Registered number: 05391240

AKER ENGINEERING & TECHNOLOGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

AKER ENGINEERING & TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	Douglas Leslie Roger Sian Lloyd Rees (resigned 20 October 2021) Fiona Jayne Keegan (appointed 7 December 2021)
Company secretary	Pinsent Masons Secretarial Limited
Registered number	05391240
Registered office	1 Park Row Leeds United Kingdom LS1 5AB

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Directors present their annual report and financial statements for the year ended 31 December 2021.

Business review and results for the year

Aker Engineering & Technology Limited is a wholly owned subsidiary of Aker Solutions Holding AS. The loss for the year, after taxation, amounted to £2,819 thousand (2020: loss £3,075 thousand).

During the year the Company issued 33,387 thousand £1 ordinary shares at par value.

Going concern

As set out in note 1 the financial statements have been prepared on a going concern basis.

Principal risks and uncertainties and future developments

The principal risk of the Company is the potential negative impact of the challenging economic environment on the Company's ability to mitigate its property lease costs through the sub-letting of office space.

The spread of COVID-19 (corona) virus has caused global disruption, with negative consequences both for human health, business enterprises and the global economy in general. The consequences of the pandemic have had a significant impact on the Aker Solutions Group as well as the local economy and proprty market. From the start of 2022 all countries where Aker Solutions operates have, or are continuing, to roll out vaccinations at fast pace and are generally easing restrictions, providing a more positive market outlook, including in the property market.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial key performance indicators

Management uses a wide range of performance indicators and statistics to measure the progress or development of the business. These include financial as well as non-financial indicators.

Financial indicators include variance comparison against budget, short and long term forecasts. In particular, turnover, contribution and operating profit along with margin percentages are closely monitored.

The financial KPI's are set out below:

	2021 **£000**	*2020* *£000*
Revenue	**3,743**	*3,257*
Gross Profit/(Loss)	**(1,820)**	*(3,958)*
Gross Margin (%)	**(49)**	*(122)*
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1,723**	*(729)*
EBITDA Margin (%)	**46**	*(22)*
Earnings before interest and tax ("EBIT")	**(1,843)**	*(3,981)*
EBIT Margin (%)	**(49)**	*(122)*

This report was approved by the board on 29 June 2022 and signed on its behalf.

DocuSigned by:
Fiona Keegan
483796B55EC2427...

Fiona Jayne Keegan
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is to manage the property lease and associated rental income.

Dividends

The Directors did not pay an interim dividend (2020: £nil) and do not recommend the payment of a final dividend (2020: £nil).

Directors

The Directors who served during the period and to the date of this report were:

Douglas Leslie Roger
Sian Lloyd Rees (resigned 20 October 2021)
Fiona Jayne Keegan (appointed 7 December 2021)

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditors

A resolution proposing the appointment of PricewaterhouseCoopers LLP as the Company's auditor for the financial year 2022 will be proposed to members of the Company.

This report was approved by the board on 29 June 2022 and signed on its behalf.

DocuSigned by:
Fiona Keegan
483796B55EC2427...

Fiona Jayne Keegan
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 accounting 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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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 AUDITORS' REPORT TO THE MEMBERS OF AKER ENGINEERING & TECHNOLOGY LIMITED

Opinion
We have audited the financial statements of Aker Engineering Technology Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and loss account and other comprehensive income, the Balance Sheet, the Statement of changes in Equity and the 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis 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.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial positions means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approcal of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in preparation of the financial statements is appropriate;

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKER ENGINEERING & TECHNOLOGY LIMITED

Fraud and breaches of laws and regulations - ability to detect
Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and other management and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including the company's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify and unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit, we do not believe that there is a fraud risk related to revenue recognition because all of the company's revenue comes from rental income which comprises a small number of transactions and involves limited judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unbalanced entries, journals containing specific words and journals for all bank and revenue transactions where the other side of the entry is unexpected.

Identifying and responding to risks of material missttement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified health and safety as the most likely to have such an effect recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKER ENGINEERING & TECHNOLOGY LIMITED

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.

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.

Paul Moran

Paul Moran (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

30 June 2022

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	*2020 £000*
Turnover	3	**3,743**	*3,257*
Cost of sales		**(5,563)**	*(7,215)*
Gross loss		**(1,820)**	*(3,958)*
Administrative expenses		**(23)**	*(23)*
Operating loss	4	**(1,843)**	*(3,981)*
Interest receivable and similar income	7	**1,274**	*1,741*
Interest payable and expenses	8	**(2,797)**	*(3,146)*
Loss before tax		**(3,366)**	*(5,386)*
Taxation	9	**547**	*2,311*
Loss for the financial year		**(2,819)**	*(3,075)*
Other comprehensive income		-	-
Total comprehensive expense for the year		**(2,819)**	*(3,075)*

The notes on pages 14 to 36 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		*2020 £000*
Fixed assets					
Tangible Fixed Assets	10		**1,156**		*2,628*
Investment property: Right-of-use assets	14		**22,377**		*19,101*
			23,533		*21,729*
Current assets					
Finance lease receivables: amounts falling due after more than one year	14	**23,831**		*32,641*	
Finance lease receivables: amounts falling due within one year	14	**3,315**		*4,313*	
Debtors	11	**6,947**		*11,892*	
Other Debtors falling due after more than one year	11	**140**		*-*	
		34,233		*48,846*	
Creditors: amounts falling due within one year	12	**(9,660)**		*(43,762)*	
Net current assets			**24,573**		*5,084*
Total assets less current liabilities			**48,106**		*26,813*
Creditors: amounts falling due after more than one year	13		**(47,973)**		*(55,592)*
			133		*(28,779)*
Provisions for liabilities					
Other provisions	16	**(3,262)**		*(4,918)*	
			(3,262)		*(4,918)*
Net liabilities			**(3,129)**		*(33,697)*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £000	*2020 £000*
Capital and reserves			
Called up share capital	17	**36,887**	*3,500*
Profit and loss account	18	**(40,016)**	*(37,197)*
		(3,129)	*(33,697)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2022.

DocuSigned by:
2C4015EDFA03410...

Douglas Leslie Roger
Director

The notes on pages 14 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	3,500	(37,197)	(33,697)
Comprehensive expense for the year			
Loss for the year	-	(2,819)	(2,819)
Total comprehensive expense for the year	-	(2,819)	(2,819)
Contributions by and distributions to owners			
Shares issued during the year	33,387	-	33,387
Total transactions with owners	33,387	-	33,387
At 31 December 2021	36,887	(40,016)	(3,129)

The notes on pages 14 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
1 January 2020	**3,500**	**(34,122)**	**(30,622)**
Comprehensive expense for the year			
Loss for the year	**-**	**(3,075)**	**(3,075)**
Total comprehensive expense for the year	**-**	**(3,075)**	**(3,075)**
At 31 December 2020	**3,500**	**(37,197)**	**(33,697)**

The notes on pages 14 to 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

Aker Engineering and Technology Limited (the Company) is a private company limited by share capital. The Company is incorporated, domiciled and registered in England. The registered number is 05391240 and the registered address is 1 Park Row, Leeds, LS1 5AB.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('UK - adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The functional currency of these financial statements is GBP. All amounts in the financial statements have been rounded to the nearest £1 thousand.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1. Accounting policies (continued)

1.3 Going concern

The principal risk of the Company is the potential negative impact of the challenging economic environment on the Company's ability to mitigate its property lease costs through the sub-letting of office space. Amounts owed from group undertakings were £3.8m and no amounts were owed to group undertakings. The Company recorded a loss of £2.8m in 2021.

Notwithstanding net current assets of £24.6m (including debtors of £24.0 million falling due after more than one year) and net liabilities of £3.1m at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company has prepared base case cash flow forecasts for the period to 31 December 2023 which considers the current economic market. The Company has also prepared a severe but plausible downside scenario cash flow forecast which assumes all rental income receipts are delayed by at least 3 months. These forecasts indicate that the finance lease cash outflows will be in excess of cash inflows from sublease rentals and finance lease receivables and therefore that the Company will require additional cash funding from its ultimate parent company, Aker Solutions ASA in order to meets its liabilities as they fall due. Other than lease liabilities the Company has no external borrowings and has no covenants to comply with.

Aker Solutions ASA, has indicated its intention to continue to make available such additional funds as are needed by the Company. 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 Q1 2022 results of Aker Solutions ASA (released 3 May 2022) comment that the Group delivered another quarter of solid performance and continued to demonstrate that it remains on track with its transformation and growth targets. Projects globally continued to progress well, tendering activity continues to be very high, and the market outlook remains positive. At the end of Q1, Aker Solutions ASA had available liquidity of NOK 10.2 billion (£892 million) with headroom on its lending covenants and an order book of NOK 48.0 billion (£4.2 billion).

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet 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.

1.4 Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Profit and loss account.

The Company's functional and presentational currency is GBP.

1.5 Revenue

Turnover relates to rental income generated from the sub-lease of the Company's office in Chiswick Park. Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

1. Accounting policies (continued)

1.6 Leases

The new leasing standard (IFRS 16) has significantly changed how the company accounts for its lease contracts from 2019. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires all contracts that contain a lease to be recognised on the balance sheet as a right-of-use asset and lease liability. Only certain short-term and low-value leases are exempt. All lease contracts were classified as operating leases under the previous (IAS 17) standard.

The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is depreciated over the lease term and is subject to impairment testing. The lease payments previously included as operating expense in the income statement are reported as depreciation and financial expenses under IFRS 16 resulting in an improvement of operating income before depreciation, amortisation and impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised insubstance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-ofuse asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right- of-use assets that do not meet the definition of investment property in 'tangible fixed assets' and lease liabilities in 'loans and borrowings' in the balance sheet.

Property leases may contain extension or cancellation clauses. The non-cancellable lease period is basis for the lease commitment. Periods covered by extension or termination options are included when it is reasonably certain that the lease period will be extended. When management has decided to extend the lease period is typically an event that would trigger an updated assessment of the reasonably certain criteria.

1. Accounting policies (continued)

Non-lease components such as electricity, insurance and other property related expenses paid to the landlord are excluded from the lease commitment for offices and manufacturing sites, but included when renting apartments and vehicles if included in the agreed lease amount. Future index or rate adjustments of lease payments are only included in the lease liability when a minimum adjustment has been contractually agreed and is in-substance fixed.

When a leased property has been vacated or will be vacated by the company in the near future, the right-of-use asset is assessed for impairment. If the vacated property is a seperate part of the lease building, it is tested for impairment as a seperate cash-generating unit. Expected future sub lease income is discounted to present value and compared to the value of the seperable right-of-use asset. If the vacated area is not seperable, the right-of-use asset is tested together with the assets in the cash generating unit.

As an intermediate lessor all sub-leases were previously classified as operating lease with lease income recognised as revenue. Under IFRS 16, some sub-leases covering the major part of the lease term in the head lease are classified as finance sub-leases. The portion of the right-of-use asset subject to sub-lease is de-recognised and a sub-lease receivable is recognised in the balance sheet when the sub-lease commences. The sub-lease will result in interest income and the right-of-use depreciation under IFRS 16, rather than lease revenue and operating costs under IAS 17.

1.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.8 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. The investment property is measured using the cost model, meaning that the book value and depreciation of the lease term from the ROU asset is the basis for measuring also the investment property. When testing the investment property for impairment, the expected future sub-lease income is discounted to present value and compared to the value of the investment property. The cost model together with impairment assessments is also an estimate of fair value of the right-of-use asset classified as investment property

The measurement and impairment assessment of these right-of-use assets is set out within the "Leases" accounting policy at 1.6.

1. Accounting policies (continued)

1.9 Current and deferred taxation

The tax credit for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1. Accounting policies (continued)

1.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Right-of-use assets	- life of lease
Leasehold improvements	- life of lease
Fixtures and fittings	- 7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.11 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1. Accounting policies (continued)

1.13 Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(b) Subsequent measurement and gains and losses
Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Profit and loss account.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Profit and loss account. Any gain or loss on derecognition is recognised in the Profit and loss account.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the Profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Profit and loss account.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in the Profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the Profit and loss account.

Financial liabilities and equity
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.

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.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Profit and loss account. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Profit and loss account. Any gain or loss on derecognition is also recognised in the Profit and loss account.

(iii) Impairment

1. Accounting policies (continued)

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes when invoices are more than 90 days past due without agreed postponement, knowledge of significant financial difficulty of the customer or debtor or other forward-looking information.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom precisely match actual results. The items where judgements and estimated have been made are described below:

Tangible fixed assets

Judgement is involved when determining depreciation/amortisation period and when assessing impairment. Impairment is assessed for individual assets and for cash generating units as a whole. The impairment testing of a cash generating unit involves judgemental assumptions about future market development, cashflows, determination of discount rate, growth rate and other assumptions that may change over time.

Provisions

Provisions are estimated based on a number of assumptions and are, in their nature, inherently judgemental. The assumptions and estimation uncertainties are discussed within the Provisions Note.

Current and deferred tax

Management judgement is required when assessing the valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years. The discounted amount from these profits is compared to net present value of the tax assets. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect future reporting periods.

Leasing

The Company has applied significant judgement when determining impairment of the right-of-use asset. Impairment is assessed for seperable parts of leased buildings that have been or will be vacated in the near future. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Further, judgement is involved when determining whether sub-lease contracts are financial or operational, as well as when determining lease term for contracts that has extension or termination options. Determination of the discount rate also includes judgement.

3. Turnover

Turnover in both years comprises income from the sublet of property under operating leases in addition to income earned from building support services provided to the sublessors. The Company has a number of sublease arrangements classified as finance lease arrangements under which rentals received are treated as a lease capital receipt and lease interest income.

All turnover in the current and prior year arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

	2021	*2020*
	£000	*£000*
Depreciation of tangible fixed assets (note 10)	**367**	*584*
Impairment of tangible fixed assets (note 10)	**1,105**	-
Depreciation of right-of-use assets (note 14)	**315**	*971*
Impairment of right-of-use assets (note 14)	**1,779**	*1,697*

The Directors neither received nor waived any emoluments in respect of their services to the company during the current or prior year.

5. Auditor's remuneration

The amount payable by the company to its auditors in respect of the audit of the financial statements is £23 thousand (2020: £23 thousand). The audit fee is borne by another group company.

There were £nil (2020: £nil) fees paid to the Company's auditor for non-audit services

6. Employees

The Company had no employees in the current or prior year.

7. Interest receivable

	2021	*2020*
	£000	*£000*
Interest income on lease receivables under IFRS 16	**1,274**	*1,741*
	1,274	*1,741*

8. Interest payable and similar expenses

	2021 £000	2020 £000
Unwinding of discount on provisions	107	105
Interest expense on leases under IFRS 16	2,690	3,041
	2,797	3,146

9. Taxation

	2021 £000	2020 £000
Corporation tax		
Group relief receivable on losses for the year	(653)	(1,126)
Group relief adjustments in respect of previous periods	(2)	-
Total current tax credit	(655)	(1,126)
Deferred tax (note 15)		
Origination and reversal of timing differences	92	88
Changes due to increase in future tax rates	14	-
Adjustments in respect of prior years	2	(1,273)
Total deferred tax	108	(1,185)
Taxation on loss	(547)	(2,311)

9. Taxation (continued)

Factors affecting tax credit for the year

	2021 £000	*2020* *£000*
Loss before tax	**(3,366)**	*(5,386)*
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(639)**	*(1,023)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**59**	*44*
Capital allowances for year in excess of depreciation	**33**	*(59)*
Adjustments to tax charge in respect of prior periods	**-**	*(1,273)*
Total tax credit for the year	**(547)**	*(2,311)*

Factors that may affect future tax credits

In March 2020 the Budget announced that a corporation tax rate of 19% would continue to apply with effect from 1 April 2020. This change was substantively enacted on 17 March 2020.

In March 2021 the Budget announced that the corporation tax rate would increase from 19% to 25%, effective from 1 April 2023. This change was substantively enacted on 24 May 2021 and will increase the Company's future tax credit accordingly.

10. Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2021	**8,581**	**3,992**	**12,573**
At 31 December 2021	**8,581**	**3,992**	**12,573**
Depreciation			
At 1 January 2021	**5,967**	**3,978**	**9,945**
Charge for the year on owned assets	**353**	**14**	**367**
Impairment charge	**1,105**	**-**	**1,105**
At 31 December 2021	**7,425**	**3,992**	**11,417**
Net book value			
At 31 December 2021	**1,156**	**-**	**1,156**
At 31 December 2020	*2,614*	*14*	*2,628*

The Directors of the Company undertook an impairment review of tangible fixed assets and right-of-use assets at 31 December 2021. Impairment indicators were identified and an impairment assessment was performed. This resulted in an impairment charge of £1,105 thousand to tangible fixed assets.

Please refer to note 14 for further details of the impairment assessment.

11. Debtors

	2021 £000	2020 £000
Due after more than one year		
Other debtors	140	-
	140	-

	2021 £000	2020 £000
Due within one year		
Trade debtors	1,622	3,274
Amounts owed by group undertakings	3,428	3,090
Prepayments and accrued income	576	595
Other debtors	288	601
Deferred taxation (note 15)	594	702
Group relief receivable	439	3,630
	6,947	11,892

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	769	1,841
Amounts owed to group companies	-	29,937
Lease liabilities	7,716	9,754
Accruals and deferred income	1,175	2,230
	9,660	43,762

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: Amounts falling due after more than one year

	2021	*2020*
	£000	*£000*
Lease liabilities	**47,973**	*55,592*
	47,973	*55,592*

The maturity of lease liabilities at the balance sheet date are as follows:

	2021	*2020*
	£000	*£000*
Within one year (note 12)	**7,716**	*9,754*
Between one and two years	**8,070**	*7,350*
Between two and five years	**26,508**	*24,137*
After five years	**13,395**	*24,105*
	55,689	*65,346*

The Company's leases relate to Building 6, Chiswick Park.

14. Leases

(a) Leases as a leasee (IFRS 16)

Right-of-use assets

	Investment property £000	Total £000
Cost		
Balance at 1 January 2021	**24,438**	**24,438**
Additions	**6,194**	**6,194**
Remeasurement	**(824)**	**(824)**
At 31 December 2021	**29,808**	**29,808**
Depreciation		
At 1 January 2021	**5,337**	**5,337**
Charge for year	**315**	**315**
Impairment	**1,779**	**1,779**
At 31 December 2021	**7,431**	**7,431**
Net book value		
At 31 December 2021	**22,377**	**22,377**
At 31 December 2020	**19,101**	**19,101**

The Directors of the Company undertook an impairment review of tangible fixed assets and right-of-use assets as at 31 December 2021. Impairment indicators were identified and an impairment assessment was performed using the value-in-approach for measuring the recoverable amount of assets using discounted expected future cash flows. The forecasts are based on agreed and anticipated future sub-let income over the remaining life of the headlease discounted at the incremental borrowing rate of the lease.

The impairment assessment showed that the carrying amount of tangible fixed assets and right-of-use assets were in excess of the recoverable amount and an impairment charge of £1,105 thousand to tangible fixed assets, and £1,779 thousand to right-of-use assets, was recorded in cost of sales.

The future cash flows are highly judgemental and sensitive to external factors out-with Aker Solutions' control, namely the outlook of the real estate market. Sensitivity analysis was performed where the timing of future expected sublease income was delayed by a period time. The Directors note that if the timing of future income was to change there could be a material impact on the recoverable amount of the assets in the future.

14. Leases (Continued)

Amounts recognised in profit or loss

The following amounts have been charged to the profit or loss for which the Company is a lessee:

	2021 **£000**	*2020* *£000*
Interest expense on lease liabilities	**2,690**	*3,041*
Impairment of right of use assets	**1,779**	*1,697*
Depreciation	**315**	*971*

(b) Leases as a lessor (IFRS 16)

The company has a number of sub-leases. All sub-leases were previously classified as operating leases with lease income recognized as revenue. Under IFRS 16, some sub-leases covering the major part of the lease term in the head-lease are now classified as finance sub-leases.

Finance leases

The following amounts have been recognised in profit or loss in respect of finance leases for which the Company is a lessor:

	2021 **£000**	*2020* *£000*
Finance leases		
Interest income on lease receivables	**1,274**	*1,741*

14. Leases (Continued)

(b) Leases as a lessor (IFRS 16) (Continued)

The following table sets out a maturity analysis of lease payments receivable, showing the undiscounted lease payments to be received after the reporting date:

	2021 £000	2020 £000
Less than one year	4,370	5,745
Between one and two years	4,793	5,640
Between two and three years	4,793	6,063
Between three and four years	4,793	6,063
Between four and five years	4,793	6,063
More than five years	7,409	13,155
Total undiscounted lease receivable	30,951	42,729
Unearned finance income	(3,805)	(5,775)
Finance lease receivable due within one year	3,315	4,313
Finance lease receivable due after more than one year	23,831	32,641
	27,146	36,954

Certain finance sublease agreements the Company has entered in to contain options which allow for early termination by the sub-lessee before the expiry of the lease.

Operating leases

During the year £536 thousand (2020: £1,138 thousand) was recognised as rental income by the Company.

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	2021 £000	2020 £000
Less than one year	414	414
Between one and two years	35	414
Between two and three years	-	35

15. Deferred tax

Deferred tax assets and (liabilities) are attributable to the following:

	2021 £000	2020 £000
Accelerated capital allowances	762	856
Other timing differences	(168)	(154)
Net deferred tax asset	594	702

Movement in deferred tax during current year

	1 January 2021 £000	Recognised in income £000	31 December 2021 £000
Accelerated capital allowances	856	(94)	762
Other timing differences	(154)	(14)	(168)
	702	(108)	594

Movement in deferred tax during the prior year

	1 January 2020 £000	Recognised in income £000	31 December 2020 £000
Accelerated capital allowances	(327)	1,183	856
Other timing differences	(156)	2	(154)
	(483)	1,185	702

16. Provisions

	Dilapidations £000
At 1 January 2021	4,918
Released unutilised	(1,842)
Charged to profit and loss	78
Unwinding of discount	107
At 31 December 2021	**3,261**

The dilapidation provision relates to the lease of Building 6, Chiswick Park ending 2028. The assumptions of the provision were revised and the provision was remeasured to be the Company's best estimate of the future liability at 31 December 2021.

17. Share capital

	2021 £000	*2020 £000*
Allotted, called up and fully paid		
36,887,001 *(2020 - 3,500,001)* Ordinary shares of £1.00 each	**36,887**	*3,500*

During the year the Company issued 33,387 thousand £1 ordinary shares for consideration of £33,387 thousand settled in cash.

18. Reserves

Profit and loss account

Includes all current and prior year retained profits and losses.

19. *Related party transactions*

The Company has taken advantage of the exemption available under Financial Reporting Standard 101 from disclosing transactions with two or more members of the Aker Solutions ASA group, provided that any subsidiary which is a party to the transaction is wholly owned within the group.

The Company had no transactions with related parties that are not 100% owned within the group.

20. Controlling party

The Company's immediate parent company is Aker Solutions Holding AS, a company incorporated in Norway. The registered office address of Aker Solutions Holding AS is Oksenoyveien 8 1366 Lysaker, Norway.

The only Group in which the results of the Company are consolidated is that headed by the Company's ultimate parent, Aker Solutions ASA, a public listed company incorporated in Norway. The consolidated financial statements of this Group are publicly available and may be obtained from the Group's website at www.akersolutions.com or from the registered office address at PO Box 169, NO-1325 Lysaker, Norway.