

**GPT Special Project Management
Limited**

Annual report and financial
statements

Registered number 2984211

31 December 2017

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Strategic report

Principal activity and review of the business

The Company's principal activity continues to be the prime contractor offering design and build capital replacement projects of communications systems and associated projects, plus associated managed services – operations maintenance and customer training. There have not been any significant changes in the Company's principal activities in the year under review.

The Directors are of the opinion that the Company is a going concern. See note 1 to the financial statements.

The activities of the Company's branch in the Kingdom of Saudi Arabia are regulated by its commercial licence to operate and, as such, has served a single customer since its formation due to its status as prime contractor to its single customer. Therefore, the Company has no intention to seek new business with other customers.

Order intake for the year increased by 19% compared to last year which represents additional orders secured for a capital replacement project. The previous year's order intake included a large order for the renewal of the three year service contract for operations, maintenance and customer training.

The Company's turnover decreased by 12% when compared to 2016 despite the increased order intake. This is a reflection of the different mix of projects and their respective stages of completion in the two years under consideration.

The profitability of the Company increased by 39% due to the success in achieving contract award on a number of larger projects which attract higher margins due to the time required to organise and get the supply chain on contract.

Consistent with the previous year, the cash position of the Company continues to be strong. However, owing to elevated trading levels in the final quarter of the year, net current assets have increased, and consequently the cash position does not fully reflect the profit achieved in the year.

The overall equity increased in the year by 25% due to the profit made in the year with no dividend being distributed.

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

	2017	2016	Change
	SAR 000	SAR 000	
Order intake	831,038	700,103	19%
Turnover	557,114	636,348	(12)%
Profit before tax	29,364	21,178	39%
Equity	126,126	101,198	25%
Cash at bank and in hand	261,178	256,108	2%

Strategic report (continued)

Future developments

In 2018, the Company has been successful in securing relatively large capital replacement projects. The margin of the projects is well established owing to their respective nature and the stages of completion.

Principal risks and uncertainties

The Company remains the sole provider of communication systems and associated projects and services to its customer.

The Company retains its exclusive arrangement with its customer by providing efficient and cost effective services in addition to maintaining a strong relationship with the UK Ministry of Defence both in the Kingdom of Saudi Arabia and the UK.

The Company has no loan arrangements and sufficient working capital for its needs, therefore the Company has no interest rate exposure.

The Company has immaterial exposure to Foreign Exchange risk as its cash inflows and outflows are primarily in Saudi Arabian Riyals.

Allegations have previously been made regarding a group of subcontractors. These matters are the subject of investigation by the UK authorities and were previously the subject of a claim for damages by the subcontractor group. More details are set out in note 12 to the financial statements. No provision has been made in respect of these claims as the Directors are of the opinion that due to uncertainty over the outcome they are unable to estimate an appropriate value.

By order of the board



Andrew Forbes
Managing Director

Date: 10 JULY 2018

21 Holborn Viaduct,
London,
EC1A 2FG

Directors' report

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

The Company is a wholly owned subsidiary of Paradigm Services Limited and operates exclusively in the Kingdom of Saudi Arabia through its branch and sole trading office.

Results and dividends

The profit for the year amounted to KSAR 24,289 (2016: KSAR 16,100).

No interim dividend was paid (31 December 2016: Nil). The Directors do not recommend the payment of a final dividend (31 December 2016: Nil).

Directors and Directors' interests

The Directors who held office during the year were as follows:

Richard Franklin	(appointed 20 December 2017)
Andrew Forbes	(appointed 11 January 2018)
Evan Jones	(appointed 20 December 2017)
Simon Shadbolt	(resigned 10 January 2018)
Muhammad Atif Mirza	
Nigel Ede	
Colin Paynter	(resigned 19 December 2017)

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

Payment Policy to Trade Creditors

For all trade creditors, it is the Company's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

Political and charitable contributions

The Company made no political contributions during the year (31 December 2016: Nil).

Employees

Considerable importance is placed on communication, involvement and motivation of the employees of the Company. Two way communication ensures that employees are kept informed of the performance of the Company and of any key initiatives or projects, through regular briefings and bulletins.

The Company is committed to the continuing development of its employees and the implementation of policies that enable them to contribute to the performance and long term effectiveness of the organisation. Every opportunity is taken to reinforce our values throughout the business.

The company is committed to equal employment opportunities regardless of sex, race, colour, nationality, ethnic origin or disability, subject only to considerations of national security and local laws and regulations of the Kingdom of Saudi Arabia.

Disclosure of information to auditor

The Directors who held office at the date of approval of this annual report confirm that, as 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 steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Andrew Forbes
Managing Director

Date: 10 JULY 2018

21 Holborn Viaduct,
London,
EC1A 2FG

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.

Independent auditor's report to the members of GPT Special Project Management Limited

Opinion

We have audited the financial statements of GPT Special Project Management Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, 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 2017 and of its profit 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.

Emphasis of matter – uncertain outcome of investigation

We draw attention to note 12 to the financial statements concerning the ongoing SFO investigations regarding the Company's dealing with a subcontractor group. It is not practicable for the Directors to state the impact on the financial statements, if any, of the investigation. As the ultimate outcome of this matter cannot presently be determined, no provision for any liability which might result has been made in the financial statements. Our opinion is not modified in respect of this matter.

Going concern

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

Strategic report and directors' report

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of GPT Special Project Management 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 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.

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.



Huw Brown (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square

Bristol

BS1 4BE

Date: 16 July 2018

Profit and Loss account and Other Comprehensive Income
for the year ended 31 December 2017

		Year ended 31 December 2017	Year ended 31 December 2016
	<i>Note</i>	SAR 000	SAR 000
Turnover	2	557,114	636,348
Cost of sales		(525,143)	(610,138)
Gross profit		31,971	26,210
Administrative expenses		(2,607)	(5,032)
Profit before taxation	2,3	29,364	21,178
Tax on profit	6	(5,075)	(5,078)
Profit for the year / Total comprehensive income for the year		24,289	16,100

The results above are all derived from continuing operations.

The notes on pages 11 to 18 form part of these financial statements.

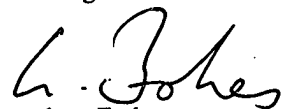
Balance sheet
at 31 December 2017

	<i>Note</i>	31 December 2017 SAR 000	31 December 2017 SAR 000	31 December 2016 SAR 000	31 December 2016 SAR 000
Fixed assets					
Tangible assets	7		5,299		5,657
Current assets					
Debtors	8	128,306		90,628	
Cash at bank and in hand		261,178		256,108	
		<u>389,484</u>		<u>346,736</u>	
Creditors: amounts falling due within one year	9	<u>(264,133)</u>		<u>(246,671)</u>	
Net current assets			125,351		100,065
Total assets less current liabilities			<u>130,650</u>		<u>105,722</u>
Provisions for liabilities					
Trade-related provisions	10		<u>(4,524)</u>		<u>(4,524)</u>
Net assets			<u>126,126</u>		<u>101,198</u>
Capital and reserves					
Called up share capital*	11		-		-
Profit and loss account			126,126		101,198
Equity			<u>126,126</u>		<u>101,198</u>

*The called up share capital of the Company is SAR 14.

The notes on pages 11 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 10 July 2018 and were signed on its behalf by:



Andrew Forbes
Managing Director
Registered number - 2984211

Statement of changes in equity

	Called up share capital	Profit and loss account	Total equity
	SAR 000	SAR 000	SAR 000
Balance at 1 January 2017	-	101,198	101,198
Total comprehensive income for the year			
Profit	-	24,289	24,289
Total comprehensive income for the year	-	24,289	24,289
Equity-settled share based payment transactions (note 5)	-	639	639
Total contributions by and distributions to owners	-	639	639
Balance at 31 December 2017	-	126,126	126,126

	Called up share capital	Profit and loss account	Total equity
	SAR 000	SAR 000	SAR 000
Balance at 1 January 2016	-	84,487	84,487
Total comprehensive income for the year			
Profit	-	16,100	16,100
Total comprehensive income for the year	-	16,100	16,100
Equity-settled share based payment transactions (note 5)	-	611	611
Total contributions by and distributions to owners	-	611	611
Balance at 31 December 2016	-	101,198	101,198

The called up share capital of SAR 14 has remained unchanged for the above periods.

Notes

(forming part of the financial statements)

1 Accounting policies

GPT Special Project Management Ltd (the “Company”) is a private company incorporated and registered in England in the UK. The registered number is 2984211 and the registered address is 21 Holborn Viaduct, London, EC1A 2FG.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company’s financial statements.

Basis of preparation

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”) as issued in August 2014. The presentation currency of these financial statements is Saudi Arabian Riyal (SAR). All amounts in the financial statements have been rounded to the nearest thousand (SAR 000 or KSAR).

The Company’s ultimate parent undertaking, Airbus S.E. (formerly, Airbus Group S.E.) includes the Company in its consolidated financial statements. The consolidated financial statements of Airbus S.E. (formerly, Airbus Group S.E.) are prepared in accordance with International Financial Reporting Standards as adopted by the EU. 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.

As the consolidated financial statements of Airbus S.E. (formerly, Airbus Group S.E.) include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt these exemptions under FRS 102 in its next financial statements.

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

Going Concern

The Directors have adopted a going concern basis for preparing the financial statements. In so doing, they have considered the business activities as well as the Company’s principal risks and uncertainties.

The Company has served a single customer, UK Ministry of Defence, since its formation and enjoys an exclusive right as prime contractor. The Company has considered the level of work packages in the order backlog and in the pipeline and the commitment of the customer and is confident that the Company is a going concern. The Directors are satisfied that the Company will be able to operate within the level of its resources for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

Note 12 discloses that certain allegations have been made in connection with the Company’s dealings with a subcontractor group. The Directors do not believe that these matters will affect the Company’s ability to continue as a going concern for the foreseeable future.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost less accumulated depreciation. Provision is made for impairment. Depreciation is provided over the estimated useful economic life of each of the assets using the straight line method at the following annual rates:

Motor vehicles	- over 2 to 4 years
IT equipment	- over 3 years
Fixtures and fittings	- over 4 years.

Taxation

The charge for taxation is based upon the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the applicable provisions of FRS 102.

GPT is tax exempt from Saudi Arabian Government taxes on profits arising from its customer contracts.

Revenue and Profit Recognition

Revenue represents sales made by the Company under its customer contracts.

The Company's long-term contract arrangements are accounted for under the provisions of FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

The Company's long-term contract arrangements are accounted for under the provisions of FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

Capital replacement project contract revenue is recognised using the output method to measure the stage of completion. Revenue is recognised based upon completion of contractual milestones which best represent stage of completion.

Service contract revenue is recognised using the input method to measure the stage of completion based upon costs incurred and the allowable margins per the contract.

Attributable profit is recognised on long-term contracts, including service contracts, as appropriate to their stage of completion. Profit is calculated by reference to estimates of contract revenue and forecast costs after making suitable allowances for risks related to performance milestones yet to be achieved.

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

Group Pension Plans

Certain employees of the Company were participating members of the Airbus Group UK Pension Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by the applicable provisions of FRS 102, accounts for the scheme as if it was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Share-based payment transactions

Equity-settled share-based payment transaction

During the year, certain employees of the Company participated in the Group's Employee Share Ownership Plan (ESOP) and qualifying employees were granted shares of the Group's ultimate parent company, Airbus S.E. (formerly, Airbus Group S.E.).

The fair value of the share-based payments awards at the grant date less total value of the payments made by employees as exercise price (net gain) is recognised as employee expense in the profit and loss account, with a corresponding increase in equity (Statement of changes in equity), over the period in which the employees become unconditionally entitled to the awards. Further details of this scheme are available in the Group's consolidated financial statements.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for Warranties

The Company has an obligation under its customer contracts to provide defects warranties to the UK Ministry of Defence in respect of project works carried out in relation to systems and civils (construction) based work included within the scope of the respective project.

GPT Management regularly monitors the potential exposure under such projects in relation to the warranty provisions within the contracts.

2 Analysis of turnover and profit on ordinary activities before taxation

All turnover and profit on ordinary activities before taxation originates in the Kingdom of Saudi Arabia and is derived from the Company's principal activity.

	31 December 2017 SAR 000	31 December 2016 SAR 000
Capital replacement projects	392,625	476,240
Service projects	164,489	160,108
	<hr/> 557,114 <hr/>	<hr/> 636,348 <hr/>

3 Expenses and auditor's remuneration

	Year ended 31 December 2017 SAR 000	Year ended 31 December 2016 SAR 000
<i>Included in the profit and loss account are the following:</i>		
Depreciation	3,702	3,565
Profit on sale of tangible fixed assets	-	(400)
Operating lease cost	25,668	28,652
	<hr/> 29,370 <hr/>	<hr/> 27,717 <hr/>

Notes (continued)

3 Expenses and auditor's remuneration (continued)

	Year ended 31 December 2017 SAR 000	Year ended 31 December 2016 SAR 000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	<u>706</u>	<u>660</u>

4 Remuneration of Directors

	Year ended 31 December 2017 SAR 000	Year ended 31 December 2016 SAR 000
Directors' emoluments	1,868	1,579
	<u>1,868</u>	<u>1,579</u>

Directors' emoluments include expense of KSAR 8 (2016: KSAR 5) in respect of equity-settled share-based payment transaction.

The emoluments of the highest paid Director was KSAR 1,035 (2016: KSAR 926).

5 Staff numbers and costs

The average number of persons employed by the Company (including directors, but excluding contractors) during the year was as follows:

	Year ended 31 December 2017	Year ended 31 December 2016
Overseas	528	499
	<u>528</u>	<u>499</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2017 SAR 000	Year ended 31 December 2016 SAR 000
Wages and salaries	129,067	119,093
Social security costs	4,842	4,284
Other pension costs	-	210
	<u>133,909</u>	<u>123,587</u>

Wages and salaries include expense of KSAR 639 (2016: KSAR 611) in respect of equity-settled share-based payment transaction under the Airbus SE Long Term Incentive Plan (a cash settled scheme).

Certain employees of the Company were participating members of the Airbus Group UK Pension Scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. These employees are no longer members as at 31 December 2017 (nor at 31 December 2016).

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 December 2017	Year ended 31 December 2016
	SAR 000	SAR 000
<i>UK corporation tax</i>		
Current tax for the year	4,595	4,963
 Total current tax charge	<u>4,595</u>	<u>4,963</u>
 <i>Deferred tax</i>		
Origination and reversal of timing differences	480	115
Effects of changes in tax rates	<u>-</u>	<u>-</u>
 Total deferred tax charge (note 8)	<u>480</u>	<u>115</u>
 Total tax expense	<u><u>5,075</u></u>	<u><u>5,078</u></u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. These changes will reduce the Company's future tax charge accordingly. The Company measures its deferred tax asset (or liability) using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. The deferred tax asset at 31 December 2017 has been calculated based on the rate of 17.0% substantively enacted at the balance sheet date.

Reconciliation of effective tax rate

The total tax charge for the period is lower than the standard rate of corporation tax in the UK of 19.25%. The differences are explained below:

	Year ended 31 December 2017	Year ended 31 December 2016
	SAR 000	SAR 000
Profit before tax	29,364	21,178
 Tax charge at standard rate of tax of 19.25% (2016: 20%)	5,653	4,235
<i>Effects of:</i>		
Expenses not allowable for tax purposes	172	75
Current tax exchange difference	314	-
Group partial tax relief	(2,482)	-
Difference in tax rates	(222)	31
Deferred tax not recognised on employee end-of-service accrual	1,609	711
Other differences	31	26
 Total tax expense	<u><u>5,075</u></u>	<u><u>5,078</u></u>

Notes (continued)

7 Tangible fixed assets

	<u>Motor Vehicles</u>	<u>IT Equipment</u>	<u>Fixtures & fittings</u>	<u>Total SAR 000</u>
Cost:				
Balance at 1 January	30,426	9,562	2,173	42,161
Additions	3,131	213	-	3,344
Balance at 31 December	33,557	9,775	2,173	45,505
Depreciation:				
Balance at 1 January	26,292	8,625	1,587	36,504
Charge for year	2,829	566	307	3,702
Balance at 31 December	29,121	9,191	1,894	40,206
Net book value:				
At 1 January 2017	4,134	937	586	5,657
At 31 December 2017	4,436	584	279	5,299

8 Debtors

	31 December 2017 SAR 000	31 December 2016 SAR 000
Trade debtors	50,607	18,916
Amounts owed by group undertakings	9,670	9,670
Prepayments and accrued income	63,745	57,278
Deferred tax asset (see note below)	4,284	4,764
	128,306	90,628

Debtors include prepayments and accrued income of KSAR 1,853 (2016: KSAR 1,463) due after more than one year.

		Deferred taxation SAR000
At 1 January 2017		4,764
Charge for the year		(480)
		<hr/>
At 31 December 2017		4,284
		<hr/>
The elements of deferred taxation are as follows:	2017	2016
	SAR 000	SAR 000
Difference between accumulated depreciation and amortisation and capital allowances	4,284	4,764
	<hr/>	<hr/>
Deferred tax asset	4,284	4,764

There is an unrecognised deferred tax asset on employees' end-of-service accrual of KSAR 7,984 at 31 December 2017 (2016: KSAR 8,020). This treatment is consistent with prior years and relates to timing differences which are not expected to reverse in the foreseeable future.

Notes (continued)

9 Creditors: amounts falling due within one year

	31 December 2017 SAR 000	31 December 2016 SAR 000
Trade creditors	42,483	48,607
Amounts owed to group undertakings	13,170	10,696
Taxation and social security	651	597
Corporation Tax	4,235	3,191
Accruals and Deferred income	203,594	183,580
	<u>264,133</u>	<u>246,671</u>

Included within the accruals and deferred income above, is KSAR 46,423 (2016: KSAR 41,665) of employee end-of-service accrual.

10 Trade Provisions

	Total SAR 000
At 1 January 2017	4,524
Provision utilisation	-
At 31 December 2017	<u>4,524</u>

At the balance sheet date, the Company had total specific provisions of KSAR 4,524 which is in relation to potential exposure under project warranty period obligations. The Company has not made any payments in the prior years in respect of this provision and the level and timing of any potential future payments is uncertain.

11 Called up share capital

	31 December 2017 SAR	31 December 2016 SAR
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>14</u>	<u>14</u>

12 Contingencies

Certain allegations have been made in connection with the Company's dealings with a subcontractor group. These allegations have been notified to the UK authorities and in August 2012 the UK Serious Fraud Office announced that it had decided to open an investigation into these allegations. The Directors are not in a position to assess the potential outcome of the investigation, nor are they in a position to assess the financial implications, if any, and it is not practicable for the Directors to state the impact, if any, of this matter on the financial statements.

The SFO investigation is ongoing. The contracts with the subcontractor group were terminated. This termination led to a claim from the subcontractor group for damages, as referred to in the previous years' financial statements. The subcontractor's claims in respect of repudiatory breach and misrepresentation were determined in 2013 with no liability to GPT. The Directors believe that any remaining liabilities in respect of this open claim are adequately provided for in the financial statements. The subcontractor's claim is expected to remain open until the SFO investigation is concluded.

Notes (continued)

12 Contingencies (continued)

The Company's customer, the UK Ministry of Defence, has the ability to levy financial penalties and/or require remedial action in the event that performance standards are not achieved. Certain contracts of the Company are exposed to this risk; however, the outflow of resources is not probable at the balance sheet date. The Company's management monitors actual performance against anticipated performance on a regular basis. The Company recognises the financial penalties as reduction in contract revenue in the period in which the change in probability occurs.

13 Related party disclosures

The Company has taken advantage of the exemption in accordance with section 33.1A of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the Group.

14 Operating leases

The value of non-cancellable operating lease property rental commitments is follows:

	31 December 2017 SAR 000	31 December 2016 SAR 000
Less than one year	14,012	10,295
Between one and five years	5,227	32
	<hr/> 19,239 <hr/>	<hr/> 10,327 <hr/>

15 Accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Revenue on capital replacement projects is recognised on the completion of individual performance milestones set out in the contracts. The Directors are of the opinion that the milestones set out in the contracts are the most appropriate measure of progress on the contract and are the best measure of stage of completion as sufficient milestones are included within the contracts to reflect the work required at each stage. Profit is calculated by reference to the estimates of contract revenue and forecast costs after making suitable allowances for risk related to performance milestones yet to be achieved.
- The Company monitors the potential exposure to risks and recognise provisions, where applicable and material to the Company, in accordance with the accounting policy in place. The current level of provision (note 10) as at 31 December 2017 represents the potential exposure under its customer contracts (civils element of the project) to provide defects warranties to the UK Ministry of Defence. The Directors are of the opinion that the current level of provision remains necessary despite no claims in current year to reflect the increased risk of subcontractor default (subcontractors are passed the warranty obligation for works performed).
- The assessment of the potential outcome of the SFO investigation and other contingencies is described in note 12. Due to inherent uncertainties regarding the outcome of this investigation, management is unable to estimate an appropriate provision.

16 Ultimate parent undertaking and parent undertaking of larger group of which the Company is a member

The Company's immediate parent company is Paradigm Services Limited which is registered in the United Kingdom. The registered office of the immediate parent company is Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2AS.

The Company's ultimate parent company and controlling party is considered by the Directors to be Airbus S.E. (formerly, Airbus Group S.E.) which is registered in The Netherlands. Airbus S.E. (formerly, Airbus Group S.E.) is the parent undertaking of the largest group of undertakings of which the Company is a subsidiary undertaking for which group financial statements are prepared. The parent undertaking of the smallest such group of undertakings of which the Company is a subsidiary undertaking is Airbus Defence and Space N.V. which is registered in The Netherlands. Copies of the financial statements of Airbus S.E. (formerly, Airbus Group S.E.) and Airbus Defence and Space N.V., are available from The Secretary, Airbus Defence and Space N.V., Mendelweg 30, 2333 CS Leiden, The Netherlands.