

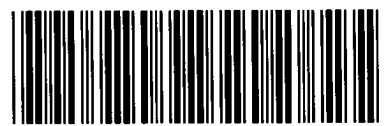
**Petroleum Engineering Services Limited**

**Directors' report and financial  
statements**

**Registered number SC050835**

**31 December 2017**

MONDAY



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## Directors' report

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

### Principal activity and business review

The company is an investment holding company. The company did not trade during the current year. As such the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 1.

### Proposed dividend

The directors are not entitled to recommend the payment of a dividend due to the company not having distributable reserves at the year ended 31 December 2017 (2016: Nil).

### Political contributions

The company made no political contributions or incurred any political expenditure during the year (2016: Nil).

### Directors

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

S Clifton

M Betts (resigned 8 December 2017)

T K Mathew

M White (appointed 8 December 2017)

The directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of this report.

### Disclosure of information to auditor

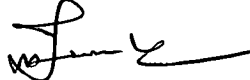
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

By order of the board



Thomas Mathew  
Director

Halliburton House  
Howe Moss Crescent  
Dyce  
Aberdeen  
AB21 0GN  
May 2<sup>nd</sup> 2018

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in Note 1, the directors do not believe that it is appropriate to prepare the 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 Petroleum Engineering Services Limited**

### **Opinion**

We have audited the financial statements of Petroleum Engineering Services Limited ("the company") for the year ended 31 December 2017 which comprise profit and loss and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Emphasis of matter – non going concern basis of preparation**

We draw attention to the disclosure made in Note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

### **Directors' report**

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

Our responsibility is to read 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 Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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 made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.



## **Independent auditor's report to the members of Petroleum Engineering Services Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their 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; 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. As explained in Note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**David Derbyshire (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

4 May 2018

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

	<i>Note</i>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Other operating income	2	<b>2,359</b>	2,542
<b>Profit before taxation</b>	2-4	<b>2,359</b>	2,542
Tax on profit	5	<b>(2,617)</b>	(5,250)
<b>Loss for the financial year</b>		<b>(258)</b>	(2,708)
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(258)</b>	(2,708)

There were no recognised gains or losses other than the results for the financial years reported above.

**Balance Sheet**  
*at 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2017</b> £	<b>2016</b> £	<b>2016</b> £
<b>Fixed assets</b>					
Investments	6		-		-
<b>Current assets</b>					
Debtors	7	7,315,811		7,315,811	
<b>Creditors: amounts falling due within one year</b>	8	<b>(13,053)</b>		<b>(10,436)</b>	
<b>Net current assets</b>			<b>7,302,758</b>		<b>7,305,375</b>
<b>Provisions for liabilities</b>					
Other provisions	9		<b>(6,336)</b>		<b>(8,695)</b>
<b>Net assets</b>			<b>7,296,422</b>		<b>7,296,680</b>
<b>Capital and reserves</b>					
Called up share capital	10		2,721,161		2,721,161
Share premium account			4,598,802		4,598,802
Profit and loss account			<b>(23,541)</b>		<b>(23,283)</b>
<b>Shareholders' funds</b>			<b>7,296,422</b>		<b>7,296,680</b>

These financial statements were approved by the board of directors on *May 2<sup>nd</sup>* 2018 and were signed on its behalf by:



**Thomas Mathew**  
*Director*

Company registered number: SC050835



## Statement of Changes in Equity

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2016	2,721,161	4,598,802	(20,575)	7,299,388
<b>Total comprehensive loss for the year</b>				
Loss	-	-	(2,708)	(2,708)
<b>Total comprehensive loss for the year</b>	-	-	(2,708)	(2,708)
Balance at 31 December 2016	2,721,161	4,598,802	(23,283)	7,296,680
<b>Total comprehensive loss for the year</b>				
Loss	-	-	(258)	(258)
<b>Total comprehensive loss for the year</b>	-	-	(258)	(258)
<b>Balance at 31 December 2017</b>	2,721,161	4,598,802	(23,541)	7,296,422

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Petroleum Engineering Services Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK. Its registered number is 050835 and its registered address is Halliburton House, Howe Moss Crescent, Dyce, Aberdeen, AB21 0GN.

The Company is exempt by virtue of s401 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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"). The functional and presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company's ultimate parent undertaking, Halliburton Company includes the Company in its consolidated financial statements. The consolidated financial statements of Halliburton Company include the equivalent disclosures and are available to the public and may be obtained from the address given in note 11. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Halliburton Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

The directors have not made any significant judgements in the application of these accounting policies.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. No adjustments have been required at the balance sheet to reflect this basis of accounting.

#### 1.3 Investments

Investments are stated at cost less any provision required for impairment.

#### 1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b. where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Classification of financial instruments issued by the Company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.5 Basic financial instruments

##### Trade and other debtors / creditors

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

#### 1.6 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### 1.7 Related party transactions

The company has taken advantage of the exemption available under FRS 102 from disclosing transactions with its parent undertaking and other subsidiary undertakings where 100% of the voting rights are controlled within the group. The company has no transactions with related parties that are not 100% controlled within the group.

#### 1.8 Taxation

Tax on the profit or loss for the year comprises of current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

### 2 Notes to the profit and loss account

*Profit before taxation is stated after crediting:*

	2017 £	2016 £
Decrease on provision for liabilities	2,359	2,542

#### Auditor's remuneration:

Auditor's fees for the audit of these financial statements of £4,600 (2016: £4,600) is borne by a fellow group undertaking in the current and the prior year.

**Notes (continued)**

**3 Directors' remuneration**

None of the directors received any remuneration for provision of qualifying services to the company during the year (2016: Nil).

**4 Staff numbers and costs**

The company had no employees during the year (2016: Nil).

**5 Taxation**

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

	2017 £	2017 £	2016 £	2016 £
<i>Group relief</i>				
Current tax on income for the year	2,617		5,250	
	<hr/>		<hr/>	
Total current tax		2,617		5,250
		<hr/>		<hr/>
Total tax		2,617		5,250
		<hr/>		<hr/>

*Analysis of current tax recognised in profit and loss*

	2017 £	2016 £
UK corporation tax	2,617	5,250
	<hr/>	<hr/>
Total current tax recognised in profit and loss	2,617	5,250
	<hr/>	<hr/>

*Factors affecting the tax charge for the current year*

The tax charge for the year is higher (2016: higher) than the composite rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

**Reconciliation of effective tax rate**

	2017 £	2016 £
Loss for the year	(258)	(2,708)
Total tax expense	2,617	5,250
	<hr/>	<hr/>
Profit excluding taxation	2,359	2,542
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	454	508
Tax effect of UK to UK transfer pricing	2,617	4,742
Adjustment relating to prior years	-	-
Impairment provision not deductible	(454)	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	2,617	5,250
	<hr/>	<hr/>

*Factors that may affect future tax charges*

A reduction in the rate of corporation tax to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

## Notes (continued)

### 6 Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At beginning of year	1,000
At end of year	1,000
<b>Provisions</b>	
At beginning of year	1,000
At end of year	1,000
<b>Net book value</b>	
At 31 December 2017	-
At 31 December 2016	-

The Company has the following investments in subsidiaries:

	Activity	Registered office address	Class of shares held	Ownership 2017 %	Ownership 2016 %
BUE Ships Limited	Non-trading	Building 4 Chiswick Park 566 Chiswick Road London, England W4 5YE	Ordinary	100	100

### 7 Debtors

	2017 £	2016 £
Amounts owed by group undertakings (due within one year)	7,315,811	7,315,811

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

### 8 Creditors: amounts falling due within one year

	2017 £	2016 £
Group relief payable	13,053	10,436

## Notes (continued)

### 9 Provision for liabilities

	£
At beginning of the year	8,695
Credit to profit and loss for the year	(2,359)
	<hr/>
At end of the year	6,336
	<hr/>

Provision for liabilities relates to the provision for the net liabilities incurred in BUE Ships Limited, a subsidiary undertaking. The parent company has created the reserves for the losses of its subsidiary as part of Halliburton business practice as the parent company is expected to settle all the outstanding liabilities of the subsidiary for its probable liquidation in the near future.

### 10 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
54,423,211 ordinary shares of £0.05 each	2,721,161	2,721,161
	<hr/>	<hr/>
Shares classified in shareholders' funds	2,721,161	2,721,161
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 11 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Halliburton Company incorporated in the United States of America which is its ultimate parent company and ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Halliburton Company, 3000 North Sam Houston Parkway East, Houston, Texas, 77032. No other group financial statements include the results of the company.

The consolidated financial statements of Halliburton Company are available to the public and can be obtained from Investor Relations at [www.halliburton.com](http://www.halliburton.com).

### 12 Subsequent events

Subsequent to the balance sheet date, there is no event which needs to be disclosed or required any adjustment.