

Registration number:06495417

**Allen Gearing Solutions Limited**  
**Annual Report and Financial Statements**  
**For the Year Ended 31 December 2018**



# **Allen Gearing Solutions Limited**

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# Allen Gearing Solutions Limited

## Strategic Report

The directors present their strategic report for the year ended 31 December 2018.

### Business Review

The profit after tax for the year was £2,848,000 (2017: loss £3,968,000) for the year ended 31 December 2018.

The company has net assets of £7,236,000 (2017: £4,388,000).

At the end of 2016, the management of the company announced that, in the current context of the Oil & Gas market, they were proposing a rationalisation of the power transmission footprint by transferring the manufacturing and services of the company to the centre of excellence in France. Certain accruals and provisions have been accounted for in the financial statements during the year. As a result the annual report and financial statements will be prepared on a non going concern basis and the directors intend to cease trading within 12 months.

### Principal risks and uncertainties

The key risks faced by the company include:

#### a) General economic environment

The general economic environment influences the sale of our products to customers.

#### b) Actions of competitors

The company operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the company. The diversity of operations reduces the possible effect of action by any single competitor.

#### c) Foreign currency risk

The company deals in multiple currencies which can cause foreign exchange risk. There is a risk that there may be an adverse movement in the exchange rate of the transaction currency in relation to the functional currency before the date when the transaction is completed.

#### d) Effect of legislation or other regulatory action

The company is subject to a broad range of laws, regulations and standards in each of the jurisdictions in which it operates. Unexpected changes in these laws or regulations could significantly impair performance; equally, a failure to comply with these laws, regulations or standards could damage the reputation of the company.

#### e) Raw material prices

The Group's products contain various raw materials or purchased components. Any increases or volatility in prices and shortages in supply can affect the company's performance. The diversity of operations reduces the dependence on any single item or supplier. Purchasing policies take into account and seek to mitigate such risks where practicable.

#### f) Credit

Cash extension of credit and liquidity of the company are managed by the ultimate parent company.

#### g) Economic risk

On the 23rd June 2016, the UK referendum resulted in an overall vote to leave the European Union. The Company has conducted an overall review of the potential consequences of a no deal Brexit, which included but was not limited to IT systems, logistics, operational processes and trade compliance. As a consequence of this review the directors concluded they do not anticipate a significant negative impact on the Company nor its operations. The longer term political and economic effects of Brexit will depend on the final agreement negotiated between the UK and European Union. The directors continue to monitor and review the potential risks to the Company.

# Allen Gearing Solutions Limited

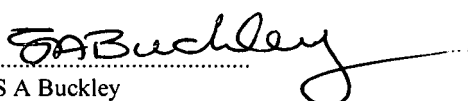
## Strategic Report

### Financial key performance indicators

Performance during the year is set out in the table below:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Turnover	<b>12,979</b>	8,779
Gross profit	<b>4,857</b>	1,427
Profit/(loss) after tax	<b>2,848</b>	(3,968)

Approved by the Board on 15 October 2019 and signed on its behalf by:

  
.....  
S A Buckley  
Director

# Allen Gearing Solutions Limited

## Directors' Report

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

### Principal activity

The principal activity of the company is the design, manufacture and servicing of high performance gearboxes for a range of power generation, oil and gas, industrial and marine propulsion applications

### Results and dividends

The profit for the year, after taxation, amounted to £2,848,000 (2017: loss £3,968,000).

The directors do not recommend the payment of a dividend (2017: £nil).

### Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 21 to the financial statements.

### Directors of the company

The directors who held office during the year and up to the directors' report were as follows:

S A Buckley

H J Hansen

V F Piquet

(appointed 22 November 2018)

(resigned 22 November 2018)

### Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at date of approving in the directors' report.

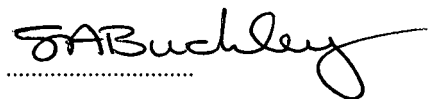
### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Reappointment of auditors

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 15 October 2019 and signed on its behalf by:



.....

S A Buckley  
Director

# **Allen Gearing Solutions Limited**

## **Statement of Directors' Responsibilities**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework' (FRS 101').

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 2, 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 Allen Gearing Solutions Limited**

## **Opinion**

We have audited the financial statements of Allen Gearing Solutions Limited (the 'company') for the year ended 31 December 2018, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes including accounting policies in note 2.

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 profit 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 of 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 Britain 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 carrying value of investments 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 standardised 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 2 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 Allen Gearing Solutions Limited (continued)**

## **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 period is consistent with the financial statements; and
- in our opinion those reports have 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 met; 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 for the audit of the financial statements**

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 ISA's (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.

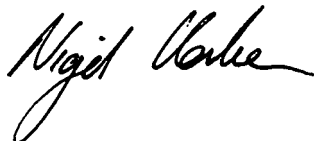
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



## **Independent Auditor's Report to the Members of Allen Gearing Solutions Limited (continued)**

### **The purpose of our audit 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.



.....  
Nigel Harker

For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

Date: 17/10 2019

# Allen Gearing Solutions Limited

## Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	4	12,979	8,779
Cost of sales		(8,122)	(7,352)
<b>Gross Profit</b>		4,857	1,427
Distribution expenses and selling costs		(18)	22
Administrative expense		(3,195)	(5,630)
Other operating income		1,169	-
<b>Operating profit/(loss)</b>	5	2,813	(4,181)
Net fair value gain on financial instruments		6	468
Interest receivable and similar income	6	45	8
Loss on disposal of fixed asset investments		-	(262)
<b>Profit/(loss) before taxation</b>		2,864	(3,967)
Tax on profit/(loss)	10	(16)	(1)
<b>Profit/(loss) for the year</b>		2,848	(3,968)
Other comprehensive income		-	-
<b>Total comprehensive profit for the year</b>		2,848	(3,968)

The above results were derived from discontinuing operations.

The notes on page 12 to 23 form an integral part of these financial statements

# Allen Gearing Solutions Limited

## Balance Sheet as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	11	157	-
		<u>157</u>	<u>-</u>
<b>Current assets</b>			
Stocks	12	376	1,486
Assets held for sale	13	-	369
Debtors: amounts falling due within one year	14	10,809	8,856
Cash at bank in hand		-	816
		<u>11,185</u>	<u>11,527</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(4,106)</u>	<u>(7,139)</u>
<b>Net current assets</b>		<u>7,079</u>	<u>4,388</u>
<b>Net assets</b>		<u>7,236</u>	<u>4,388</u>
<b>Capital and reserves</b>			
Called up share capital	16	10	10
Profit and loss account		<u>7,226</u>	<u>4,378</u>
<b>Shareholders' funds</b>		<u>7,236</u>	<u>4,388</u>

Approved by the Board on 15 October 2019 and signed on its behalf by:



S A Buckley  
Director

The notes on pages 12 to 23 form an integral part of these financial statements

# Allen Gearing Solutions Limited

## Statement of Changes in Equity for the Year Ended 31 December 2018

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2018	10	4,378	4,388
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,848	2,848
Total comprehensive income for the year	-	2,848	2,848
At 31 December 2018	10	7,226	7,236

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2017	10	8,346	8,356
<b>Comprehensive income for the year</b>			
Loss for the year	-	(3,968)	(3,968)
Total comprehensive loss for the year	-	(3,968)	(3,968)
At 31 December 2017	10	4,378	4,388

The notes on pages 12 to 23 form an integral part of these financial statements

# **Allen Gearing Solutions Limited**

## **Notes to the Financial Statements**

### **1. General information**

The company is a private company limited by share capital, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Atlas Works,  
Station Road  
Persnore  
Worcestershire  
WR10 2BZ

### **2. Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The amendments to FRS 101, issued in March 2018, have been applied except for the triennial review 2017 amendments issued in December 2017 as these are applicable with effect from 1 January 2019 and have not been early adopted.

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 preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 41 Farnsworth Street, Boston, MA 02210, USA or at [www.ge.com](http://www.ge.com).

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Basis of measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value.

#### Changes in accounting policy

In the current year the company has adopted new accounting standards IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers*. An explanation of the impact of the adoption of these new standards is included in note 20.

#### Summary of disclosure exemptions

The company has taken advantage of the following disclosure exceptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment
  - paragraph 118(e) of IAS 38 Intangible Assets, and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 400, 111 and 134-136 of IAS 1 Presentation of Financial Statements:
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures:
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions wholly owned by such a member;

#### Going concern

As described in the Strategic Report, the directors intend to cease trading during 2019. As a result, the directors have prepared the financial statements on the basis that the company is no longer a going concern. This classification has not resulted in any change to values or classifications of any assets or liabilities during the year, other than those described in note 13.

#### Revenue recognition

##### Recognition

The company earns revenue from the provision of services relating to subsea oilfield equipment and installation and management services to the oil and gas industry. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Revenue recognition (continued)

##### *Contract modifications*

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or
- d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

##### *Contract assets and receivables*

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, contract assets are recognised. Contract assets are included in the balance sheet and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the balance sheet when the company's right to consideration becomes unconditional.

Contract assets & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

##### *Contract liabilities*

Contract liabilities and customer deposits are recognised in the balance sheet when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Revenue recognition (continued)

##### *Impairment of contract related balances*

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

#### Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated into GBP sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The translation differences arising are recorded within the profit and loss account.

#### Tax

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.



# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 2. Accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any accumulated impairment losses.

#### Depreciation

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	Estimated useful life
Plant and machinery	5% - 15% of cost
Fixtures and fittings	20% of cost

### 3. Critical accounting judgements and key sources of estimated uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

#### Revenue recognition on long-term product services agreement

Revenue recognition on long-term product services agreements requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate, cost changes and customers' utilisation of assets. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook.

We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. We gain insight into future utilisation and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Revisions may affect a product services agreement's total estimated profitability resulting in an adjustment of earnings.

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 4. Turnover

The geographical analysis of turnover is as follows:

	2018 £'000	2017 £'000
United Kingdom	1,885	2,720
Europe	2,023	3,264
USA	4,751	1,618
Rest of world	4,320	1,177
	<u>12,979</u>	<u>8,779</u>

### 5. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2018 £'000	2017 £'000
Difference on foreign exchange	20	11
Operating lease rentals - other	296	301
	<u>296</u>	<u>301</u>

### 6. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from group companies	45	8
	<u>45</u>	<u>8</u>

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 7. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,991	2,021
Social security costs	211	474
Other pension costs	171	187
	<u>2,373</u>	<u>2,682</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Production	15	16
Administration	13	20
Selling, service and distribution	6	10
	<u>34</u>	<u>46</u>

### 8. Directors' remuneration

The directors' remuneration for the period was as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration	86	60
Company contributions to pension schemes	9	6
	<u>95</u>	<u>66</u>

### 9. Auditor's remuneration

Remuneration of £30,000 (2017:£28,000) paid to the auditors for their services to the company was borne by a fellow group undertaking.

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 10. Taxation

Tax charged in the Profit and Loss account

	2018 £'000	2017 £'000
<b>Current taxation</b>		
UK corporation tax	16	-
UK corporation tax adjustment to prior periods	-	1
Total current tax	16	1
Tax expense in the profit and loss account	16	1

The standard rate of tax for the year, based on the average UK standard rate of corporation tax, is 19% (2017: 19.25%). The actual current tax charge for the preceding year differs for the reasons set out in the following reconciliation.

The differences between the tax charge shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit/(loss) before tax are as follows:

	2018 £'000	2017 £'000
Profit/(loss) before tax	2,864	(3,967)
Corporation tax at standard rate	544	(764)
Adjustment to tax charge in respect of prior year	(103)	1
Expenses not deductible for tax purposes	-	10
Group relief for 5nil consideration	(568)	717
Overseas tax suffered (expensed)	13	-
Movement on deferred tax not provided	127	32
Effect of changes to tax rates	3	5
Total tax charge	16	1

Factors that may affect future tax charges

The UK corporation tax rate will reduce from 19% to 17% on 1 April 2020. This will reduce any current tax charges accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, including those expected to reverse in the years ending 31 December 2019 to 31 December 2021 (the overall average rate ranging from 19% to 17%). There is no impact of this on the financial statements.

There are no other factors that may significantly affect future tax charges.

There are £254,838 of deductible temporary differences (2017:£127,407) for which no deferred tax asset is recognised in the balance sheet.

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The pension charge for the year was £171,000 (year ended 31 December 2017: £187,000) in respect of the defined contribution scheme. There was no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### 19. Ultimate parent undertaking and controlling party

The following related party relationships existed during the reporting period.

The company's immediate parent is GE Oil & Gas UK Limited, a company registered at 2 High Street, Nailsea, Bristol, BS48 1BS, United Kingdom.

The smallest group in which the results are consolidated is that headed by Baker Hughes, a GE company, LLC, a company registered at 17021 Aldine Westfield Road, Houston, Texas, 77073, USA.

The largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company registered at 41 Farnsworth Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the registered address or at [www.ge.com](http://www.ge.com).

In June 2018, General Electric Company ("GE"), the ultimate holding company, announced its intention for a full separation from Baker Hughes, a GE company ("BHGE") in an orderly fashion over the next two to three years.

In November 2018, BHGE completed an underwritten secondary public offering in which GE and its affiliates (together, the selling stockholders) sold 101.2 million shares of BHGE Class A common stock. BHGE also repurchased 65 million BHGE LLC Units (together with the corresponding shares of our Class B common stock) from GE and its affiliates. As a result of the secondary offering and the repurchase, GE's economic interest in BHGE LLC was reduced from approximately 62.5% to approximately 50.4%.

In September 2019, the ultimate parent company changed to Baker Hughes, a GE company as described in note 21.

### 20. Changes in accounting policies

The Company has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue Contracts with Customers during the year. The adoption of these new standards has had no material impact on the Company.

### 21. Post balance sheet event

On 16<sup>th</sup> September 2019, BHGE announced the closing of a secondary offering in which GE and its affiliates (together, the selling stockholders) sold 132.25 million shares of BHGE Class A common stock. BHGE also repurchased 11.865 million BHGE LLC units (together with the corresponding shares of our Class B common stock) from GE and its affiliates. As a result of the secondary offering and the repurchase, GE and its affiliates ceased to hold more than 50% of the voting power of all classes of BHGE's voting stock and the ultimate parent company changed to Baker Hughes, a GE company.

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 13. Assets held for sale

	<b>Total £'000</b>
<b>Cost</b>	
At 1 January 2018	1,966
Transfer to tangible fixed assets	(1,966)
	<hr/>
At 31 December 2018	-
	<hr/>
<b>Depreciation</b>	
At 1 January 2018	1,597
Transfer to tangible fixed assets	(1,597)
	<hr/>
At 31 December 2018	-
	<hr/>
<b>Net book value</b>	
At 31 December 2018	-
	<hr/> <hr/>
At 31 December 2017	369
	<hr/> <hr/>

FRS 101 requires assets classified as held for sale to be sold within 12 months of classification. As the above assets were not sold during 2018, they have been reclassified to tangible fixed assets and depreciated during the year.

### 14. Debtors

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Due within one year</b>		
Trade debtors	1,936	2,033
Amounts owed by group undertakings	8,766	6,634
Prepayments and accrued income	74	88
Other debtors	33	101
	<hr/>	<hr/>
	10,809	8,856
	<hr/> <hr/>	<hr/> <hr/>

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 11. Tangible fixed assets

	<b>Furniture &amp; fittings £'000</b>	<b>Plant &amp; machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2018	-	-	-
Transfer from assets held for sale	25	1,941	1,966
	<hr/>	<hr/>	<hr/>
At 31 December 2018	25	1,941	1,966
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2018	-	-	-
Charge for the year	-	212	212
Transfer from assets held for sale	25	1,572	1,597
	<hr/>	<hr/>	<hr/>
At 31 December 2018	25	1,784	1,809
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2018	-	157	157
	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	-	-
	<hr/>	<hr/>	<hr/>

### 12. Stocks

	<b>2018 £'000</b>	<b>2017 £'000</b>
Raw materials and consumables	-	31
Work in progress	360	1,263
Finished goods	16	192
	<hr/>	<hr/>
	376	1,486
	<hr/>	<hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £7,552,022 (2017:£5,654,010).

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 13. Assets held for sale

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<b>Cost</b>	
At 1 January 2018	1,966
Transfer to tangible fixed assets	(1,966)
	<hr/>
At 31 December 2018	-
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<b>Depreciation</b>	
At 1 January 2018	1,597
Transfer to tangible fixed assets	(1,597)
	<hr/>
At 31 December 2018	-
	<hr/>
<b>Net book value</b>	
At 31 December 2018	-
	<hr/>
At 31 December 2017	369
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	<hr/>	<hr/>
	10,809	8,856
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# Allen Gearing Solutions Limited

## Notes to the Financial Statements

### 15. Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade Creditors	135	455
Accruals and deferred income	396	680
Amounts owed to group undertakings	503	54
Payments received on account	2,046	4,101
Social security and other taxes	64	-
Other provisions	962	1,849
	<u>4,106</u>	<u>7,139</u>

Provisions relates to warranty claims, onerous contracts and restructuring costs. Movement in the year amounted to £887,000 (2017: £273,000).

### 16. Share capital

#### Allotted called up and fully paid shares

	No.'000	2018 £'000	No.	2017 £'000
Ordinary shares of £1 each	10	10	10	10

### 17. Operating lease commitments

The total future value of minimum lease payments is as follows:

	31 December 2018 £'000	31 December 2017 £'000
Within one year	-	214
In two to five years	933	642
	<u>933</u>	<u>856</u>

The company leases a number of warehouse, office factory facilities under operating leases.

# Allen Gearing Solutions Limited

## Notes to the Financial Statements

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