

COMPANY REGISTRATION NUMBER: 02562870

Frazer-Nash Consultancy Limited

Financial Statements

31 December 2022



Frazer-Nash Consultancy Limited

Financial Statements

Year ended 31 December 2022

Contents	Page
Strategic report	1
Directors' report	4
Independent auditor's report to the member of Frazer-Nash Consultancy Limited	8 - 11
Income statement	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	15 - 29

Frazer-Nash Consultancy Limited

Strategic Report

Year ended 31 December 2022

The directors present their strategic report of the company for the year ended 31 December 2022.

Principal activities and business review

The principal activity of the company is the provision of systems and engineering technology consultancy.

Results

The profit for the year, after taxation, amounted to £11,146,000 (period ended 31 December 2021 profit - £9,418,000). The net assets as at 31 December 2022 totalled to £42,140,000 (At 31 December 2021: net assets - £30,994,000).

It is proposed that the profit of £11,146,000 is transferred to reserves.

Financial risk management objectives and policies

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to cash flow risk, pricing risk and credit & liquidity risk. Further discussion of these risks and uncertainties is included in the consolidated annual report of Kellogg Brown & Root Holdings Limited ("the Group").

Key performance indicators ("KPIs")

	Year ending 31 December 2022	9 month period ending 31 December 2021
Revenue Growth	18 %	5 %
Operating return on revenue	14 %	14 %
Orderbook (£000s)	96,167	61,313
Current assets as % of current liabilities	242 %	233 %
Average number of employees (including directors)	1,002	917
Debtor days	53	57

The business continued to grow during the year ending 31 December 2022 with a promising order book at the end of the period. A focus on cash collection was maintained - evidenced by the reduction in debtor days over the period. Looking forward, the company sees strong demand in the market for its services and is planning to continue the strong growth trajectory.

The businesses which form this company make up part of the Group. The key performance indicators used to review and monitor the business are set by the directors of the Group and are discussed in more detail in the consolidated annual report of the Group.

Frazer-Nash Consultancy Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Section 172(1) statement

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

The key stakeholders of the company are the company's ultimate parent company KBR, Inc., its subsidiaries and employees.

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

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

During the year, the directors discussed service delivery and other strategic matters with senior members of management of the Group - as well as the global KBR Inc. group - during formal meetings, informal correspondence and attendance at strategic board meetings.

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

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

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

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

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

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

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

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

Frazer-Nash Consultancy Limited

Strategic Report *(continued)*

Year ended 31 December 2022

This report was approved by the board of directors on 16/11/2023 and signed on behalf of the board by:



Ms J Cloke
Finance Director.

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

Frazer-Nash Consultancy Limited

Directors' Report

Year ended 31 December 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

Mr A Barrie	Resigned on 30 September 2022
Mr R Bridges	Appointed on 9 March 2022
Ms J Cloke	Appointed on 9 March 2023
Ms N Saunders	Resigned on 9 March 2023
Mr R R Burge	Resigned on 25 May 2022
Mr P E Kahn	Appointed on 21 October 2022

Company secretary

S Galindo	Appointed on 27 September 2023	Resigned on 27 September 2023
Ms J M Reed	Appointed on 10 May 2022	Resigned on 25 September 2023
Mr R R Burge	Resigned on 10 May 2022	

Branches outside the UK

The Company has a branch operation in Australia, with offices in Melbourne, Adelaide, Canberra and Sydney.

Dividends

No interim dividend was paid during the year ended 31 December 2022 (period ended 31 December 2021: £8,000,000).

Political donations

There were no political donations made during the year (period ended 31 December 2021 - £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.

Employment of disabled persons

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

Frazer-Nash Consultancy Limited

Directors' Report *(continued)*

Year ended 31 December 2022

Employee involvement

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

Going concern

The directors have considered the future profitability of the Company and its ability to continue as a going concern and have prepared profit forecasts for at least 12 months from the date when the financial statements are authorised for issue. Based on these projections the directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

Disclosure of information in the strategic report

The following information previously included in the directors' report can be found in the strategic report on page 1:

- * Principal activities and business review
- * Results for the period
- * Financial risk management objectives and policies

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- 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.

Frazer-Nash Consultancy Limited

Directors' Report *(continued)*

Year ended 31 December 2022

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements (continued)

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.

Statement on relevant audit information

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, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

Events after the end of the reporting period

On 1 August 2023 it was announced that Frazer-Nash Consultancy Limited had joined forces with change management business Harmonic Limited and digital transformation specialists VIMA Group in a move that will provide customers with an even greater scope of capabilities and technical expertise, across a breadth of diverse sectors. The employees from Harmonic Limited, VIMA Group and parts of the KBR Advisory business transferred into Frazer-Nash Consultancy Limited.

Frazer-Nash Consultancy Limited

Directors' Report *(continued)*

Year ended 31 December 2022

This report was approved by the board of directors on 16/11/2023 and signed on behalf of the board by:



Ms J Cloke
Finance Director

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

Independent auditor's report to the members of Frazer-Nash Consultancy Limited

Opinion

We have audited the financial statements of Frazer-Nash Consultancy Limited ("the company"), which comprise the Income Statement, 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 period ended 31 December 2022.

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, Frazer-Nash Consultancy 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 2022 and of its results for the period 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 directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Independent auditor's report to the members of Frazer-Nash Consultancy Limited (continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Independent auditor's report to the members of Frazer-Nash Consultancy 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 the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

Independent auditor's report to the members of Frazer-Nash Consultancy 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)

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

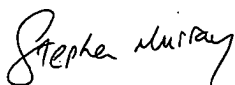
- enquiries board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- 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;
- review of compliance with the Financial Conduct Authority;
- 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.

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

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.

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

Dublin

17 November 2023

Frazer-Nash Consultancy Limited

Income Statement

Year ended 31 December 2022

		31 December 2022	9 month ended 31 December 2021
	Note	£000	£000
Turnover	4	125,604	79,679
Cost of sales		<u>(90,275)</u>	<u>(56,608)</u>
Gross profit		35,329	23,071
Administrative expenses		<u>(18,123)</u>	<u>(12,049)</u>
Operating profit	5	17,206	11,022
Interest income	9	<u>—</u>	<u>—</u>
Profit before taxation		17,206	11,022
Tax on profit	10	<u>(6,060)</u>	<u>(1,604)</u>
Profit and comprehensive income for the financial year/ period		<u>11,146</u>	<u>9,418</u>

All the activities of the company are from continuing operations. There was no other comprehensive income for the year/period.

The notes on pages 15 to 29 form part of these financial statements.

Frazer-Nash Consultancy Limited

Statement of Financial Position

31 December 2022

		31 December 2022	Restated 31 December 2021
	Note	£000	£000
Fixed assets			
Intangible assets	11	1,385	2,087
Tangible assets	12	3,814	2,033
Investments	13	—	—
		<u>5,199</u>	<u>4,120</u>
Current assets			
Debtors	14	41,660	38,902
Cash at bank	15	24,940	9,911
		<u>66,600</u>	<u>48,813</u>
Creditors: amounts falling due within one year	16	<u>(27,530)</u>	<u>(20,909)</u>
Net current assets		<u>39,070</u>	<u>27,904</u>
Total assets less current liabilities		<u>44,269</u>	<u>32,024</u>
Creditors: amounts falling due after one year			
Provisions	17	<u>(2,129)</u>	<u>(1,030)</u>
Net assets		<u>42,140</u>	<u>30,994</u>
Equity			
Called up share capital	19	216	216
Share premium account	20	22	22
Other reserves	20	(1)	(1)
Profit and loss account	20	41,903	30,757
Total equity		<u>42,140</u>	<u>30,994</u>

These financial statements were approved by the board of directors and authorised for issue on 16/11/2023, and are signed on behalf of the board by:



Ms J Cloke
Finance Director

Company registration number: 02562870

The notes on pages 15 to 29 form part of these financial statements.

Frazer-Nash Consultancy Limited

Statement of Changes in Equity

Year ended 31 December 2022

	Note	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account (as restated) £000	Total Equity (as restated) £000
At 31 March 2021		216	22	(1)	29,339	29,576
Profit for the financial period		—	—	—	9,418	9,418
Total profit & comprehensive income for the financial period		—	—	—	9,418	9,418
Dividends paid	21	—	—	—	(8,000)	(8,000)
At 31 December 2021		216	22	(1)	30,757	30,994
Profit for the financial year		—	—	—	11,146	11,146
Total profit & comprehensive income for the financial year		—	—	—	11,146	11,146
Dividends paid	21	—	—	—	—	—
At 31 December 2022		216	22	(1)	41,903	42,140

The notes on pages 15 to 29 form part of these financial statements.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

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

2. Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014, and with Companies Act 2006.

3. Accounting policies

3 (a). Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are prepared in sterling (£), which is the functional and presentation currency of the entity.

In the prior period, the company shortened its reporting period to end on 31 December to align with the group's reporting period. The company transitioned from International Financial Reporting Standards (IFRS) to Financial Reporting Standard 102 (FRS102) in the prior period to comply with the group's reporting framework.

3 (b). Going concern

The directors have considered the future profitability of the Company and its ability to continue as a going concern and have prepared profit forecasts for at least 12 months into the future. Based on these projections the directors are satisfied that, for the foreseeable future from the date when the financial statements are authorised for issue, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

3 (c). Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102.

The company's immediate parent undertaking and controlling party is Kellogg Brown & Root Limited (KBRL), a company incorporated in England & Wales. The company's ultimate parent undertaking and controlling party is KBR, Inc., a company incorporated in the state of Delaware, U.S.A.

The parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements are prepared and of which the company is a member, is KBRL and KBR, Inc. respectively. Copies of the consolidated financial statements can be obtained from the Public Relations Department, Hill Park Court, Springfield Drive, Leatherhead, Surrey KT22 7NL, United Kingdom. As such, advantage has been taken of the following disclosure exemptions available under Section 1 of FRS 102 paragraphs:

1.12 (b) No cash flow statement has been presented for the company.

1.12 (c) Disclosures in respect of financial instruments have not been presented.

1.12 (d) Disclosures in respect of share-based payments have not been presented.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

3. Accounting policies (continued)

3 (d). Accounting for pre-contract costs

Pre-contract costs incurred in anticipation of a specific contract award are deferred only if the costs can be directly associated with a specific anticipated contract and their recoverability from that contract is probable. Pre-contract costs related to unsuccessful bids are written off no later than the period of being informed that specific contract had not been awarded. Costs related to one-time activities such as introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or commencing new operations are expensed when incurred.

3 (e). Revenue recognition

Turnover comprises sales in the ordinary course of business to external customers of goods supplied and services rendered (excluding sales related taxes) and in the case of long term contracts, the proportion of contract revenue applicable to the period. Progress is generally based upon physical progress, man-hours or costs incurred depending on the type of job. Revenues recognised in excess of amounts billed are classified as amounts recoverable on contracts and are included within debtors. Amounts billed in excess of revenues recognised to date are classified as payments on account and are included in creditors.

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.

3 (g). Basis of accounting for contracts

Income from engineering and project management contracts is recognised in the period in which those services are performed. The company follows the generally accepted practice of reporting income from long-term construction, engineering and project management contracts on the percentage of completion basis as costs are incurred and provides for all known or anticipated losses on such contracts when they become evident. Amounts recoverable on contracts represent the excess of contract revenue recognised to date over the amounts invoiced to clients. Claims revenue is recognised to the extent of costs incurred for items covered by a claim only when it is probable that the claim will result in additional revenue and the amount can be reliably estimated.

3 (f). Research and development

Expenditure on research and development activities is recognised in the profit and loss account as an expense as incurred, and is offset by research and development tax credits with corresponding recognition against the corporate tax liability.

3 (h). Interest receivable and interest payable

Interest payable and similar expenses include interest payable. Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

3 (i). Dividend paid

Dividends are recognised as a liability in the Company's financial statements in the period in which they are approved. Dividends paid during the year are disclosed in note 21.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

3. Accounting policies (continued)

3 (j). Income tax

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

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

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

3 (k). Foreign currencies

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

3 (l). Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

3 (m). Amortisation of intangible assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software	-	20%
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

3. Accounting policies (continued)

3 (n). Tangible assets

Tangible assets are shown in the balance sheet at cost less accumulated depreciation. Cost includes expenditures that is directly attributable to the acquisition of the items. Depreciation is provided on a straight-line basis to write off the cost of plant and equipment over the estimated useful lives to their estimated residual value (reassessed at each period end on the Balance Sheet) at the following annual rates:

Plant & equipment	-	6% - 33%
Leasehold buildings and improvements	-	2% or length of lease if shorter

Tangible assets under construction are held at cost until completion at which time they are capitalised and depreciated accordingly.

3 (o). Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

3 (p). Impairment of tangible assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

3 (q). 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.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

3. Accounting policies (continued)

3 (r). Financial instruments

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

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

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

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

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

3 (s). Share-based payments

Where the company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the accounts of the parent or the company as the case may be account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to the profit and loss account over the vesting period.

3 (t). Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis. A provision is made where the operating leases are deemed to be onerous.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

3. Accounting policies (continued)

3 (u). Critical accounting estimates and judgements

In the course of preparation of the financial statements no judgements have been made in applying the Company's accounting policies, other than those involving estimates, that have had a material effect on the amounts recognised in the financial statements. The application of the Company's accounting policies requires the use of estimates and the inherent uncertainty in forward looking estimates may result in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

Critical accounting estimates are subject to continuing evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in light of known circumstances. Critical accounting estimates in relation to these financial statements are considered below:

Revenue and profit recognition

Revenue and profit recognition on contracts is based on estimates of outturn revenues and costs on a contract-by-contract basis. Both of these estimates can involve significant levels of estimation uncertainty. Estimating contract revenues can involve judgements around whether the Company will meet performance targets, earn incentives and the pricing of any scope changes, variations or claims under the contract. When considering variations to contracts, the Company must make a judgement as to whether the variation should be accounted for as a separate, distinct contract or be considered, and accounted for, as part of the original contract. This judgement will depend on the scope of the variation, its pricing and the contractual terms. Contract outturn assessments are carried out by suitably qualified and experienced personnel and include assessments of variable consideration and contract contingencies arising out of technical, commercial, operational and other risks. When considering variations, claims and contingencies, the Company analyses various factors including the contractual terms, status of negotiations with the customer and historic experience with that customer and similar contracts. The assessment of all significant contracts are subject to review and challenge. As contracts near completion, often less judgement is needed to determine the size of the expected outturn.

Provisions

Management consider the need for dilapidations provisions on leased properties. These provisions require management's best estimate of the costs that will be incurred based on contractual requirements. The timing of cash flows and discount rates used to establish net present value of these obligations require management's judgement.

Research and Development Credit (RDEC)

The Company submits annual claims in respect of the UK Government's Research and Development Expenditure Credit (RDEC) scheme, whereby the Company's tax liability is reduced or is received as a cash benefit depending on the company's financial position and the tax position of its parent. These are made in arrears and therefore the amount of the claim is estimated by the Company. This is based on the patterns of activity and claim in previous years and the level of eligible activity expected in the financial year reported.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

4. Turnover

Turnover arises from:

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
Rendering of services	<u>125,604</u>	<u>79,679</u>

Turnover for the year ended 31 December 2022 includes £67,908,000 (Period ended 31 December 2021: £39,791,000) billed on a fixed price basis and £57,696,000 (Period ended 31 December 2021: £39,888,000) billed on a time and materials basis.

An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
United Kingdom	108,908	69,319
Rest of Europe	3,842	2,040
Rest of the World	12,854	8,320
	<u>125,604</u>	<u>79,679</u>

5. Operating profit

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

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
Amortisation of intangible assets (note 11)	702	542
Depreciation of tangible assets (note 12)	723	484
Impairment / (impairment reversal) of trade debtors (note 14)	382	(871)
Foreign exchange (gain) / loss	<u>(277)</u>	<u>279</u>

Cost of sales for the year ended 31 December 2022 also included research and development tax credits of £698k of which £2,182k is the estimate for the current year (period ended 31 December 2021: £2,100k).

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

6. Auditor's remuneration

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
Fees payable for the audit of the financial statements	<u>69</u>	<u>38</u>

7. Staff costs

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

	31 December 2022	9 month period ended 31 December 2021
	No.	No.
Production staff	862	791
Administrative staff	140	126
	<u>1,002</u>	<u>917</u>

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

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
Wages and salaries	60,787	38,058
Social security costs	6,800	4,169
Other pension costs	3,756	2,251
	<u>71,343</u>	<u>44,478</u>

Included in wages and salaries is a total expense of share based payments of £0k (period ended 31 December 2021: £31k) all of which related to equity-settled share-based payment transactions.

8. Directors' remuneration

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

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
Remuneration	<u>444</u>	<u>268</u>

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

	31 December 2022	9 month period ended 31 December 2021
	£000	£000
Aggregate remuneration	<u>325</u>	<u>193</u>

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

9. Interest income

	31 December 2022 £000	9 month period ended 31 December 2021 £000
Bank interest	—	—

10. Tax on profit

Major components of tax expense

	31 December 2022 £000	31 December 2021 £000
Current tax:		
UK Corporation tax on profits for the year/ period	5,552	1,878
Adjustment in respect of prior years	193	—
Foreign current tax expense	66	30
Total current tax	5,811	1,908
Deferred tax:		
Origination and reversal of timing differences	117	(58)
Adjustment in respect of prior year/ period	132	(61)
Change in UK tax rate	—	(185)
Total deferred tax	249	(304)
Tax on profit	6,060	1,604

Reconciliation of tax

The tax assessed on the profit for the year is higher than (period ended 31 December 2021: lower than) the standard rate of corporation tax in the UK of 19% (period ended 31 December 2021: 19%).

	31 December 2022 £000	31 December 2021 £000
Profit before taxation	17,206	11,022
Profit multiplied by rate of tax	3,269	2,094
Adjustment in respect of prior years	325	(246)
Effect of expenses not deductible for tax purposes	385	57
Allowance for uncertain tax position	1,926	—
Effect of different tax rate between current & deferred tax	28	—
Group relief surrendered for nil consideration	—	(331)
Effects of overseas tax rates	127	30
Tax on profit	6,060	1,604

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

Factors that may affect future tax income

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

11. Intangible assets

	Internally generated software £000	Other software £000	Total £000
Cost			
At 1 January 2022	3,465	1,596	5,061
At 31 December 2022	3,465	1,596	5,061
Amortisation			
At 1 January 2022	1,644	1,330	2,974
Charge for the year	513	189	702
At 31 December 2022	2,157	1,519	3,676
Carrying amount			
At 31 December 2022	1,308	77	1,385
At 31 December 2021	1,821	266	2,087

12. Tangible assets

	Plant and equipment £000
Cost	
At 1 January 2022	4,843
Additions during the year	2,504
Disposals during the year	(166)
At 31 December 2022	7,181
Depreciation	
At 1 January 2022	2,810
Charge for the year	723
Disposals	(166)
At 31 December 2022	3,367
Carrying amount	
At 31 December 2022	3,814
At 31 December 2021	2,033

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

13. Investments

	31 December 2022	31 December 2021
	£	£
Shares in group undertakings		
Cost	<u>2</u>	<u>3</u>

The directors believe that the carrying value of investments is supported by their underlying net assets.

Company Name	Registered Office	Interest	Direct %	Ultimate %
FNC Limited	c/o Hill Park Court, Springfield Drive, Leatherhead, Surrey, England, KT22 7NL	100% Ordinary A Shares	100%	100%
*Frazer -Nash Consultancy Australia PTY Limited	Level 8 99 Gawler Place Adelaide SA 5000, Australia	100% Ordinary A Shares	100%	100%
Frazer -Nash Consultancy LLC	c/o Corporation Service Company, 251 Little Falls Dr., Wilmington, DE 19808, U.S.A.	100% Class A Shares and 100% Class B Shares	100%	100%

*Frazer-Nash Consultancy (Australia) Pty Limited was deregistered on 7 December 2022, and FNC Limited was dissolved on 24 January 2023.

14. Debtors

	31 December 2022	Restated 31 December 2021
	£000	£000
Trade debtors	18,254	16,487
Amounts owed by group undertakings	6,428	5,802
Deferred tax asset (Note 18)	524	773
Prepayments and accrued income	1,936	1,594
Corporation tax receivable	—	3,273
Amounts recoverable on contracts	14,518	10,973
	<u>41,660</u>	<u>38,902</u>

Included within the amounts owed by group undertakings is one loan to Kellogg Brown & Root Limited (period ended 31 December 2021: one loan to Kellogg Brown & Root Limited) totalling £5,536k (period ended 31 December 2021: £2,888k). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Amounts owed by group undertakings are presented on a gross basis. The 31 December 2021 comparative figures have been restated accordingly.

Trade debtors are stated after provision for impairment of £382k (period ended 31 December 2021: £nil).

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

15. Cash at bank

	31 December 2022	31 December 2021
	£000	£000
Cash at bank	<u>24,940</u>	<u>9,911</u>

16. Creditors: amounts falling due within one year

	31 December 2022	Restated 31 December 2021
	£000	£000
Payments received on account	7,018	2,530
Trade creditors	28	1,114
Amounts owed to group undertakings	3,956	2,500
Accruals	12,904	9,517
Corporation tax payable	493	—
Social security and other taxes	3,131	5,248
	<u>27,530</u>	<u>20,909</u>

Amounts owed to group undertakings are interest free, unsecured and payable on demand. Included in amounts owed to group undertakings is a group relief payable to Kellogg Brown & Root (U.K.) Limited amounting to £1,198k (2021: £Nil).

Amounts owed to group undertakings are presented on a gross basis. The 31 December 2021 comparative figures have been restated accordingly.

17. Provisions

	Dilapidations £000
At 1 April 2021	1,051
Charged during the period	167
Released	(188)
At 31 December 2021	<u>1,030</u>
At 1 January 2022	1,030
Charged during the year	1,241
Released	(142)
At 31 December 2022	<u>2,129</u>

Dilapidations provisions relate to certain office buildings leased by the company, where there is a requirement to reinstate the property to its prior condition. The provisions will be fully utilised when the final lease expires during the year ending 31 December 2032.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

18. Deferred tax

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

	31 December 2022	31 December 2021
	£000	£000
Included in debtors (note 14)	<u>524</u>	<u>773</u>

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

	31 December 2022	31 December 2021
	£000	£000
Accelerated capital allowances	387	666
Other	<u>137</u>	<u>107</u>
	<u>524</u>	<u>773</u>

The amounts for deferred tax included in these accounts are calculated using a corporation tax rate of 25% (period ended 31 December 2021: 25%) which was the rate substantively enacted at the balance sheet date.

The directors of the company are of the opinion the deferred tax asset is recoverable in full.

19. Called up share capital

Issued, called up and fully paid

	31 December 2022		31 December 2021	
	No.	£000	No.	£000
Ordinary shares of £1 each	215,651	216	115,651	116
A' preference shares of £1 each	0	—	50,000	50
B' preference shares of £1 each	0	—	50,000	50
		<u>216</u>		<u>216</u>

Out of the profits available for distribution, A preference shareholders are entitled to a dividend equal in amount to the amount of loan principal (if any) repaid by Kellogg Brown & Root Limited to the Company under the 2009 loan agreement, and B preference shareholders are entitled to a dividend equal in amount to the amount of loan principal (if any) repaid by Kellogg Brown & Root Limited to the Company under the 2010 loan agreement. The order of capital rights is: A preference share dividend due, then B preference share dividends due, then ordinary, A and B in relation to amounts paid up on shares.

On 17 February 2022, the A and B preference shares were redesignated as ordinary shares in the capital of the Company. The redesignated shares had the same nominal value as the nominal value of the A and B preference shares.

20. Share premium and other reserves

Share premium includes any premiums received on the issue of share capital.

Other reserves consists of the Capital Redemption Reserve and the hedging reserve. The Capital Redemption Reserve was formed by past share repurchases by the Company. The hedging reserve was used to record transactions arising from the Company's past hedging arrangements.

The profit and loss account includes all current and prior period retained profits.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

21. Dividends

During the year ended 31 December 2022, dividends declared and paid were £0 million (period ended 31 December 2021: £8 million), this is equivalent of £0.00 per ordinary share (period ended 31 December 2021: £69.17 per ordinary share).

22. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2022	Restated 31 December 2021
	£000	£000
Not later than 1 year	1,672	1,693
Later than 1 year and not later than 5 years	3,089	3,554
Later than 5 years	1,000	—
	<u>5,761</u>	<u>5,247</u>

The prior period operating leases disclosure have been restated in alignment with current year.

23. Related party transactions

The key management personnel of the company comprises its directors. Details of their remuneration are provided in note 8.

As a subsidiary of KBR, Inc. the company has taken advantage of the exemption of schedule 1, paragraph 66 of FRS 102 not to disclose transactions with other wholly owned members of the group headed by KBR, Inc..

24. Controlling party

The company is a wholly owned subsidiary undertaking of Kellogg Brown & Root 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 company is KBR, Inc. (601 Jefferson Street, Suite 3400, Houston, Texas) 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.

25. Pension commitments

The Company contributes to defined contribution schemes in respect of a number of its employees. None was payable at the 31st of December 2022 and 2021.

Frazer-Nash Consultancy Limited

Notes to the Financial Statements

Year ended 31 December 2022

26. Events after the balance sheet date

On 1 August 2023 it was announced that Frazer-Nash Consultancy Limited had joined forces with change management business Harmonic Limited and digital transformation specialists VIMA Group in a move that will provide customers with an even greater scope of capabilities and technical expertise, across a breadth of diverse sectors. The employees from Harmonic Limited, VIMA Group and parts of the KBR Advisory business transferred into Frazer-Nash Consultancy Limited.