

Howard Humphreys & Partners Limited
Annual Report and Unaudited Financial Statements
31 December 2016



Howard Humphreys & Partners Limited

Financial Statements

Year ended 31 December 2016

Contents	Pages
Strategic report	1 to 2
Directors' report	3 to 4
Income statement	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 to 12

Howard Humphreys & Partners Limited

Strategic Report

Year ended 31 December 2016

The directors present their strategic report of the company for the year ended 31 December 2016.

Principal activities and business review

The company's principal activity used to be the provision of consulting, engineering, project management and procurement services. The company's activities are in the process of being wound down.

The company continues to hold investments in Overseas Supplies Services Limited and Howard Humphreys Kenya Limited which have been previously written down to £nil.

Results

The profit for the year, after taxation, amounted to £394,041 (2015: profit - £312,561). The net assets at the end of the year totalled £45,094,884 (2015: net assets - £44,700,843).

It is proposed that the profit of £394,041 is transferred to reserves.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the following:

Financial counterparty risk

Group treasury activities are monitored and co-ordinated by a central Treasury department on behalf of the whole KBR group. This includes the risk of potential failure by counterparties holding cash deposits on behalf of group companies.

Recoverability of intercompany receivables

Where amounts are due from group companies with net liabilities, parental guarantees and letters of support are obtained to ensure that they will be able to meet their obligations as they fall due.

Key performance indicators

The company is part of the Kellogg Brown & Root Limited group ("the group"). The key performance indicators used to review and monitor the company's business are set by the directors of the group and are discussed in more detail in the Annual Report of the group.

Howard Humphreys & Partners Limited

Strategic Report *(continued)*

Year ended 31 December 2016

This report was approved by the board of directors on 26 September 2017 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'J A Barrett', with a stylized, cursive script.

J A Barrett
Director

Registered office:
Hill Park Court
Springfield Drive
Leatherhead
Surrey
KT22 7NL

Howard Humphreys & Partners Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2016.

Directors

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

J A Barrett
M Nelhams

Dividends

The directors do not recommend the payment of a dividend.

Exemption from audit

The Company's parent undertaking, Kellogg Brown & Root Limited, has guaranteed the Company's liabilities to entitle the Company to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Going concern

The directors have considered the future profitability of the company and its ability to continue as a going concern and have prepared profit forecasts into the future. Based on these projections the directors are satisfied that, for the foreseeable future, the company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

Disclosure of information in the strategic report

The following information previously included in the directors' report can be found in the strategic report on page 1:

- Principal activities and business review
- Results
- Principal risks and uncertainties
- Key performance indicators

Howard Humphreys & Partners Limited

Directors' Report *(continued)*

Year ended 31 December 2016

This report was approved by the board of directors on 26 September 2017 and signed on behalf of the board by:



J A Barrett
Director

Registered office:
Hill Park Court
Springfield Drive
Leatherhead
Surrey
KT22 7NL

Howard Humphreys & Partners Limited

Income Statement

Year ended 31 December 2016

	Note	2016 £	2015 £
Administrative income/(expenses)		<u>8,525</u>	<u>(686)</u>
Operating profit/(loss)	4	8,525	(686)
Other interest receivable and similar income	6	<u>385,528</u>	<u>392,578</u>
Profit before taxation		394,053	391,892
Tax on profit	7	<u>(12)</u>	<u>(79,331)</u>
Profit for the financial year		<u>394,041</u>	<u>312,561</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 8 to 12 form part of these financial statements.

Howard Humphreys & Partners Limited

Statement of Financial Position

31 December 2016

	Note	2016 £	£	2015 £	£
Fixed assets					
Investments	8		—		—
Current assets					
Debtors	9	24,660,643		24,322,052	
Cash at bank and in hand		<u>20,467,446</u>		<u>20,411,996</u>	
		45,128,089		44,734,048	
Creditors: amounts falling due within one year	10	<u>(33,205)</u>		<u>(33,205)</u>	
Net current assets			<u>45,094,884</u>		<u>44,700,843</u>
Total assets less current liabilities			<u>45,094,884</u>		<u>44,700,843</u>
Capital and reserves					
Called up share capital	11		1,105		1,105
Share premium account	12		74,999,995		74,999,995
Profit and loss account	12		<u>(29,906,216)</u>		<u>(30,300,257)</u>
Member funds			<u>45,094,884</u>		<u>44,700,843</u>

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors responsibilities:

- The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 26 September 2017, and are signed on behalf of the board by:



J A Barrett
Director

Company registration number: 00629272

The notes on pages 8 to 12 form part of these financial statements.

Howard Humphreys & Partners Limited

Statement of Changes in Equity

Year ended 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2015	1,105	74,999,995	(30,612,818)	44,388,282
Profit for the year	—	—	312,561	312,561
Total comprehensive income for the year	—	—	312,561	312,561
At 31 December 2015	1,105	74,999,995	(30,300,257)	44,700,843
Profit for the year	—	—	394,041	394,041
Total comprehensive income for the year	—	—	394,041	394,041
At 31 December 2016	<u>1,105</u>	<u>74,999,995</u>	<u>(29,906,216)</u>	<u>45,094,884</u>

The notes on pages 8 to 12 form part of these financial statements.

Howard Humphreys & Partners Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom, and registered in England. The address of the registered office is Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL.

2. Statement of compliance

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 amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102.

The entity's financial statements are consolidated into the financial statements of KBR, Inc. (incorporated in the state of Delaware, U.S.A.) which can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL. As such, advantage has been taken of the following disclosure exemptions available under Section 1 of FRS 102 paragraphs:

1.12(a) Disclosures in respect of each class of share capital have not been presented.

1.12(b) No cash flow statement has been presented for the company.

1.12(e) No disclosure has been given for the aggregate remuneration of key management personnel.

The entity's financial statements are also consolidated into the financial statements of Kellogg Brown & Root Holdings Limited (incorporated in England & Wales) which can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL. As such, advantage has been taken of the following disclosure exemptions available under Section 1 of FRS 102 paragraphs:

1.12(c) Disclosures in respect of financial instruments have not been presented.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Howard Humphreys & Partners Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured 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.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Financial instruments

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

4. Operating profit

Operating profit or loss is stated after (crediting)/charging:

	2016	2015
	£	£
Foreign exchange differences	<u>(8,525)</u>	<u>550</u>

5. Particulars of employees and directors

No staff were employed during the year (2015 - nil).

The majority of employees of the group headed by Kellogg Brown & Root Holdings Limited, are employed by Kellogg Brown & Root (U.K.) Limited. Kellogg Brown & Root (U.K.) Limited recharges group companies for this service.

In instances where directors are appointed to more than one company within the Kellogg Brown & Root Holdings Limited group, the remuneration of individual directors is disclosed solely in the highest company within the Kellogg Brown & Root Holdings Limited group structure. Accordingly as all directors of this company are directors of other companies higher in Kellogg Brown & Root Holdings Limited group structure, no directors' remuneration is disclosed within these accounts.

Howard Humphreys & Partners Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

6. Other interest receivable and similar income

	2016	2015
	£	£
Interest on cash and cash equivalents	55,572	76,459
Interest from group undertakings	329,956	316,119
	<u>385,528</u>	<u>392,578</u>

7. Tax on profit

Major components of tax expense

	2016	2015
	£	£
Current tax:		
UK current tax expense	–	79,358
Adjustments in respect of prior periods	12	(27)
Total current tax	<u>12</u>	<u>79,331</u>
Tax on profit	<u>12</u>	<u>79,331</u>

Reconciliation of tax expense

During 2016, the standard rate of corporation tax in the UK was 20% (2015: 20.25%).

	2016	2015
	£	£
Profit before taxation	394,053	391,892
Profit by rate of tax	78,811	79,358
Adjustment to tax charge in respect of prior periods	12	(27)
Group relief surrendered for nil consideration	(78,811)	–
Tax on profit	<u>12</u>	<u>79,331</u>

For the year ended 31 December 2016, any taxable losses made by group companies are surrendered to other group companies as group relief, for which no payments are made. For 2015, group relief was paid for at the applicable tax rate for the year.

Factors that may affect future tax expense

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate to 17% effective 1 April 2020 (replacing the 18% rate) was substantively enacted on 6 September 2016.

This will reduce the company's future current tax charge accordingly.

Howard Humphreys & Partners Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

8. Investments

	Shares in group undertakings £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>115,483</u>
Impairment	
At 1 Jan 2016 and 31 Dec 2016	<u>115,483</u>
Carrying amount	
At 31 December 2016	<u>-</u>

Subsidiaries, associates and other investments

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Overseas Supply Services Limited	Wing House Marlborough Road Bulford Barracks Salisbury Wiltshire SP4 9LZ	Ordinary	100
Howard Humphreys (Kenya) Limited	LR No 1870/1/569 2nd Floor, Apollo Centre Ring Road Parklands Westlands PO Box 764- 00606 Nairobi, Kenya 764-00606 Kenya	Ordinary	100

9. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	<u>24,660,643</u>	<u>24,322,052</u>

Included in "Amounts owed by group undertakings" is £nil (2015: £(79,358)) in respect of group relief payable.

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	<u>33,205</u>	<u>33,205</u>

Howard Humphreys & Partners Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

11. Called up share capital

Authorised share capital

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	2,500	125	2,500	125
3% Preference shares of £0.10 each	10,000	1,000	10,000	1,000
	<u>12,500</u>	<u>1,125</u>	<u>12,500</u>	<u>1,125</u>

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	2,100	105	2,100	105
3% Preference shares of £0.10 each	10,000	1,000	10,000	1,000
	<u>12,100</u>	<u>1,105</u>	<u>12,100</u>	<u>1,105</u>

12. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

13. Related party transactions

As a subsidiary of KBR, Inc., the company has taken advantage of the exemption in paragraph 33.1A of FRS 102, not to disclose transactions with other wholly owned members of the group headed by KBR, Inc.

14. Controlling party

The immediate parent undertaking is Kellogg Brown & Root Group Limited (Hill Park Court, Springfield Drive, Leatherhead, Surrey. KT22 7NL, a company registered in England and Wales).

The company is a wholly owned subsidiary undertaking of Kellogg Brown & Root Limited (Hill Park Court, Springfield Drive, Leatherhead, Surrey. KT22 7NL, a company registered in England and Wales) which heads the smallest group in which the company is consolidated.

The ultimate parent undertaking is KBR, Inc. (601 Jefferson Street, Suite 3400, Houston, Texas. 77002, a company incorporated in the state of Delaware, U.S.A.) which heads the largest group in which the company is consolidated.

The financial statements of these companies are available to the public and can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey. KT22 7NL.