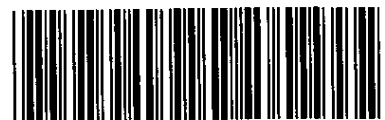


COMPANY REGISTRATION NUMBER: SC049650

Brown & Root Highlands Fabricators Limited
Unaudited Financial Statements
31 December 2020

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Brown & Root Highlands Fabricators Limited

Financial Statements

Year ended 31 December 2020

Contents	Pages
Strategic report	1 to 2
Director's 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 10

Brown & Root Highlands Fabricators Limited

Strategic Report

Year ended 31 December 2020

Principal activities and business review

The principal activity used to be the lease of fabrication facilities to a third party. However, owing to changes in company strategy and the construction industry worldwide, the fabrication site at Nigg was sold in 2011 to a third party. The company had post-sale commitments to the new owner of the fabrication facilities which were fulfilled over the six years following the sale.

Results

The loss for the year, after taxation, amounted to £1,857 (2019: loss - £28,639). The net assets at the end of the year totalled £15,885,386 (2019: net assets - £16,052,458).

It is proposed that the loss of £1,857 is transferred to reserves.

Financial risk management objectives and policies

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.

Site remediation

After the sale of the fabrication site, in 2011, the company was responsible for remediation work carried out over the following six years. The cost of remediation was limited to £500,000 with progress being monitored on a regular basis. The expected cost of remediation and monitoring was fully provided for in the accounts. The remediation work has now been completed and the provision for remediation work has been released.

Key performance indicators

The businesses which form this company make up part of the KBR, Inc. group ("the group"). The KPIs used to review and monitor the business are set by the directors of the group and are discussed in more detail in the Annual Report of the group. KPIs include the profitability of key contracts which are reviewed regularly.

Brown & Root Highlands Fabricators Limited

Strategic Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 29 October 2021 and signed on behalf of the board by:

Martin Simmonite

M Simmonite
Director

Registered office:
Quccns House
13 Queens Road
Aberdeen
AB15 4YL

Brown & Root Highlands Fabricators Limited

Director's Report

Year ended 31 December 2020

The director presents his report and the unaudited financial statements of the company for the year ended 31 December 2020.

Directors

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

M Simmonite

F Mujib

(Resigned 7 May 2020)

Dividends

The director recommends a dividend of £159,998 (2019: nil) to reduce the share capital from £160,000 to £2 by reducing the nominal value of each issued fully paid up ordinary share from £1 to £0.0000125.

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 company has considerable financial resources and as a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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
- Key performance indicators

Brown & Root Highlands Fabricators Limited

Director's Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 29 October 2021 and signed on behalf of the board by:

Martin Simmonite

M Simmonite
Director

Registered office:
Queens House
13 Queens Road
Aberdeen
AB15 4YL

Brown & Root Highlands Fabricators Limited

Income Statement

Year ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		<u>(4,106)</u>	<u>(34,870)</u>
Operating loss		<u>(4,106)</u>	<u>(34,870)</u>
Other interest receivable and similar income	5	<u>2,249</u>	<u>6,231</u>
Loss before taxation		<u>(1,857)</u>	<u>(28,639)</u>
Tax on loss	6	<u>—</u>	<u>—</u>
Loss for the financial year		<u><u>(1,857)</u></u>	<u><u>(28,639)</u></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 10 form part of these financial statements.

Brown & Root Highlands Fabricators Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	£	2019 £	£
Current assets					
Debtors	7	15,885,386		16,052,458	
Net current assets			15,885,386		16,052,458
Total assets less current liabilities			15,885,386		16,052,458
Capital and reserves					
Called up share capital	8		2		160,000
Share premium account	9		-		5,217
Profit and loss account	9		15,885,384		15,887,241
Member funds			15,885,386		16,052,458

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's 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 director acknowledges his 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 29 October 2021, and are signed on behalf of the board by:

Martin Simmonite

M Simmonite
Director

Company registration number: SC049650

The notes on pages 8 to 10 form part of these financial statements.

Brown & Root Highlands Fabricators Limited

Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2019	160,000	5,217	15,915,880	16,081,097
Loss for the year	—	—	(28,639)	(28,639)
Total comprehensive expense for the year	—	—	(28,639)	(28,639)
At 31 December 2019	160,000	5,217	15,887,241	16,052,458
Loss for the year	—	—	(1,857)	(1,857)
Total comprehensive expense for the year	—	—	(1,857)	(1,857)
Cancellation of subscribed capital	(159,998)	—	159,998	-
Redemption of share premium account	—	(5,217)	5,217	-
Dividends paid	—	—	(165,215)	(165,215)
Total investments by and distributions to owners	(159,998)	(5,217)	—	(165,215)
At 31 December 2020	<u>2</u>	<u>—</u>	<u>15,885,384</u>	<u>15,885,386</u>

The notes on pages 8 to 10 form part of these financial statements.

Brown & Root Highlands Fabricators Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom, and registered in Scotland. The address of the registered office is Queens House, 13 Queens Road, Aberdeen, AB15 4YL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

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.

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. Particulars of employees and directors

No staff were employed during the year (2019: nil).

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.

Brown & Root Highlands Fabricators Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

5. Other interest receivable and similar income

	2020	2019
	£	£
Interest from group undertakings	<u>2,249</u>	<u>6,231</u>

6. Tax on loss

Reconciliation of tax income

The tax assessed on the loss for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Loss before taxation	<u>(1,857)</u>	<u>(28,639)</u>
Loss by rate of tax	<u>(353)</u>	<u>(5,441)</u>
Group relief surrendered for nil consideration	<u>353</u>	<u>5,441</u>
Tax on loss	<u>-</u>	<u>-</u>

Factors that may affect future tax income

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax main rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

As the proposal to increase the main rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

7. Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	<u>15,885,386</u>	<u>16,052,458</u>

8. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary A shares of £0.000012 (2019 - £1) each	1	1	80,000	80,000
Ordinary B shares of £0.000012 each	1	1	80,000	80,000
	<u>2</u>	<u>2</u>	<u>160,000</u>	<u>160,000</u>

Brown & Root Highlands Fabricators Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

8. Called up share capital *(continued)*

During the year the share capital of the company was reduced from £160,000 to £2 by cancelling and extinguishing capital on each fully paid up ordinary share of £1 each to £0.0000125. The amount by which the share capital is reduced is to be repaid to the holder of those shares, Kellogg Brown & Root Limited, by way of a dividend payment.

9. 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.

10. 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.

11. Controlling party

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.