

**KBR (Aspire Services) Limited**  
**Annual Report and Financial Statements**  
**31 December 2016**

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# **KBR (Aspire Services) Limited**

## **Financial Statements**

**Year ended 31 December 2016**

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# KBR (Aspire Services) 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 is a special purpose entity which was set up for the Ministry of Defence's (MoD) Allenby and Connaught project. The project is a 35 year concession beginning in 2006 to maintain the estates in Aldershot and the Salisbury Plain areas under the Government's Private Finance Initiative ("PFI"). The project covers the provision of both hard services such as maintaining the estates including utilities, and soft services including cleaning, catering, office support, stores management, transport management and ancillary services. These activities are delivered through the Aspire Defence Services ("ADS") unincorporated joint venture, which is a 50/50 joint venture between KBR (Aspire Services) Limited and Carillion (Aspire Services) Limited.

### RESULTS

The profit for the year, after taxation, amounted to £7,127,000 (2015 - £1,257,000). During 2016, the company received £4,483,000 as exceptional income. See note 4 for details. The net assets at the end of the year totalled £7,738,000 (2015 - £2,021,000).

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Principal risks and uncertainties

The principal risks of the business revolve around its ability to maintain the accommodation at the required standard and to manage the cost of carrying out the maintenance and building improvement and the ongoing provision of the soft services. Through 2016 the operational risks continued to be robustly addressed, without impact to the business performance.

#### Key performance indicators

The board monitors the performance of the company through the use of key performance indicators, which are related to financial performance, health and safety performance and a number of other factors. In addition, the contract requires detailed reporting to the client (MoD) with respect to performance measures covering a number of areas. In respect of the year ended 31 December 2016, the company's performance against these measures was satisfactory.

- **Financial performance.** The company has modelled the anticipated financial outcome of the Project and develops detailed annual budgets, which are reviewed regularly. The company monitors actual financial performance against anticipated performance. As at 31 December 2016, the company's performance against these measures was satisfactory.
- **Safety performance.** The company is committed to providing a safe environment for its employees and those impacted by its activities. In respect of the year ended 31 December 2016, the company's performance against these measures was satisfactory.

This report was approved by the board of directors on 4 July 2017 and signed on behalf of the board by:



Mr J A Barrett  
Director

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

# **KBR (Aspire Services) Limited**

## **Directors' Report**

### **Year ended 31 December 2016**

The directors present their report and the 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:

Mr J A Barrett	
Mr R P Kerry	
Mr C K Kenton	(Appointed 30 March 2016)
Mr M M Spearing	(Resigned 30 March 2016)

#### **Dividends**

During 2016, the directors recommended and paid a dividend of £1,410,000 (2015 - £910,000). On 17 March 2017, a dividend of £825,000 was paid. On 28 June 2017, a dividend of £1,500,000 was paid.

#### **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
- Financial risk management objectives and policies

#### **Directors' responsibilities statement**

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 judgments and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

# KBR (Aspire Services) Limited

## Directors' Report *(continued)*

Year ended 31 December 2016

### Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

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.

This report was approved by the board of directors on 4 July 2017 and signed on behalf of the board by:



Mr J A Barrett  
Director

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

## **Independent Auditor's Report to the Member of KBR (Aspire Services) Limited**

We have audited the financial statements of KBR (Aspire Services) Limited for the year ended 31 December 2016, on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:


- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**Independent Auditor's Report to the Member of KBR (Aspire Services) Limited**  
(continued)

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

 05 JULY 2017

Natalia Bottomley (Senior Statutory Auditor)

For and on behalf of  
KPMG LLP  
Chartered accountants & statutory auditor  
15 Canada Square  
London  
E14 5GL

**KBR (Aspire Services) Limited**  
**Statement of Comprehensive Income**  
**Year ended 31 December 2016**

		2016	2015
	Note	£000	£000
<b>Turnover</b>	<b>3</b>	<b>75,280</b>	<b>77,392</b>
Cost of sales		<u>(72,631)</u>	<u>(75,811)</u>
<b>Gross profit</b>		<b>2,649</b>	<b>1,581</b>
Operating expenses		<u>(10)</u>	<u>(10)</u>
Exceptional income	<b>4</b>	<b>4,483</b>	<u>—</u>
<b>Operating profit</b>	<b>5</b>	<b>7,122</b>	<b>1,571</b>
Interest receivable and similar income	<b>7</b>	<u>6</u>	<u>4</u>
<b>Profit before taxation</b>		<b>7,128</b>	<b>1,575</b>
Tax on profit	<b>8</b>	<u>(1)</u>	<u>(318)</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>7,127</u></b>	<b><u>1,257</u></b>

All the activities of the company are from continuing operations.

The notes on pages 9 to 16 form part of these financial statements.



# KBR (Aspire Services) Limited

## Statement of Financial Position

31 December 2016

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Debtors	10	10,615	10,540
Cash at bank and in hand		11,918	3,585
		<u>22,533</u>	<u>14,125</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(13,372)</u>	<u>(12,104)</u>
<b>Net current assets</b>		<b>9,161</b>	<b>2,021</b>
<b>Total assets less current liabilities</b>		<b>9,161</b>	<b>2,021</b>
<b>Provisions</b>			
Other provisions	12	(1,423)	—
<b>Net assets</b>		<u><b>7,738</b></u>	<u><b>2,021</b></u>
<b>Capital and reserves</b>			
Profit and loss account	14	<u>7,738</u>	<u>2,021</u>
<b>Member funds</b>		<u><b>7,738</b></u>	<u><b>2,021</b></u>

These financial statements were approved by the board of directors and authorised for issue on 4 July 2017, and are signed on behalf of the board by:



Mr J Barrett  
Director

Company registration number: 5704218

The notes on pages 9 to 16 form part of these financial statements.

# KBR (Aspire Services) Limited

## Statement of Changes in Equity

Year ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total £000
<b>At 1 January 2015</b>	-	1,674	<b>1,674</b>
Profit for the year	-	1,257	<b>1,257</b>
<b>Total comprehensive income for the year</b>	-	1,257	<b>1,257</b>
Dividends paid and payable 9	-	(910)	<b>(910)</b>
<b>Total investments by and distributions to owners</b>	-	(910)	<b>(910)</b>
<b>At 31 December 2015</b>	-	2,021	<b>2,021</b>
Profit for the year	-	7,127	<b>7,127</b>
<b>Total comprehensive income for the year</b>	-	7,127	<b>7,127</b>
Dividends paid and payable 9	-	(1,410)	<b>(1,410)</b>
<b>Total investments by and distributions to owners</b>	-	(1,410)	<b>(1,410)</b>
<b>At 31 December 2016</b>	-	7,738	<b>7,738</b>

The notes on pages 9 to 16 form part of these financial statements.

# **KBR (Aspire Services) Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2016**

### **1. Statement of compliance**

KBR (Aspire Services) Limited is a private company limited by shares and incorporated, registered and domiciled in England and Wales in the UK.

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.

### **2. 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.

#### **Going concern**

The directors have prepared the financial statements on a going concern basis which they consider appropriate for a number of reasons. The company has a long-term construction contract and the directors have reviewed the company's profits and cash flows by reference to a forecast covering the remainder of the contract. Taking into account reasonable possible changes to the contract forecast, the directors consider that the company will remain in operational existence and be able to settle its liabilities as they fall due for the foreseeable future.

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### **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.

#### **Revenue recognition**

Turnover comprises services rendered in the ordinary course of business to all customers excluding sales related taxes.

# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 2. Accounting policies *(continued)*

#### Revenue recognition *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### 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 assets are recognised to the extent 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.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Interests in joint ventures

In respect of its interest in a jointly controlled asset, the Company recognises in its financial statements:

- (a) its share of the jointly controlled assets, classified according to the nature of the assets;
- (b) any liabilities that it has incurred;
- (c) its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- (d) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- (e) any expenses that it has incurred in respect of its interest in the joint venture.

All such amounts are measured in proportion to the Company's interest in the joint asset.

# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 2. Accounting policies *(continued)*

#### Basic financial instruments

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. Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

These are separate financial statements of the company. Investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

Cash and cash equivalents comprise cash balances and call deposits.

### 3. Turnover

Turnover arises from:

	2016 £000	2015 £000
Rendering of services	<u>75,280</u>	<u>77,392</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 4. Exceptional income

	2016 £000	2015 £000
Exceptional income	<u>4,483</u>	<u>—</u>

# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 4. Exceptional income *(continued)*

In December 2016 ADS received £12.4M of insurance proceeds from the Contract Joint Insurance Account as a result of demonstrating a Fixed Solution to the performance of the Low Temperature Hot Water (LTHW) Heating Systems. The insurance claim arose from a defect under the Building Contract (held by Aspire Defence Capital Works (ADCW) a related party owned by the same parties that jointly own ADS) in the form of corrosion damage in the LTHW heating systems resulting in pin hole failures in radiators and other components, with the settlement reflecting assumptions concerning the work necessary to rectify this matter.

A full and final settlement of the insurance claim was agreed in 2013 and a Settlement Agreement was signed between ADL (Aspire Defence Ltd), ADS and ADCW in June 2013 whereby responsibilities for providing and demonstrating a Fixed Solution passed to ADS / ADCW. The proceeds were paid into a Joint Insurance Account in accordance with Clause 27 of the Project Allenby Connaught Contract and the Settlement Agreement refers to the process in that Clause for obtaining release of the funds from that Joint Insurance Account.

In May 2014 there was a further Agreement between ADS and ADCW passing responsibility for the Fixed Solution to ADS.

Release of those funds was secured in late 2016 by ADS demonstrating to ADL, the Project Technical Adviser (TA) and the Monolines (which underwrite the debt held by ADL) that the criteria of a Fixed Solution has been met and setting out the Reinstatement Plan to be delivered by ADSL in accordance with the requirements of Clause 27. Under the terms of the Settlement Agreement, ADL and the TA have the right to recover their costs from the insurance proceeds, so the related accruals have been reflected in the ADS balance sheet as at 31 December 2016. In addition, the proceeds have funded historic costs of trials undertaken to develop a fixed solution which were previously held on the ADS Balance Sheet as a liability pending receipt of these funds.

Delivery of the Reinstatement Plan is a condition of the release of the insurance proceeds and therefore ADS faces a contractual obligation to undertake the defined programme of Reinstatement Works. The cost of this programme has been estimated at £2,846K (with 50% reflected in these accounts) and held on the Balance Sheet as a provision. The overall impact of these transactions is that these KBR (Aspire Services) Limited accounts for 2016 include exceptional income of £4,483K in relation to the receipt of Insurance Proceeds.

	2016 £000
Insurance proceeds received	6,185
Costs associated with receipt of insurance proceeds	(118)
Costs incurred in trials to assess potential solutions	(161)
Reinstatement works	(1,423)
Total	<u>4,483</u>

#### 5. Operating profit

Operating profit or loss is stated after charging:

	2016 £000	2015 £000
Fees payable for the audit of the financial statements	<u>10</u>	<u>10</u>

# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 5. Operating profit *(continued)*

The fee payable to the company's auditor for the audit of the company's financial statements was £3,215 (2015 - £3,215). The fees will be borne by the company in the current period and this is consistent with 2015. The company will also pay the audit fees of £3,215 each on behalf of KBR (Aspire Services) Holdings Limited and KBR (Aspire Services) Holdings No 2 Limited for 2016.

The fee payable for the audit of the accounts of the company's joint venture, Aspire Defence Services was £17,500 (2015 - £13,000).

#### 6. Particulars of employees and directors

No staff were employed during the year ending 31 December 2016 (2015 - Nil).

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

No remuneration was paid to directors in respect of services provided to the company as substantially all their services have been provided to other group companies.

#### 7. Interest receivable and similar income

	2016 £000	2015 £000
Interest on cash and cash equivalents	5	2
Interest from group undertakings	1	2
	<u>6</u>	<u>4</u>

#### 8. Tax on profit

##### Major components of tax expense

	2016 £000	2015 £000
<b>Current tax:</b>		
UK current tax expense	–	319
Adjustments in respect of prior periods	1	(1)
Total current tax	<u>1</u>	<u>318</u>
<b>Tax on profit</b>	<u>1</u>	<u>318</u>

For the year ended 31 December 2016 onwards, 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.

# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 8. Tax on profit *(continued)*

#### Reconciliation of tax expense

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

	2016 £000	2015 £000
Profit before taxation	7,128	1,575
Profit by rate of tax	1,426	319
Adjustment to tax charge in respect of prior periods	1	(1)
Group relief surrendered for nil consideration	(1,426)	–
Tax on profit	1	318

#### 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.

### 9. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £000	2015 £000
Dividends on equity shares	1,410	910

On 17 March 2017, a dividend of £825,000 was paid. On 28 June 2017, a dividend of £1,500,000 was paid.

### 10. Debtors

	2016 £000	2015 £000
Amounts owed by undertakings in which the company has a participating interest	149	7,310
Prepayments and accrued income	–	730
Loan receivable	10,358	2,500
Other debtors	108	–
	10,615	10,540



# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 11. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	4,190	1,135
Amounts owed to group undertakings	7	864
Amounts owed to undertakings in which the company has a participating interest	8,940	10,067
Accruals and deferred income	125	18
Social security and other taxes	110	20
	<u>13,372</u>	<u>12,104</u>

Included within amounts payable to group undertakings, there is £3,008 (2015: £844,563) payable relating to group relief.

### 12. Provisions

	Heating & Hot Water £000
At 1 January 2016	-
Additions	1,423
At 31 December 2016	<u>1,423</u>

The provision represents the estimated costs of undertaking a programme of works (the Reinstatement Plan) which was a contractual obligation of receiving insurance proceeds relating to the Heating Systems.

### 13. Called up share capital

#### Authorised share capital

	2016		2015	
	No	£000	No	£000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

#### Issued, called up and fully paid

	2016		2015	
	No	£000	No	£000
Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

Share capital is £1 in 2016 and has not changed since the prior year.

### 14. Reserves

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

# KBR (Aspire Services) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

#### 15. Related party transactions

As a subsidiary of KBR Inc. during the period from 1 January 2016 to 31 December 2016, 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.

During the year transactions, in the ordinary course of business, were entered into with related parties. Transactions entered into and trading balances outstanding at 31 December 2016 are as follows:

	<b>Total services received from related party £000</b>	<b>Total services provided to related party £000</b>	<b>Net receivable/ (payable) at the year end £000</b>
Aspire Defence Limited 2016	12	74,761	145
Aspire Defence Services Limited 2016	54,778	–	(8,935)

Transactions entered into and trading balances outstanding at 31 December 2015 were as follows:

	<b>Total services received from related party £000</b>	<b>Total services provided to related party £000</b>	<b>Net receivable/ (payable) at the year end £000</b>
Aspire Defence Limited 2015	–	93,241	7,310
Aspire Defence Services Limited 2015	55,634	–	(10,067)

The above related party transaction amounts are inclusive of VAT.

Aspire Defence Ltd is ultimately 45% owned by KBR (U.K.) Investments Limited, a fellow subsidiary.

Aspire Defence Services Ltd is a 50% subsidiary of Kellogg Brown & Root Limited, a fellow subsidiary.

Aspire Defence Capital Works JV is indirectly 50% owned by Kellogg Brown & Root Limited.

KBR (Aspire Services) Limited is a 100% indirect subsidiary of Kellogg Brown & Root Limited.

#### 16. Controlling party

The company is a wholly owned subsidiary undertaking of KBR (Aspire Services) Holdings Limited (Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL, a company registered in England and Wales).

As at year end the ultimate parent undertaking is KBR, Inc. (601, Jefferson Street, Suite 3400, Houston, Texas, 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 the above companies are available to the public and can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL.