

COMPANY REGISTRATION NUMBER: 02021947

Kellogg Brown & Root (U.K.) Limited

Financial Statements

31 December 2021

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Kellogg Brown & Root (U.K.) Limited

Financial Statements

Year ended 31 December 2021

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Kellogg Brown & Root (U.K.) Limited

Strategic Report

Year ended 31 December 2021

The directors present their strategic report of the company for the year ended 31 December 2021.

Principal activities and business review

Principal activity

The company's principal activity is the employment of staff on UK payrolls on behalf of certain KBR, Inc. group companies ("the Group").

Business review

The payroll costs for the year were £104,240,000 (2020: £132,421,000). All payroll costs were recharged to group companies at cost. The Covid-19 pandemic contributed to a sharp drop in prices for oil in the first quarter of 2020 with demand falling even more sharply. As a result, the group's energy sector customers reduced their capital expenditure in 2020. The significant decrease in Energy Solutions business segment activity made it necessary to considerably restructure this segment including a considerable reduction in workforce.

At year end the company's defined benefit pension scheme liability decreased from £262,352,000 in 2020 to £58,497,000 due to changes in market conditions and assumptions made by the company's directors based on the actuarial valuation report at 31 December 2021. The main change in assumptions which has contributed to the decreased liability is an increase in the discount rate used to calculate the present value of future pension liabilities. The principal actuarial assumptions used can be seen in note 14 of the accounts.

Future Outlook

The company will continue to provide payroll administrative services for companies in the Kellogg Brown & Root Holdings Limited Group and is thus dependent on staffing requirements of the various projects being run through the Group.

Results

The loss for the year, after taxation, amounted to £11,662,000 (2020: loss after tax - £9,647,000). The net liabilities at the end of the year totalled £458,730,000 (2020: net liabilities - £600,736,000).

Financial risk management objectives and policies

Principal risks and uncertainties

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

- Defined benefit pension scheme liabilities. The pension scheme's funding position and investment performance is analysed regularly. Funding valuations are negotiated and de-risking opportunities are reviewed.
- 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.

Kellogg Brown & Root (U.K.) Limited

Strategic Report (continued)

Year ended 31 December 2021

Principal risks and uncertainties (continued)

- Brexit. So far, Brexit has had no significant effect on the company's financial position or its operations in the European Union. It is impossible to predict the scale of possible future implications of Brexit for the company. The directors are not presently aware of any adverse legislative changes which may impact the company's financial position.
- COVID-19. Based on experience of previous lockdowns to-date, the directors are confident that COVID-19 will have a limited impact on the business.

Cash flow risk, pricing risk and credit and liquidity risk are managed on a Group level and are disclosed in the Annual Report of the Group.

Key performance indicators ("KPIs")

The business which comprises this company makes up part of the group. The key performance indicators 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.

Section 172(1) statement

The directors continue to have regard to the matters set out in sections 172(1) (a) to (f) of the Companies Act 2006, thereby promoting the success of the company for the benefit of its stakeholders as a whole, including the likely consequences of their decisions in the longer term, and how they have taken wider stakeholders' needs into account.

During the year ended 31 December 2021, the board reviewed its stakeholder mapping to assess whether the identification of key stakeholders remains appropriate. It was concluded that the key stakeholders remain the company's ultimate parent company KBR, Inc., its subsidiaries, employees and Kellogg Brown & Root (U.K.) Limited's Pension Scheme.

The company is also aware of its impact on the local communities where it operates, and its wider social and environmental responsibilities.

In order to place stakeholders' considerations at the heart of the board's decision-making process, the directors receive regular feedback and insights on the company's key stakeholders during their board meetings, town halls with employees, meetings with employees' representatives, clients and pension plan trustees. The directors recognise the importance of proactive engagement with the company's stakeholders in order to understand their perspectives first-hand and to maintain positive and effective relationships.

During the year, the directors discussed service delivery and other strategic matters with senior members of the KBR, Inc. companies during formal meetings, informal correspondence and attendance at strategic boards.

Issues related to the company's personnel secondments to various KBR projects are addressed at regular internal project reviews attended by the directors. By way of example, the following issues are escalated: safety, compliance, client feedback (positive and negative), performance, potential financial impacts and all matters about which there is doubt.

The company's ultimate parent's board regularly receives information regarding the company's performance. The company remains aligned with the strategic and business development objectives of KBR, Inc..

The directors manage and control strict compliance with the KBR Code of Business Conduct in all areas of the company's activity by its employees.

Kellogg Brown & Root (U.K.) Limited

Strategic Report (continued)

Year ended 31 December 2021

Section 172(1) statement (continued)

The directors regularly engage with employees and management teams, to review operations first-hand and to assure themselves of the adequacy of resources, employment conditions, facilities, safety arrangements and compliance with all relevant regulations.

The directors review and monitor the compliance of its employees with the KBR Code of Business Conduct and ethics, anti-corruption legislation and support of the company's statements on the Modern Slavery Act. In addition, the directors have made available an independent whistleblowing facility which can be accessed on the KBR's website.

The directors maintain the company's culture regarding staff members which involves equity in reward and recognition, job satisfaction, career development and a positive work environment. The company's Zero Harm policy in the area of health and safety is their top priority.

The company members play an active role in the life of local communities, supporting charities, local schools and providing employment opportunities.


Responsibility for environmental protection is a key priority of the company's board. The company successfully eliminated the use of disposable plastic in its offices, aims to minimise emissions and waste, overall environmental impact of the company.

Statement of engagement with suppliers, customers and others in a business relationship with the company

Our suppliers are key to the success of the company by providing various staff benefits such as pension and healthcare, which allows the company to attract and retain talented employees. The directors regularly engage with employees and management teams, to review operations firsthand and to assure themselves of the adequacy of resources, employment conditions, facilities, safety arrangements and compliance with all relevant regulations.

The company has strong relationships with its customers who are other KBR, Inc. group companies. During the year, the directors discussed service delivery and other strategic matters with senior members of the KBR, Inc. companies during formal meetings, informal correspondence and attendance at strategic boards.

This report was approved by the board of directors on 22 December 2022 and signed on behalf of the board by:

DocuSigned by:

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Mr S J B Bradie
Director

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

Kellogg Brown & Root (U.K.) Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

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

Mr R F Sullivan	Resigned 20 October 2022
Mr A J Barrie	Resigned 30 September 2022
Mr J E Lewis	
Mr M Simmonite	
Mr J J Ibrahim	
Mr S J B Bradie	
Mr C Jeffs	Appointed 24 October 2022
Mr P E Kahn	Appointed 24 October 2022

Company secretary

Mr A M Kramer	Appointed 8 March 2021
Ms G M Wilson	Resigned 8 March 2021

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

In pursuit of its equal opportunity policy, the company gives full and fair consideration to the employment of disabled persons, taking into account the degree of disablement, proposed job function and working environment. An employee who becomes disabled whilst in the group's employment will continue where possible in the employment in which he or she was engaged prior to the disablement. Training and development is undertaken by the company for all employees including disabled persons.

Employee involvement

The company has continued the regular distribution to employees of news bulletins and parent company publications. It is the company's continuing policy to seek improvements to the existing channels of communication.

Energy and carbon reporting disclosure

The company is a subsidiary of Kellogg Brown & Root Holdings Limited which prepares consolidated accounts containing the detailed Energy and Carbon Disclosure in its Director's Report.

Going concern

Notwithstanding net current liabilities of £400,233,000 as at 31 December 2021 and a loss for the year then ended of £11,662,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Kellogg Brown & Root (U.K.) Limited

Directors' Report (continued)

Year ended 31 December 2021

Going concern (continued)

The directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its fellow subsidiary company, Kellogg Brown & Root Limited, to meet its liabilities as they fall due for that period.

This assessment is dependent on Kellogg Brown & Root Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £554,749,727, and providing additional financial support during that period. The company's parent Kellogg Brown & Root Holdings (U.K.) Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it will show forbearance, if required, in demanding repayment of the amount due until the company has sufficient resources to meet this obligation, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The deficit of the defined benefit pension plan of the company is jointly guaranteed by Kellogg Brown & Root Holdings Limited (Principal Guarantor), Kellogg Brown & Root Holdings (U.K.) Limited (First Additional Guarantor) and Kellogg Brown & Root Limited (Second Additional Guarantor). Other liabilities of the company are supported by Kellogg Brown & Root Holdings (U.K.) Limited.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Political donations

There were no political donations made during the year (2020 - £Nil).

Disclosure of information to 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.

Auditor

The auditor, Grant Thornton, was appointed subsequent to the financial year end and will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

Kellogg Brown & Root (U.K.) Limited

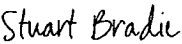
Directors' Report (continued)

Year ended 31 December 2021

Events after the end of the reporting period

There were no events after the balance sheet date that require disclosure or impact the profit and loss account or balance sheet.

This report was approved by the board of directors on 22 December 2022 and signed on behalf of the board by:

DocuSigned by:

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Mr S J B Bradie
Director

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

Kellogg Brown & Root (U.K.) Limited

Directors' Responsibilities Statement

Year ended 31 December 2021

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgments 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
- prepare the financial statements on 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.

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.

The Directors' Responsibilities Statement was presented in accordance with Appendix 17 FRC Bulletin 2010/2.

This statement was approved by the board of directors on 22 December 2022 and signed on behalf of the board by:

DocuSigned by:

0FCD075CB0F04BD...
Mr A J Barrie
Director

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

Independent auditor's report to the members of Kellogg Brown & Root (U.K.) Limited

Opinion

We have audited the financial statements of Kellogg Brown & Root (U.K.) Limited (the "Company"), which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity for the year ended 31 December 2021 and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Kellogg Brown & Root (U.K.) Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the company as at 31 December 2021 and of its financial performance for the year then ended;
- have been properly 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 under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other matter

The financial statements of the Company for the period ended 31 December 2020, were audited by KPMG LLP who expressed an unmodified opinion on those statements on 8 December 2021.

Independent auditor's report to the members of Kellogg Brown & Root (U.K.) Limited (continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report.

The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. 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 and the part of the Directors' remuneration report to be audited 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.

Independent auditor's report to the members of Kellogg Brown & Root (U.K.) Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent auditor's report to the members of Kellogg Brown & Root (U.K.) Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy law, Employment Law, Environmental Regulations, and Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and local tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

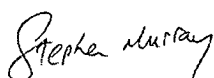
- enquiries board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

Independent auditor's report to the members of Kellogg Brown & Root (U.K.) Limited (continued)

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.



Stephen Murray (Senior Statutory Auditor)

For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Auditors

22 December 2022

Kellogg Brown & Root (U.K.) Limited

Income Statement

Year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	104,240	132,421
Cost of sales		(104,240)	(132,421)
Gross profit		—	—
Administrative (expenses)/income		(178)	128
Operating (loss)/profit	5	(178)	128
Other interest receivable and similar income	8	971	1,070
Interest payable and similar expenses	9	(12,884)	(13,149)
Loss before taxation		(12,091)	(11,951)
Tax on loss	10	429	2,304
Loss for the financial year		<u>(11,662)</u>	<u>(9,647)</u>

All the activities of the company are from continuing operations.

The notes on pages 17 to 30 form part of these financial statements.

Kellogg Brown & Root (U.K.) Limited

Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021 £000	2020 £000
Loss for the financial year		(11,662)	(9,647)
Remeasurement gain/(loss) on the net defined benefit plan	14	179,062	(90,856)
Tax relating to components of other comprehensive (loss)/income	10	(29,024)	20,492
Other comprehensive income/(loss) for the financial year		150,038	(70,364)
Total comprehensive income/(loss) for the financial year		138,376	(80,011)

The notes on pages 17 to 30 form part of these financial statements.


Kellogg Brown & Root (U.K.) Limited

Statement of Financial Position

31 December 2021

	Note	2021 £000	2020 £000
Current assets			
Debtors (including £14,624,000 (2020: £49,847,000) due after more than one year)	11	156,720	144,928
Cash at bank		784	35,054
		<u>157,504</u>	<u>179,982</u>
Creditors: amounts falling due within one year	12	<u>(557,737)</u>	<u>(518,366)</u>
Net current liabilities		<u>(400,233)</u>	<u>(338,384)</u>
Total assets less current liabilities		<u>(400,233)</u>	<u>(338,384)</u>
Net liabilities excluding defined benefit pension plan liability		<u>(400,233)</u>	<u>(338,384)</u>
Creditors: amounts falling due after more than one year	14	<u>(58,497)</u>	<u>(262,352)</u>
Net liabilities		<u>(458,730)</u>	<u>(600,736)</u>
Capital and reserves			
Called up share capital	15	1	1
Capital contribution reserve	16	19,980	16,350
Profit and loss account	16	(478,711)	(617,087)
Members deficit		<u>(458,730)</u>	<u>(600,736)</u>

These financial statements were approved by the board of directors and authorised for issue on 22 December 2022, and are signed on behalf of the board by:

DocuSigned by:

 0FCD075CB0F04BD...

Mr S J B Bradie
 Director

Company registration number: 02021947

The notes on pages 17 to 30 form part of these financial statements.

Kellogg Brown & Root (U.K.) Limited

Statement of Changes in Equity

Year ended 31 December 2021

	Note	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total £000
At 1 January 2020		1	12,716	(537,076)	(524,359)
Loss for the year		—	—	(9,647)	(9,647)
Other comprehensive loss for the year:					
Remeasurement of the net defined benefit plan	14	—	—	(90,856)	(90,856)
Tax relating to components of other comprehensive income	10	—	—	20,492	20,492
Total comprehensive loss for the year		—	—	(80,011)	(80,011)
Capital contribution	16	—	3,634	—	3,634
Total investments by and distributions to owners		—	3,634	—	3,634
At 31 December 2020		1	16,350	(617,087)	(600,736)
Loss for the year		—	—	(11,662)	(11,662)
Other comprehensive income for the year:					
Remeasurement of the net defined benefit plan	14	—	—	179,062	179,062
Tax relating to components of other comprehensive income	10	—	—	(29,024)	(29,024)
Total comprehensive income for the year		—	—	138,376	138,376
Capital contribution	16	—	3,630	—	3,630
Total investments by and distributions to owners		—	3,630	—	3,630
At 31 December 2021		1	19,980	(478,711)	(458,730)

The notes on pages 17 to 30 form part of these financial statements.

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

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

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and with the Companies Act 2006.

3. Accounting policies

3 (a). Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the recognition of certain financial assets and liabilities measured at fair value.

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

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. KBR, Inc.'s financial statements are also available on its website (www.kbr.com). As such, advantage has been taken of the following disclosure exemptions available under Section 1 of FRS 102 paragraphs:

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.

3 (b). Going Concern

Notwithstanding net current liabilities of £400,233,000 as at 31 December 2021 and a loss for the year then ended of £11,662,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its fellow subsidiary company, Kellogg Brown & Root Limited, to meet its liabilities as they fall due for that period.

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

3. Accounting policies (continued)

3 (b). Going Concern (continued)

This assessment is dependent on Kellogg Brown & Root Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £554,749,727, and providing additional financial support during that period. The company's parent Kellogg Brown & Root Holdings (U.K.) Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it will show forbearance, if required, in demanding repayment of the amount due until the company has sufficient resources to meet this obligation, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The deficit of the defined benefit pension plan of the company is jointly guaranteed by Kellogg Brown & Root Holdings Limited (Principal Guarantor), Kellogg Brown & Root Holdings (U.K.) Limited (First Additional Guarantor) and Kellogg Brown & Root Limited (Second Additional Guarantor). Other liabilities of the company are supported by Kellogg Brown & Root Holdings (U.K.) Limited.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3 (c). Revenue recognition

The turnover shown in the income statement represents payroll costs recharged to group companies during the year, exclusive of Value Added Tax.

3 (d). Interest income and expenses

Interest receivable and payable on borrowings is calculated using the effective interest method and is recognised as income or expense as it accrues.

3 (e). Income tax

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

3. Accounting policies (continued)

3 (f). Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

3 (g). Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and amounts owed by and to group undertakings.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 (h). Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of operations, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income statement.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

3. Accounting policies (continued)

3 (i). Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

3 (j). Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Going concern (for details of assumptions adopted see note 3 (b))
- Defined benefit plans (for details of assumptions adopted see note 3 (h))
- Recoverability of financial assets (for details of assumptions adopted see note 3 (g))
- Recoverability of deferred tax assets (for details of assumptions adopted see note 3 (e))

4. Turnover

Turnover arises from:

	2021	2020
	£000	£000
Rendering of services	<u>104,240</u>	<u>132,421</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£000	£000
United Kingdom	96,486	124,987
Rest of Europe	1,334	1,950
Rest of World	772	792
Middle and Far East	5,648	4,692
	<u>104,240</u>	<u>132,421</u>

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

5. Operating (loss)/profit

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

	2021	2020
	£000	£000
Foreign exchange differences	<u>171</u>	<u>(166)</u>

The fee payable to the company's auditor for the audit of the company's financial statements was £8,377 (2020 - £8,035). This fee was borne by Kellogg Brown & Root Limited, a fellow subsidiary of Kellogg Brown & Root Holdings Limited, in the current and prior year.

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	721	964
Administrative staff	<u>312</u>	<u>399</u>
	<u>1,033</u>	<u>1,363</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£000	£000
Wages and salaries	81,675	105,274
Social security costs	11,991	14,814
Other pension costs	<u>10,574</u>	<u>12,333</u>
	<u>104,240</u>	<u>132,421</u>

All staff costs were recharged to operating entities within the KBR, Inc. group in the current and preceding year.

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£000	£000
Remuneration	206	—
Company contributions to defined contribution pension plans	10	—
	<u>216</u>	<u>—</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£000	£000
Aggregate remuneration	206	—
Company contributions to defined contribution pension plans	10	—
	<u>216</u>	<u>—</u>

In instances where directors are appointed to more than one company within the Kellogg Brown & Root Holdings Limited group, the remuneration of individual directors is disclosed solely in the highest company within the Kellogg Brown & Root Holdings Limited group structure in which the director holds office. The directors' remuneration disclosed in the accounts only represents the remuneration of directors for whom this is their highest directorship.

During the year, 2 directors (2020: 3 directors) received no remuneration through the company as they are remunerated separately by other KBR, Inc. group companies.

8. Other interest receivable and similar income

	2021	2020
	£000	£000
Interest on cash and cash equivalents	4	75
Interest from amounts due from group undertakings	967	995
	<u>971</u>	<u>1,070</u>

9. Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on banks loans and overdrafts	13	—
Interest due to group undertakings	9,433	9,467
Net finance costs in respect of defined benefit pension plans	3,438	3,682
	<u>12,884</u>	<u>13,149</u>

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

10. Tax on loss

Major components of tax income

Tax income included in income statement

	2021 £000	2020 £000
Current tax:		
Adjustments in respect of prior periods	128	120
Group relief receivable	(2,768)	(2,465)
Total UK current tax	(2,640)	(2,345)
Foreign current tax expense	33	74
Adjustments in respect of prior periods	—	(33)
Total foreign tax	33	41
Total current tax	(2,607)	(2,304)
Deferred tax:		
Origination and reversal of timing differences	2,178	—
Total deferred tax	2,178	—
Tax on loss	(429)	(2,304)

The “UK current tax income” in the income statement and other comprehensive income, totalling £(6,788,625) (2020: £(6,429,225)) relates to consideration for group relief surrendered (see note 11).

Tax (income)/expense included in other comprehensive income

	2021 £000	2020 £000
UK current tax income	(4,021)	(3,964)
Deferred tax		
- Origination and reversal of timing differences	48,786	(12,608)
- Impact of change in tax rate	(15,741)	(3,920)
Total tax (income)/expense included in other comprehensive income	29,024	(20,492)

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

10. Tax on loss (continued)

Reconciliation of tax (income)/expense

The tax assessed on the loss for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £000	2020 £000
Loss before taxation	(12,091)	(11,951)
Loss multiplied by rate of tax	(2,297)	(2,271)
Adjustment to tax charge in respect of prior periods	128	87
Effect of expenses not deductible for tax purposes	133	8
Share options and restricted stock	(604)	(202)
Overseas tax charge	33	74
Deferred tax on movement in pension deficit	2,178	—
Tax on loss	(429)	(2,304)

Factors that may affect future tax expense

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax main rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Debtors

	2021 £000	2020 £000
Amounts owed by group undertakings	142,068	95,005
Deferred tax asset	14,624	49,847
Prepayments and accrued income	6	—
Other debtors	22	76
	156,720	144,928

Included in Amounts owed by group undertakings is £6,788,625 (2020: £6,429,225) in respect of group relief receivable.

Amounts owed by group undertakings amounting to £32,160,827 (2020: £31,194,314) bears interest at one month GBP LIBOR plus 3%, are unsecured and repayable on demand. Interest recognised in Income statement amounted to £966,513 (2020: £994,547). All other amounts owed by group undertakings are non-interest bearing, unsecured and repayable on demand.

The debtors above include the following amounts falling due after more than one year:

	2021 £000	2020 £000
Deferred tax asset	14,624	49,847

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

12. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	554,750	514,107
Accruals	277	—
Social security and other taxes	2,617	4,056
Other creditors	93	203
	<u>557,737</u>	<u>518,366</u>

Amounts owed to group undertakings amounting to £546,562,564 (2020: £520,774,963) bears monthly interest ranging from 1.625% to 1.875%, are unsecured and repayable on demand. Interest recognised in Income statement amounted to £9,432,920 (2020: £9,466,523). The remaining balances (which are reducing the total amounts owed to group undertakings in 2020) are non-interest bearing, unsecured and repayable on demand..

13. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£000	£000
Included in debtors (note 11)	<u>14,624</u>	<u>49,847</u>

	2021	2020
	£000	£000
Total deferred tax at 1 January	49,847	33,319
Recognised in profit and loss	(2,178)	—
Recognised in other comprehensive income	(33,045)	16,528
Total deferred tax at 31 December	<u>14,624</u>	<u>49,847</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£000	£000
Pension plan obligations	<u>14,624</u>	<u>49,847</u>

14. Creditors: amounts falling due after more than one year

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £5,802,000 (2020: £7,512,463). There is an accrual of £184 (2020: £nil) included in the statement of financial position relating to the plan at the year end.

Defined benefit plans

The company operates a funded pension scheme providing a variety of benefits for different categories of membership. Up to 31 March 2005 the majority of the benefit was held in defined benefit (the "Defined Benefit Scheme") with some benefit held in defined contribution (the "Defined Contribution Scheme").

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

14. Creditors: amounts falling due after more than one year (continued)

Defined benefit plans (continued)

From 1 April 2005, the "Defined Benefit Scheme" was closed to future accrual. Instead employees were given the option to contribute to the "Defined Contribution Scheme". The benefit now held in the "Defined Benefit" fund is frozen and is increased annually in line with inflation.

The assets of the Plan are held separately from those of the company.

The deficit of the defined benefit pension plan of the company is jointly guaranteed by Kellogg Brown & Root Holdings Limited (Principal Guarantor), Kellogg Brown & Root Holdings (U.K.) Limited (First Additional Guarantor) and Kellogg Brown & Root Limited (Second Additional Guarantor).

A full actuarial valuation was carried out as at 1 April 2018 and updated to 31 December 2021 by a qualified independent actuary.

The statement of financial position net defined benefit liability is determined as follows:

	2021 £000	2020 £000
Present value of defined benefit obligations	(1,530,600)	(1,694,786)
Fair value of plan assets	1,472,103	1,432,434
	<u>(58,497)</u>	<u>(262,352)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2021 £000
At 1 January 2021	1,694,786
Current service cost	430
Interest expense	23,347
Benefits paid	(53,863)
Insurance premiums for risk benefits	(430)
Remeasurements:	
Actuarial gains	(133,670)
At 31 December 2021	<u>1,530,600</u>

Changes in the fair value of plan assets are as follows:

	2021 £000
At 1 January 2021	1,432,434
Interest income	19,909
Benefits paid	(53,863)
Contributions by employer	33,003
Administrative expenses paid from plan assets	(4,342)
Insurance premiums for risk benefits	(430)
Remeasurements:	
Return on plan assets, excluding amount included in interest income	45,392
At 31 December 2021	<u>1,472,103</u>

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

14. Creditors: amounts falling due after more than one year (continued)

Defined benefit plans (continued)

The total costs for the year in relation to defined benefit plans are as follows:

	2021 £000	2020 £000
Recognised in profit or loss:		
Current service cost	430	620
Net interest expense	3,438	3,682
Administrative expenses paid from plan assets	<u>4,342</u>	<u>4,201</u>
	<u>8,210</u>	<u>8,503</u>
Recognised in other comprehensive income:		
	2021 £000	2020 £000
Remeasurement of the Liability:		
Actuarial gains and losses	133,670	(215,120)
Return on plan assets, excluding amounts included in net interest	<u>45,392</u>	<u>124,264</u>
	<u>179,062</u>	<u>(90,856)</u>

Following the 26 October 2018 High Court ruling which clarified that an obligation exists to adjust benefits for the effect of inequalities caused by guaranteed minimum pension (GMP) earned between 17 May 1990 and 5 April 1997, an allowance was made for GMP equalisation, in the 2018 accounts. On 20 November 2020, the High Court ruled, on a further case, that pension schemes had an obligation to revisit historical transfer values, between May 1990 and October 2018, to check if additional value is due as a result of GMP equalisation. The Kellogg Brown & Root (UK) Limited Pension Plan was established on 1 April 2003, and since its establishment transfer values paid out have included an allowance to reflect GMP equalisation. Therefore, it is not considered necessary to recognise any additional costs in relation to GMP equalisation of historic transfers.

The fair value of the major categories of plan assets are as follows:

	2021 £000	2020 £000
Equity instruments	341,800	12
Debt instruments	601,700	2
Property	145,100	—
Cash and cash equivalents	22,440	43,837
Other assets including government bonds and insured annuities	<u>361,063</u>	<u>1,388,583</u>
	<u>1,472,103</u>	<u>1,432,434</u>

The return on plan assets are as follows:

	2021 £000	2020 £000
Return on assets of benefit plan	<u>65,301</u>	<u>150,808</u>

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

14. Creditors: amounts falling due after more than one year (continued)

Defined benefit plans (continued)

The principal actuarial assumptions as at the statement of financial position date were:

	2021	2020
	%	%
Discount rate	1.80	1.40
Expected rate of increase in pensions	3.25	2.85
Inflation assumption	<u>3.40</u>	<u>3.00</u>

For the defined benefit scheme, the assumed life expectancy is as follows:

	2021	2020
	Years	Years
Member aged 65 (current life expectancy)	22.3	22.2
Member aged 45 (life expectancy at 65)	<u>23.4</u>	<u>23.5</u>

15. Called up share capital

Authorised share capital

	2021		2020	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

Issued, called up and fully paid

	2021		2020	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

16. Reserves

Capital contribution reserve - This reserve records the value of capital contributions relating to an asset-backed funding arrangement for the Kellogg Brown & Root (U.K.) Limited defined benefit pension plan, which involved the transfer of a property, by a fellow subsidiary of KBR, Inc., to KBR Property Holdings LP, a Scottish Limited Partnership, created with a purpose of partially funding the defined benefit pension plan using rental income. The capital contributions recognised of £3,630k (2020: £3,634k) are equal in amount to the distributions of rental income received by the defined benefit pension plan from KBR Property Holdings LP.

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

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

17. 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..

18. Controlling party

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

The company is a wholly owned subsidiary undertaking of Kellogg Brown & Root Holdings 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 company 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. KBR, Inc.'s financial statements are also available on its website (www.kbr.com).

19. Parent undertaking support

Kellogg Brown & Root Holdings (U.K.) Limited acts as a guarantor (First Additional Guarantor) for the Kellogg Brown & Root (U.K.) Limited defined benefit pension plan scheme, along with Kellogg Brown & Root Holdings Limited (Principal Guarantor) and Kellogg Brown & Root Limited (Second Additional Guarantor).

The Co-Guarantors have jointly and severally guaranteed that if the assets of the plan become insufficient to secure the benefits in full to the beneficiaries, each beneficiary would receive the benefits to which he or she is entitled to in full. The guarantee is split equally between Kellogg Brown & Root Limited (20%) and Kellogg Brown & Root Holdings (U.K.) Limited (20%) with Kellogg Brown & Root Holdings Limited guaranteeing the remaining 60% in accordance with an arrangement reached between these companies.

In addition to this Kellogg Brown & Root Holdings (U.K.) Limited has undertaken to provide financial support to the company to enable it to meet its liabilities as they fall due, for at least twelve months from the date of signing these financial statements.

KBR, Inc. has agreed to guarantee the obligations of the company so that if the company is not able to meet its obligations KBR, Inc. will settle those obligations within two weeks, as if it was the principal obligator, up to an amount not exceeding £150,000,000.

There is also a further guarantee in the form of a legal charge over the Aspire contract. On insolvency of KBR, Inc. the shares owned by KBR, Inc. in Aspire Defence Services Limited, KBR (U.K.) Investments Limited, KBR (Aspire Construction) Holdings No. 2 Limited, KBR (Aspire Construction Ventures) Holdings No. 2 Limited, KBR (Aspire Services) Holdings No. 2 Limited and KBR (Aspire Services Ventures) Holdings No. 2 Limited would transfer to the Kellogg Brown & Root (U.K.) Limited defined benefit pension plan scheme. The Kellogg Brown & Root (U.K.) Limited defined benefit pension plan scheme will have access to this guarantee for at least 5 years from 14 June 2019.

Kellogg Brown & Root (U.K.) Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2021

20. Events after the end of the reporting period

There were no events after the balance sheet date that require disclosure or impact the profit and loss account or balance sheet.