-	-

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss before taxation	(40)	(157)
Tax using the UK corporation tax rate of 19% (2017– 19.25%)	(8)	(30)
Effects of:		
Adjustment to deferred tax note from opening/average to closing rate	1	4
Amounts not recognised	7	26
Total tax charge	-	-

(c) Deferred tax

	2018 £000	2017 £000
Tax losses	(574)	(567)
Deferred tax asset not recognised	574	567
Deferred tax	-	-

No deferred tax asset has been recognised as it is unlikely that there will be future taxable profits from which the future reversal of the underlying temporary differences can be deducted.

4. Tax (continued)

(d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 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 charge accordingly.

5. Tangible fixed assets

	Oil and gas properties £000
Cost:	
At 1 January 2018	19,531
Change in decommissioning provision	7
At 31 December 2018	19,538
Depreciation and impairment:	
At 1 January 2018	(19,531)
Impairment for the year	(7)
At 31 December 2018	(19,538)
Net book value:	
At 31 December 2018	-
At 1 January 2018	-

6. Debtors

	2018 £000	*2017 £000*
Amounts due from group undertakings	2,046	2,078

Amounts owed from group undertakings are non-interest bearing and repayable on demand. The carrying amount is a reasonable approximation of the fair value.

7. Creditors: amounts falling due within one year

	2018 £000	*2017 £000*
Amounts due to group undertakings	14,477	14,476
Accruals	12	12
	14,489	14,488

Amounts owed to group undertakings are non-interest bearing and repayable on demand. The carrying amount is a reasonable approximation of the fair value.

8. Provisions for liabilities

Decommissioning provision	*£000*
At 1 January 2018	(130)
Change in cost estimate	(7)
At 31 December 2018	(137)

During 2018 the Camelot decommissioning provision was increased with respect to due to an adverse foreign exchange rate movement. The final pipeline survey will take place during 2019. Upon approval by the Department of Energy and Climate Change (DECC), this will extinguish any obligation by the Company.

9. Share capital

		2018		*2017*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	9,125,000	9,125	9,125,000	9,125

10. Contingent liabilities

An irrevocable letter of credit was issued by Helix Energy Solutions Group for $30,000,000 in May 2010 on behalf of ERT Camelot Limited and Energy Resource Technology (UK) Limited. This was reduced to $1,500,000 from 3 July 2014.

The letter of credit was issued in favour of counter parties under agreements for the decommissioning of the Camelot Field.

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 17 and 18(a) of IAS 24 not to disclose transactions with fellow wholly owned subsidiaries. There are no other related party transactions.

12. Ultimate parent company

ERT Camelot Limited is a wholly owned subsidiary of Energy Resource Technology (UK) Limited incorporated in United Kingdom.

The ultimate parent company is Helix Energy Solutions Group, Inc., a company incorporated in the US. The largest and smallest group in which the results of the Company are consolidated is that headed by Helix Energy Solutions Group, Inc. The consolidated accounts of this company are available to the public and may be obtained from 400 N. Sam Houston Parkway E., Suite 400, Houston Texas, 77060-3500.