

COMPANY REGISTRATION NUMBER: 05704218

**KBR (Aspire Services) Limited**

**Financial Statements**

**31 December 2021**

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**KBR (Aspire Services) Limited**  
**Financial Statements**  
**31 December 2021**

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# **KBR (Aspire Services) Limited**

## **Strategic Report**

### **31 December 2021**

The directors present their strategic report of the company for the year ended 31 December 2021. Prior year comparatives were restated to correct certain accounting entries relating to acquisition of Aspire project business, see note 21.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company is a special purpose entity which was set up for the Ministry of Defence's (MoD) Allenby and Connaught project. The project is a 35 year concession, which began in 2006, to maintain the estates in Aldershot and the Salisbury Plain areas under the Government's Private Finance Initiative ("PFI"). The company is providing a broad range of services through delivery sub-contractors - Aspire Defence Services Limited (ADSL), that provides management services, maintenance services, and a range of soft services comprising security services, other support services, stores services and transport services, MUJV (a multi-utility joint venture) that provides utilities services and Sodexo that provides retail and accommodation services, including cleaning and catering. These activities are delivered through the Aspire Defence Services ("ADS") unincorporated joint venture, which is a 50/50 joint venture between KBR (Aspire Services) Limited and KBR (Aspire Services Ventures) Limited.

During the year ended 2021, the ADS Joint Venture between KBR (Aspire Services) Limited and KBR (Aspire Services Ventures) Limited has continued to provide services as described above to the ultimate customer the MOD and to continue to deliver project work to MOD and ADL. The financial stability of the company as a trading entity is secure, underwritten by a contract running for a further 20 years.

#### **RESULTS**

The profit for the year, after taxation, amounted to £3,730,000 (2020: profit after tax £3,670,000). The net assets at the end of the year totalled £3,864,000 (2020: net assets £4,784,000, as restated).

#### **SECTION 172 STATEMENT**

The Directors of the Joint Venture exercise their authority through ongoing review of the performance of ADS, including a monthly Board Meeting, which covers both ADS and Aspire Defence Services Limited (ADSL) but reviews the full scope of activities from financial and health & safety performance, operational performance, human resources and staffing issues, commercial and an update on the status of capital projects. The transaction approval matrix defines transaction values and specific activities where Board approval is required, providing additional governance. In addition, there is ongoing dialogue concerning significant business issues and active involvement in managing health & safety, including the performance of leadership visits through which Board members visit operational facilities, assess the health & safety climate but also engage with the workforce.

Through the Board meetings the Directors are appraised of any customer issues or concerns and the contractual and health & safety performance of ADS' sub-contractors. Through customer surveys the Directors have visibility of customer perceptions of the services being provided. They recognise the obligations ADS has towards its customer and encourage ADS to focus upon satisfying the customer and reflecting appropriate business behaviours.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

##### **Principal risks and uncertainties**

The principal risks of the business revolve around the sub-contractors' ability to satisfy their contractual obligations. Throughout the year ended 2021 the mitigation of the operational risks was robustly addressed, without impact on the business.

In respect of the year ended 2021, the company's financial performance has not been significantly impacted by restrictions imposed by the government and continued to deliver services and projects. No contractual adjustments were necessary as the company has delivered against the full range of services managed through the full contractual KPI provisions.

**KBR (Aspire Services) Limited**  
**Strategic Report (continued)**  
**31 December 2021**

The economic uncertainty that the COVID-19 pandemic and BREXIT have led to, combined with political uncertainty, have had an impact on material supplies and fuel prices. Due to the PFI contractual framework, the company passes operational and financial risks directly through to the service providers, ADSL, Sodexo and MUJV, in which context the Directors do not consider there to be any other principal risks or uncertainties that are material to the Joint Venture.

The business has financial protection from inflation through the contractual indexation. Although the Supply Chain is substantially UK based, the supply challenge concerns the provision of raw materials that could impact on ADSL and its sub-contractors, which could put at risk the ability to meet ADSL's maintenance obligations and therefore suffer penalties through contractual performance and unavailability provisions. Notwithstanding, the further complications introduced by BREXIT that are still being worked through the economy, ADSL consider this risk to be largely manageable and unlikely to be financially significant. Any military action may limit MoD funding but could equally introduce additional requirements from our customer through contract changes.

**Key performance indicators**

The board monitors the performance of the company through the use of key performance indicators, which are related to financial performance, health and safety performance and a number of operational metrics. In addition, the contract requires detailed reporting to the client (MoD) with respect to performance measures covering a number of areas. In respect of the year ended 31 December 2021, the company's performance against these measures was satisfactory.

- **Financial performance.** The company has modelled the anticipated financial outcome of the Project and develops detailed annual budgets and forecasts, which are reviewed regularly. The company monitors actual financial performance against anticipated performance. As at 31 December 2021, the company's performance against these measures broadly met expectations.
- **Health and safety performance.** The company is committed to providing a safe environment for its employees and those impacted by its activities. In respect of the year ended 31 December 2021, the company's performance against these measures was broadly satisfactory.

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

*Andrew Goodwin*

Mr A M Goodwin  
Director

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

# **KBR (Aspire Services) 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 A M Goodwin

Mr M P Jacobs      Appointed 22 November, 2022

Mr A J Barrie      Resigned 30 September, 2022

#### **Company secretary**

Mr A M Kramer      Appointed 23 March, 2021

Ms G M Wilson      Resigned 23 March, 2021

#### **Dividends**

During 2021, the directors recommended and paid a dividend of £4,650,000 (2020 - £4,800,000).

#### **Events after the end of the reporting period**

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

#### **Suppliers, customers and other business relationships**

The company through ADS and ADSL has an extensive Supply Chain reflecting the diversity of its serviced and project obligations. The relationship with Sodexo and MUJV, which operates due to ADSL managing those suppliers on behalf of ADS, is very effective, reflecting the integrated nature of the service provision. This is evidenced by working together on health & safety initiatives and in engagement with the customer concerning service delivery and any contract changes under engagement. There are also strong relationships with strategic suppliers whether delivering defined services or with regular projects sub-contractors.

The relationship with our ultimate customer is very strong extending beyond the contractual obligations such that we work with the customer to help provide solutions to their problems. Internal surveys that we carry out amongst our staff highlight the genuine pride in working to support the soldiers and the understanding of the military requirements exhibited by our staff and sub-contractors is a key source of strength.

In addition, the company works closely with ADL, who place the contract on ADS.

ADS's contract places an obligation to undertake customer surveys which evidence the positive relationships we have developed and reputation we have secured whilst also identifying any areas where our performance is causing concerns.

#### **Energy and Carbon Reporting Disclosure**

KBR (Aspire Services) Limited is committed to minimising any adverse environmental effects resulting from the operations of its JV's business and engage in environmental audits to demonstrate compliance to our environmental requirements. We ensure that this policy is communicated and understood by our subcontractors. We work in partnership with the MoD and our supply chain to promote best practice environmental management.

We ensure that our core environmental principles are implemented through our business processes as part of the management system. Our management system complies with the requirements of BS EN ISO14001.

The Company does not employ any staff and all work is carried out through subcontractors.

**KBR (Aspire Services) Limited**  
**Directors' Report (continued)**  
**Year ended 31 December 2021**

**Political donations**

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

**Future outlook**

The directors continue to evaluate new and existing markets to pursue any opportunities which will improve the performance and value of the company to its shareholders.

**Going concern**

The Directors have prepared the financial statements on a going concern basis which they consider appropriate for the following reasons.

At the balance sheet date, the company was in a net current asset position of £3,864,000 (including cash at bank and in hand of £4,513,308), a net asset position of £3,864,000 and the holder (via its ADS JV) of a long-term facilities management contract with remaining life of 20 years as part of a private finance initiative (the ultimate customer being the UK Ministry of Defence). Contractual arrangements entitle ADS to make a contractual margin on sub-contracted activities and as performance risk flows through to their sub-contractors the profitability of ADS is secured. In addition, the payment terms embedded in the contract protect ADS's liquidity.

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.

**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.

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

*Andrew Goodwin*

Mr A M Goodwin

Director

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

## KBR (Aspire Services) Limited

### 31 December 2021

#### Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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 (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement has been 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:

*Andrew Goodwin*

Mr A M Goodwin  
Director

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

## Independent auditor's report to the members of KBR (Aspire Services) Limited

### **Opinion**

We have audited the financial statements of KBR (Aspire Services) Limited ("the company"), which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in equity and related notes to the financial statements, including a summary of significant accounting policies, for the year ended 31 December 2021.

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, the KBR (Aspire Services Ventures) 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; and
- 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 director's 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.



## Independent auditor's report to the members of KBR (Aspire Services) Limited (continued)

### **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 18 November 2021.

### **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 KBR (Aspire Services) Limited (continued)

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

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](http://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.

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, 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.

## Independent auditor's report to the members of KBR (Aspire Services) 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)***

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:

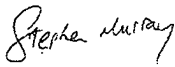
- enquiries with the board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- review of minutes of board meetings during the year to corroborate enquiries 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;
- performance of journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the company's business;
- 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 KBR (Aspire Services) 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 202

**KBR (Aspire Services) Limited**  
**Statement of Comprehensive Income**  
**Year ended 31 December 2021**

	Note	2021 £000	2020 £000
Turnover	5	100,196	95,339
Cost of sales		(94,609)	(90,310)
Gross profit		<u>5,587</u>	<u>5,029</u>
Administrative expenses		(982)	(502)
Operating profit	6	<u>4,605</u>	<u>4,527</u>
Interest receivable and similar income	8	—	4
Profit before taxation		<u>4,605</u>	<u>4,531</u>
Tax on profit	9	(875)	(861)
Total profit and comprehensive income for the financial year		<u><u>3,730</u></u>	<u><u>3,670</u></u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

Notes on pages 14 to 22 form part of these financial statements.

**KBR (Aspire Services) Limited**  
**Statement of Financial Position**  
**31 December 2021**

	Note	2021 £000	2020 £000 restated
<b>Current assets</b>			
Debtors	11	14,081	12,499
Cash at bank	12	<u>4,513</u>	<u>4,461</u>
		18,594	16,960
<b>Creditors: amounts falling due within one year</b>	13	<u>(14,730)</u>	<u>(12,176)</u>
<b>Net current assets</b>		<u>3,864</u>	<u>4,784</u>
<b>Total assets less current liabilities</b>		<u>3,864</u>	<u>4,784</u>
<b>Net assets</b>		<u><u>3,864</u></u>	<u><u>4,784</u></u>
<b>Equity</b>			
Share capital	14	—	—
Profit and loss account	15	<u>3,864</u>	<u>4,784</u>
<b>Total equity</b>		<u><u>3,864</u></u>	<u><u>4,784</u></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:

*Andrew Goodwin*

Mr A M Goodwin  
Director

Company registered number: 05704218

Notes on pages 14 to 22 form part of these financial statements.

**KBR (Aspire Services) Limited**  
**Statement of Changes in Equity**  
**31 December 2021**

	Note	Share capital	Capital distribution reserve	Profit and loss account	Total equity
		£000	£000	£000	£000
Balance at 1 January 2020 - as previously stated		—	(1,095)	5,914	4,819
Correction of prior period errors (note 21)		—	1,095	—	1,095
<b>Balance at 1 January 2020 - as restated</b>		—	—	5,914	5,914
Profit for the year		—	—	3,670	3,670
<b>Total profit and comprehensive income for the financial year</b>		—	—	3,670	3,670
Dividends paid	10	—	—	(4,800)	(4,800)
<b>Balance at 31 December 2020</b>		—	—	4,784	4,784
Profit for the year		—	—	3,730	3,730
<b>Total profit and comprehensive income for the financial year</b>		—	—	3,730	3,730
Dividends paid	10	—	—	(4,650)	(4,650)
<b>Balance at 31 December 2021</b>		—	—	3,864	3,864

Notes on pages 14 to 22 form part of these financial statements.

# **KBR (Aspire Services) Limited**

## **Notes to the Financial Statements**

### **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 and Wales. The address of the registered office is Hill Park Court, Springfield Drive, Leatherhead, Surrey. KT22 7NL, United Kingdom.

#### **2. Principal activity**

The company is a special purpose entity which was set up for the Ministry of Defence's (MoD) Allenby and Connaught project. The project is a 35 year concession, which began in 2006, to maintain the estates in Aldershot and the Salisbury Plain areas under the Government's Private Finance Initiative ("PFI"). The company is providing a broad range of services through delivery sub-contractors - Aspire Defence Services Limited (ADSL), that provides management services, maintenance services, and a range of soft services comprising security services, other support services, stores services and transport services, MUJV (a multi-utility joint venture) that provides utilities services and Sodexo that provides retail and accommodation services, including cleaning and catering. These activities are delivered through the Aspire Defence Services ("ADS") unincorporated joint venture, which is a 50/50 joint venture between KBR (Aspire Services) Limited and KBR (Aspire Services Ventures) Limited.

#### **3. 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 the Companies Act 2006.

#### **4. Accounting policies**

##### **4.1 Basis of preparation**

The financial statements have been prepared on the historical cost basis.

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

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, United Kingdom.

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 FRS 102 in respect of the following disclosures:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a) (iii), 11.48(a)(iv), 11.48(b), 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), and 12.29A.



**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**4. Accounting policies (continued)**

**4.2 Going concern**

The Directors have prepared the financial statements on a going concern basis which they consider appropriate for the following reasons.

At the balance sheet date, the company was in a net current asset position of £3,864,000 (including cash at bank and in hand of £4,513,308), a net asset position of £3,864,000 and the holder (via its ADS JV) of a long-term facilities management contract with remaining life of 20 years as part of a private finance initiative (the ultimate customer being the UK Ministry of Defence). Contractual arrangements entitle ADS to make a contractual margin on sub-contracted activities and as performance risk flows through to their sub-contractors the profitability of ADS is secured. In addition, the payment terms embedded in the contract protect ADS's liquidity.

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.

**4.3 Interests in joint ventures**

In respect of its interest in a jointly controlled asset, the Company recognises in its financial statements:

- a. its share of the jointly controlled assets, classified according to the nature of the assets;
- b. any liabilities that it has incurred;
- c. its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- d. any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- e. any expenses that it has incurred in respect of its interest in the joint venture.

All such amounts are measured in proportion to the Company's interest in the joint asset.

**4.4 Basic financial instruments**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**4. Accounting policies (continued)**

**4.4 Basic financial instruments**

Cash and cash equivalents comprise cash balances and call deposits.

**4.5 Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the relevant circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed by the Directors on an on-going basis.

The income and sub-contract costs are contractually defined, and due to the contractual framework surrounding ADS any performance issues flow down to the service providers, Aspire Defence Services Limited, Sodexo and MUJV.

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.

- *Revenue Recognition on Project Work*

To apply the percentage of Completion method of Revenue Recognition on project work, margin and revenue has been assessed on an individual project basis. A judgement has been applied in recognition of Lifecycle Gainshare revenue encompassing the reasonable certainty over the a collection of payment in accordance with payment terms of the Services contract.

A judgement has been applied in recognition of Lifecycle Gainshare revenue encompassing the reasonable certainty over the a collection of payment in accordance with payment terms of the Services contract.

**4.6 Turnover**

Turnover represents the value of work performed for customers (net of value added tax and other sales taxes). Turnover in respect of services is recognised as the Joint Venture fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

For Services, Turnover is recognised based on amounts invoiced to the Customer as services are delivered in accordance with the contractual terms and conditions.

For Projects, Turnover is recognised when the risks and rewards have transferred to the Customer, reflecting project or milestone completion, with an adjustment to reflect part completed projects to align turnover recognition with the percentage completion method.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

ADS has an entitlement to Lifecycle Gainshare revenue in accordance with the payment terms of the Services Contract, which outlines the basis of calculation and payment conditions. Revenue is recognised when it is considered reasonably certain that right over payment is established.

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**4. Accounting policies (continued)**

**4.7 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 assets are recognised to the extent 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.

**4.8 Foreign currencies**

Monetary foreign currency denominated assets and liabilities are translated into sterling at the rates of exchange prevailing at the year end. The results of foreign currency operations are translated at average rates of exchange during the year. All gains and losses arising on translation are included in other operating expenses in the profit and loss account. Monetary foreign currency denominated assets and liabilities are translated into sterling at the rates of exchange prevailing at the year end. The results of foreign currency operations are translated at average rates of exchange during the year. All gains and losses arising on translation are included in administrative expenses in the profit and loss account.

**4.9 Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**4.10 Contingencies**

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**4. Accounting policies (continued)**

**4.11 VAT**

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except where the amount of VAT incurred is not recoverable from the taxation authority. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or part of the expense.

Debtors and creditors are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the the taxation authority is included within current debtors or creditors in the Statement of Financial Position.

**4.12. Dividends**

Dividends are recognised as a liability in the Company's financial statements in the period in which they are declared and unpaid at the balance sheet date.

**5. Turnover**

Turnover arises from:

	2021	2020
	£000	£000
Rendering of Services	77,585	71,822
Projects	22,611	23,517
	<u>100,196</u>	<u>95,339</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

**6. Operating profit**

Operating profit is stated after charging/(crediting):

	2021	2020
	£000	£000
Foreign exchange differences	39	(36)
Fees payable for the audit of the financial statements	<u>5</u>	<u>3</u>

The fee payable to the company's auditor for the audit of the company's financial statements was £4,786 (2020 - £3,215). The fee payable for the audit of the accounts of the company's joint venture, Aspire Defence Services was £68,200 (2020 - £30,500).

**7. Particulars of employees and directors**

No staff were employed during the year ending 31 December 2021 (2020 - Nil).

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.

No remuneration paid to directors was disclosed in these accounts.

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**8. Interest receivable and similar income**

	2021	2020
	£000	£000
Interest on cash and cash equivalents	<u>—</u>	<u>4</u>

**9. Tax on profit**

**Major components of tax expense**

	2021	2020
	£000	£000
<b>Current tax:</b>		
Group relief payable (note 13)	875	861
Total current tax	<u>875</u>	<u>861</u>
<b>Tax on profit</b>	<u>875</u>	<u>861</u>

**Reconciliation of tax**

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

	2021	2020
	£000	£000
Profit before taxation	4,605	4,531
Profit multiplied by rate of tax	875	861
Tax on profit	<u>875</u>	<u>861</u>

In the spring budget 2021, the UK Government announced that from 1 April 2023 the corporation tax 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.

**10. Dividends**

Dividends paid during the year:

	2021	2020
	£000	£000
Dividends on equity shares	<u>4,650</u>	<u>4,800</u>

**11. Debtors**

	2021	2020
	£000	£000
Amounts owed by undertakings in which KBR, Inc. has a participating interest	12,986	11,404
Amounts owed by group undertakings	1,095	1,095
	<u>14,081</u>	<u>12,499</u>

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

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**12. Cash at bank**

	2021	2020
	£000	£000
Cash at bank	4,513	4,461

**13. Creditors: amounts falling due within one year**

	2021	2020
	£000	£000
Trade creditors	2,999	2,761
Amounts owed to group undertakings	10,517	9,330
VAT	1,214	85
	<u>14,730</u>	<u>12,176</u>

Included in amounts owed to group undertakings is £874,894 (2020: £860,844) in respect of group relief payable surrendered by Kellogg Brown & Root (U.K.) Limited.

Amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

**14. Called up Share capital**

**Authorised share capital**

	2021		2020
	No.	£	No.      £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100      100</u>

**Issued, called up and fully paid**

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

**15. Reserves**

Profit and loss account - this reserve records retained earnings and accumulated losses net of distributions made to the members.

**16. Events after the end of the reporting period**

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

**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.

During the year transactions, in the ordinary course of business, were entered into with related parties. Transactions entered into during 2021 and trading balances outstanding as at 31 December 2021 are as follows:

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**17. Related party transactions (continued)**

	Total services received from related party 2021 £000	Total services provided to related party 2021 £000	Net receivable/ (payable) at the year end 2021 £000
Aspire Defence Limited	—	100,196	12,986

Transactions entered into during 2020 and trading balances outstanding as at 31 December 2020 are as follows:

	Total services received from related party 2020 £000	Total services provided to related party 2020 £000 restated	Net receivable/ (payable) at the year end 2020 £000 restated
Aspire Defence Limited	—	95,339	11,404

Aspire Defence Limited is 45% owned by KBR (U.K.) Investments Limited, a fellow subsidiary.

**18. Controlling party**

The immediate parent undertaking is KBR (Aspire Services) Holdings Limited (Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL, United Kingdom, 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, United Kingdom, a company registered in England and Wales) which heads the smallest group in which the company is consolidated.

The ultimate parent undertaking is KBR, Inc. (601 Jefferson Street, Suite 3400, Houston, Texas. 77002, a company incorporated in the state of Delaware, U.S.A.) which heads the largest group in which the company is consolidated.

The financial statements of these companies are available to the public and can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey, KT22 7NL, United Kingdom.

**19. Contingencies**

The company is not aware of any contingent assets or liabilities (2020: £nil).

**20. Comparative information**

Certain Comparative amounts have been reclassified to conform with current year presentation.

- I. An amount of £688k has been reclassified from Other debtors to Amounts owed by undertakings in which KBR, Inc. has a participating interest (note 11) to conform with current year presentation.
- II. An amount of £636k has been reclassified from Accruals and deferred income to Amounts owed to group undertakings (note 13) to conform with current year presentation.

**KBR (Aspire Services) Limited**  
**Notes to the Financial Statements (continued)**  
**31 December 2021**

**20. Comparative information (continued)**

III. In the Related parties note (note 17) an amount £95,638k previously reported as total services provided to related party (Aspire Defence Limited) has been revised to £95,339k to conform with current year presentation.

**21. Prior period restatement**

In 2018, Kellogg Brown & Root Limited group completed the business combination of Aspire project business following the insolvency of the former partner in ADS - Carillion (Aspire Services) Limited on 15 January 2018. This included the de-facto acquisition of the Carillion's share of the ADS assets by Kellogg Brown & Root Limited, creation of KBR (Aspire Services Ventures) Limited which on 18 April 2018 became the new 50/50 joint venture partner in ADS, and resulted in the transfer to this company of 50% of ADS's assets and liabilities.

During the period from 15 January to 18 April 2018 all results and newly created assets and liabilities of ADS totalling £1,095k were attributed solely to the Company according to the joint venture agreement with Carillion, so 50% of these assets and liabilities had to be transferred to KBR (Aspire Services Ventures) Limited to satisfy the new joint venture agreement. This transfer was previously accounted as a capital distribution by the Company. The correct accounting for this transfer should have been through intercompany accounts.

The following tables summarise the impact on the company's financial statements.

**Statement of financial position**

	As previously reported £000	Adjustment £000	As restated £000
As at 1/1/2020			
Debtors	9,293	1,095	10,388
<b>Net current assets</b>	<b>4,819</b>	<b>1,095</b>	<b>5,914</b>
<b>Net assets</b>	<b>4,819</b>	<b>1,095</b>	<b>5,914</b>
<b>Equity</b>			
Capital distribution reserve	(1,095)	1,095	—
<b>Total equity</b>	<b>4,819</b>	<b>1,095</b>	<b>5,914</b>
As at 31/12/2020			
Debtors	11,404	1,095	12,499
<b>Net current assets</b>	<b>3,689</b>	<b>1,095</b>	<b>4,784</b>
<b>Net assets</b>	<b>3,689</b>	<b>1,095</b>	<b>4,784</b>
<b>Equity</b>			
Capital distribution reserve	(1,095)	1,095	—
<b>Total equity</b>	<b>3,689</b>	<b>1,095</b>	<b>4,784</b>

There was no impact on the company's statement of comprehensive income.