Company Number: SC286421

XODUS GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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XODUS GROUP LIMITED

DIRECTORS AND OTHER INFORMATION

Directors:	S K Swindell G C Sharland R May
Registered Office:	Xodus House 50 Huntly Street Aberdeen AB10 1RS
Registered Number:	SC286421
Independent auditor:	Ernst and Young LLP 4th Floor, 2 Marischal Square, Broad Street, Aberdeen, AB10 1BL
Company secretary:	T A Hart

XODUS GROUP LIMITED

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XODUS GROUP LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for Xodus Group Limited ("the Company") for the year ended 31 December 2021. This report is specific to the Company and not the wider Xodus Group or the wider Subsea 7 S.A. group. The results for the Subsea 7 S.A. group are contained within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. which can be found at www.subsea7.com.

Review of the business

The principal activity of the Company is the provision of consultancy services to the energy sector including services in the oil and gas, renewable energy and environmental business areas. The Company primarily operates in the UK, Europe and the Middle East but also has some activity worldwide. The Company is also an intermediate holding company within the Xodus Group, comprising Xodus Group Holdings Limited and its subsidiaries, and controls the operating results of the entire group of Xodus operating companies including entities in Australia, Japan, Malaysia and the United States of America.

The total comprehensive loss for the year was £1,667,000 (2020: £1,364,000). The loss was mainly due to low levels of gross profit achieved on operating activities due, in part, to difficult operating conditions resulting from the dual impact of the COVID pandemic and a depressed market environment. Additionally, with the support of the shareholder, the Company continued its plans to invest in broadening capability in both renewables and oil and gas and increasing capacity across the business. The Company also continues to invest in a number of diversity and inclusion initiatives. The directors do not recommend payment of a dividend in the current year (2020: £nil).

Section 172 (1) statement

The section 172(1) statement has been included within the Directors' Report. The full statement can be found on page 6.

Streamlined Energy and Carbon Reporting

Report can be found on page 4.

Key performance indicators

Under s414c of the Companies Act 2006, the Directors are required to disclose the Company's financial and non-financial key performance indicators. The Xodus Group manages its operations at a segmental and geographical level. For these reasons the Directors believe that the disclosure of Key Performance Indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Subsea 7 S.A. Group is discussed in the Annual Report and Consolidated Financial Statements of the ultimate parent undertaking, Subsea 7 S.A.

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 Company is subject to management processes applicable to the entire Group. The Group's risk management programme seeks to limit the adverse effects of these factors on the financial performance of group companies. Information on how the risks specific to the Company arise are set out below, as are the objectives, policies and processes for their management and the methods used to measure each risk.

The principal risks within business environment include risks related to civil or political unrest, including war. The Russia-Ukraine conflict is fast-moving and uncertain. However, management does not at this date foresee a material direct impact on the Group from the conflict and related sanctions. Management will monitor this event, its development, including sanctions and indirect impacts, and other associated risks in order to apply suitable mitigations.

The key business risks and uncertainties affecting the Company include:

Investment risk

The financial position and performance of the Company is affected by the value of investments which in turn relates to the trading position and the results of certain subsidiary undertakings, their ability to make dividend payments, and to repay amounts due to the Company. The Company monitors the financial position and performance of all subsidiaries and records impairments against investments and receivables where appropriate. Where necessary, actions would be taken to assist subsidiaries including recapitalisation or the provision of financial support if this is deemed to be in the best interests of the Company and the Group.

STRATEGIC REPORT (CONTINUED)

Economic risk

The Company's business is dependent on the level of activity in the oil and gas and renewable energy industries and, consequently, any significant change in the level or timing of clients' expenditure plans could adversely impact order intake and levels of activity. Such plans could be impacted by fluctuating energy prices which in turn can be driven by political conditions and technological development as well as decisions taken by OPEC and non-OPEC members on production levels. A rapid increase or decrease in demand could outpace the Group's ability to resize its capacity for service provision.

Competition risk

The Company faces competition to win the contracts needed to maintain a sustainable backlog of future work. This competition may result in pricing pressures. This may have an adverse impact on the Company's financial performance and position. The Company's experience and resources, in particular its people, help it to differentiate and respond effectively to challenges from competitors.

Human resource related risk

Failure to attract and retain suitably skilled and capable personnel could adversely impact the Company's ability to execute contracts and its future growth prospects. Increased competition for skilled personnel as the market improves could result in rising employee attrition and create a lack of resources and/or increased compensation costs for the Company.

The Company utilises medium-term business projections to assess resource requirements which allows timely, corrective intervention to appropriately resource the organisation in terms of size, profile, competency mix and location. The Company also monitors attrition and has developed appropriate remuneration and incentive packages to help attract and retain key employees. Performance management processes are in place to help develop staff and identify high-potential individuals for key roles in the business.

Compliance and ethics risk

The Company is committed to conducting business in a legal and ethical manner. However, there is a risk that its employees, representatives or such other persons may take actions that breach the Company's Code of Conduct or applicable laws, including but not limited to anti-bribery and anti-corruption laws. Any such breach could result in monetary penalties, convictions, debarment and damage to the Company's reputation and could therefore impact its ability to do business.

Integrity is one of the Company's core values and the Company also has a Code of Conduct, which clearly sets out the behaviours expected of its employees and those who work with it. The Company operates financial controls, supply chain management procedures, and procedures for managing third party risks. Mandatory annual compliance and ethics e-learning for employees raises awareness and highlights the whole range of consequences and encourages compliance.

Information technology and security risk

The Company's operations depend on the availability and security of a number of key information technology (IT) systems. These systems could be disrupted or compromised by a general IT failure or cybercrime risks including but not limited to:

- Unauthorised system access
- Malware (including computer viruses)
- Theft and misappropriation of data and sensitive information
- Targeted fraud attacks

Such breaches in IT security could adversely impact the Company's ability to operate and lead to financial loss, damaged reputation, loss of client and shareholder confidence and regulatory fines.

The Company recognises the increased incidence of cyber security threats and continually reviews its policies, procedures and defences to mitigate associated risks, engaging market-leading specialists where appropriate. The Company has a number of IT policies, including a policy on information security, designed to protect its systems and ensure their availability and integrity as well as combating attempted fraud. These policies are regularly reviewed to ensure they continue to address existing and emerging information security and cybercrime risks. Internal e-learning courses are used to raise awareness among employees of IT security risks and of the Company's procedures to manage them. Furthermore, the Company maintains a programme of regular investment in new hardware, software and systems to ensure the integrity of IT security defences.

STRATEGIC REPORT (CONTINUED)

Geographic risk

The Company operates primarily in the United Kingdom but also has operations in several countries worldwide, each with specific political, economic and social characteristics which can give rise to various risks and uncertainties that can, on occasion, adversely impact project execution and financial performance, including but not limited to:

- Economic instability
- Legal, fiscal and regulatory uncertainty and change
- Sanctions and export controls

Country or regional risks are identified and evaluated before and during Company operations in such markets. Appropriate risk responses are developed and implemented to mitigate the likelihood and impact of identified risks. The Company adopts a proactive and rigorous approach to assessing and mitigating these risks.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade receivables. Cash and cash equivalents are maintained with a number of major financial institutions in regions that the Company operates. The Company performs credit evaluations of counterparties and does not require collateral from its customers. The credit risk on liquid funds is mitigated because the Company's counterparties are banks with high credit-ratings assigned by international credit rating agencies.

Cash flow and liquidity risk

The Company is part of the centralised financing arrangements of the Subsea 7 S.A. Group (being Subsea 7 S.A. and its subsidiaries) which, through committed banking facilities, seeks to meet the working capital requirements of all group companies. The Subsea 7 S.A. Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure the Group (and its subsidiary companies, including Xodus Group companies) has sufficient available funds for operations and planned expansions.

The Subsea 7 S.A. Group has access to committed external facilities and other sources of external finance which can be made available to the Company as required. The Company has access to these sources of funding through a working capital facility provided by a fellow group company.

As the global economy is impacted by the unprecedented health and economic crisis following the Covid-19 pandemic, management continues to monitor the potential operational and financial impacts for the Company. This is considered further within the Directors' Report.

In the opinion of the Directors, the Company is well placed to successfully manage the principal risks and uncertainties.

On behalf of the Board



Stephen Swindell
Director
27 September 2022

XODUS GROUP LIMITED

STREAMLINED ENERGY AND CARBON REPORT

The Directors present their Streamlined Energy and Carbon report for the year ended 31 December 2021. This report represents the annual greenhouse gas (GHG) emissions for the Company's UK operations for the calendar year 2021. As this represents the first year of reporting, no comparative information has been presented. This report is a quantification of the amount of GHG emissions that can be directly attributed to the organisation's operations within the declared boundary and for the year to 31 December 2021.

As the Company is an active participant in the United Nations (UN) Global Compact, Xodus commits to making a meaningful contribution to the UN Sustainable Development Goals (SDGs). The Company is taking urgent action to combat climate change and its impacts, including revisions to Company policies and procedures in order to implement actions aimed at reducing GHG emissions to align with global commitments.

During the year the Company eliminated Scope 1 emissions, committed to maintain zero scope 1 emissions, committed to renewable energy tariffs for all UK offices and implemented policies to actively encourage videoconferencing in lieu of inter-site travelling. In addition to these actions designed to improve energy efficiency, The Company paid to offset all carbon emissions via an independent third-party provider.

Methodology
This report and the calculations used for these disclosures were produced in accordance with 'GHG Reporting Protocol - Corporate Standard' methodology which aligns with the GHG Protocol, ISO 14064-1 and relevant government legislation and guidance for greenhouse gas emissions factors. The emissions were classified under the following categories:

- Direct GHG emissions (Scope 1): emissions from sources that are owned or controlled by the Company.
- Indirect GHG emissions (Scope 2): emissions from the generation of purchased electricity, heat and steam consumed by the Company.
- Indirect GHG emissions (Scope 3): emissions that occur as a consequence of the Company's activities but from sources not owned or controlled by the company.

Operational boundaries
Definition of the operational boundaries began by identifying all GHG sources that the Company should include in its inventory. The Corporate Carbon Footprint for the Company has been developed by setting the boundary of assessment as defined by the areas that the Company has direct control over which are considered Scope 1 and 2 emissions. At this stage Xodus has accounted for:

- Scope 1 emissions (direct emissions): Company facilities, combusted fuel for heating and refrigerants utilised.
- Scope 2 emissions (indirect emissions): Purchased electricity.
- Partially account for Scope 3 emissions (indirect emissions): Business travel and working from home

Other scope 3 emissions have been excluded on the grounds of immateriality or a lack of available data. The Company plans to take steps to implement processes and procedure to gather additional data for future periods.

Total Energy use
The total energy measured for the purposes of this report was 316,115 kW/h.

Total Greenhouse Gas
The total greenhouse gas emissions (GHG) measured for the purposes of this report were 250 tonnes CO_2E. This included zero scope 1 emissions, 15.8 CO_2E scope 2 emissions, 212 CO_2E scope 3 emissions and a 10% contingency.

Energy Intensity ratio
The Company assesses its emissions using an intensity ratio based on full time equivalent (FTE) headcount. For 2021 emissions were 1075 kg CO_2/FTE

XODUS GROUP LIMITED

DIRECTORS' REPORT

The Directors present their report for Xodus Group Limited (the "Company") for the year ended 31 December 2021. This report is specific to the Company and not the wider Subsea 7 S.A. group. The results for the Subsea 7 S.A. group are contained within the Annual Report and Consolidated Financial Statements of Subsea 7 S.A. which can be found at www.subsea7.com.

Directors and Company Secretary
The names of the directors are listed below. All held office throughout the year, unless otherwise stated:

S K Swindell
G C Sharland
R May

Existence of branches outside the UK
The Company has one registered branch outside the UK in Abu Dhabi, UAE.

Qualifying third party indemnity provisions
The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

Principal activities
The principal activity of the Company is the provision of consultancy services to the energy sector including services in the oil and gas, renewable energy and environmental business areas. The Company primarily operates in the UK, Europe and the Middle East but also has some activity worldwide. The Company is also an intermediate holding company within the Xodus Group and controls other Xodus operating companies in Australia, Japan, Malaysia and the United States of America.

Results and performance
In the year ended 31 December 2021, the Company achieved turnover of £33,801,000 (2020: £33,859,000) and an operating loss of £1,911,000 (2020: £1,624,000). The loss for the year before taxation amounted to £2,130,000 (2020: £2,035,000). The Company's total comprehensive loss for the financial year of £1,667,000 (2020: £1,364,000) has been transferred to reserves.

In 2021, despite the adverse market conditions and reduction in overall activity, with the support of shareholders, the business continued its growth strategy which commenced in 2019. The Company invested in a number of areas to build capability and capacity to help position the Company for future growth. This included continued investment in staff with specific skills and capabilities and investment in training and business development activities which in turn led to a decrease in utilisation and decreased profitability at a gross profit level.

In order to support continued growth and to re-align the Company's funding position with long term goals, during 2021 the Company's immediate parent company, Xodus Group (Holdings) Limited invested £10,000,000 into the company and in return the Company issued 1 Ordinary £1 share at a premium of £9,999,999. Subsequently AUD 1,823,450 (equivalent to £1,000,000) was invested into Xodus Group PTY Limited in return for 1 Ordinary share of AUD 1 and £9,000,000 was repaid to Subsea 7 as part settlement of amounts due.

Dividends
The Company does not have a formal dividend policy. Dividends are recommended based on a review of financial position and financial performance by the Directors. The Directors do not recommend the payment of a dividend.

Employee involvement
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Xodus group of companies. This is achieved through formal and informal meetings and the group intranet. The Group has a number of initiatives focused on diversity and inclusion and actively monitors KPIs including gender pay gap reporting.

DIRECTORS' REPORT (CONTINUED)

Disabled persons
Application for employment by disabled persons is always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

Financial Instruments
The Company is part of the Subsea 7 S.A. group's centralised financing risk management arrangements and manages financial risks through internal risk reports which analyse exposures by degree and magnitude of risks. Where appropriate the Group's risk management programme seeks to limit the adverse effects of risks and seeks to minimise the effects of these risks by using a variety of financial instruments to hedge risk exposures. The Group reviews compliance with policies and exposure limits on a regular basis and it does not enter into or trade financial instruments for speculative purposes. The Company does not enter into financial instruments in order to manage foreign currency exposures.

Research and development
During 2021 the Company continued to invest in digital products and the development of software as part of the upgrading process for internal software systems. The associated costs expensed in the year were £491,000 (2020: £476,000).

Future developments
The Company is well positioned to take advantage of future opportunities arising from the energy transition and rapid efforts to decarbonise energy markets. In recent years the oil and gas market has undergone a transformational downturn. Where possible the Company has responded with innovation (both in core services and the development of new capabilities and technologies) and reorganisation in order to drive down costs and find better, more efficient solutions. The Company is well positioned to build on its key strengths and experience and to act as a key partner for clients focused on both the energy transition and the growing renewable energy sector. Activity levels in 2022 are expected to be higher than 2021 due to the anticipated recovery from COVID-19 Pandemic and continued expansion in renewables and activities associated with energy transition objectives. The Directors expect that income will continue to be generated from the same principal activities as in 2021 however additional income will result from recent investments.

Section 172(1) statement
In accordance with section 172 of the Companies Act 2006, The Board of Directors of the Company act in a way that they consider in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the short and long term. The Directors have had regard, amongst others, to the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 to effectively discharge their section 172 duties.

The Board of Directors adhere to a Board Charter which sets out the instructions for the Board, in line with the Subsea 7 S.A. group. The main responsibilities of the Board of Directors are:

1. Setting the values used to guide the affairs of the Company. This includes the Company's commitment to achieving its health and safety vision and the Company's adherence to the highest ethical standards in all of its operations worldwide.
2. Integrating environmental improvement into business plans and strategies and seeking to embed sustainability into the Company's business processes.
3. Overseeing the Company's compliance with its statutory and regulatory obligations and ensuring that systems and processes are in place to enable these obligations to be met.
4. Setting the strategy and targets of the Company.
5. Establishing and maintaining an effective corporate structure for the Company.
6. Overseeing the Company's compliance with financial reporting and disclosure obligations.
7. Overseeing the risk management of the Company.
8. Overseeing Company communications.
9. Determining its own composition, subject to the provisions of the Company's Articles of Incorporation.
10. Ensuring the effective corporate governance of the Company.
11. Setting and approving policies.

DIRECTORS' REPORT (CONTINUED)

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risks are described in the Strategic Report.

The Company is part of the Xodus Group which itself is part of the wider Subsea 7 S.A. Group. As part of the Subsea 7 S.A. Group, and without independent financing arrangements of its own, the Company is dependent on the Subsea 7 S.A. Group for the financing of continued investment and growth. A company within the Subsea 7 S.A. Group, with access to adequate financial resources, has provided a letter of support to the Xodus Group.

The Directors have considered the forecast cash flow of the Company, as part of the overall Xodus Group cash flow projections, which, alongside committed financial support from the Subsea 7 S.A. Group, are considered to be sufficient to support continued trading operations for a period of 12 months from the date of signing the Financial Statements.

The level of financial support available to the Xodus Group is impacted by the financial stability of the Subsea 7 S.A. Group. The global economy remains impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic. Subsea 7 S.A. Group management continues to monitor the potential operational, market and financial impacts to the Subsea 7 S.A. Group including the mitigating impacts of the vaccination roll-out. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic, Subsea 7 S.A. Group management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Subsea 7 S.A. Group's ability to continue as a going concern. As a result the Directors of the Xodus Group are satisfied that it is appropriate to rely on letter of support issued by the Subsea 7 S.A. Group.

The Subsea 7 S.A. Group retains a strong cash position with cash and cash equivalents of $464.0 million at 30 June 2022. Total borrowings at 30 June 2022 were $368.0 million, in relation to the Subsea 7 S.A. Group's South Korean Export Credit Agency facility and drawdowns on the loan facility from UK Export Finance. The Subsea 7 S.A. Group's $700.0 million multi-currency revolving credit and guarantee facility remained unutilised. At 30 June 2022 the Subsea 7 S.A. Group ended the quarter with backlog of $7.8 billion demonstrating improving, near to medium-term activity levels. Forecasts continue to demonstrate that the Subsea 7 S.A. Group will generate cash flows more than sufficient to support the assumption that the Subsea 7 S.A. Group will continue as a going concern. Subsea 7 S.A. Management has performed stress tests of future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include scenarios which reflect extended periods of low energy prices and potential operational and Covid-19 related issues which could adversely impact the Subsea 7 S.A. Group. Management has also performed reverse stress testing through modelling of reasonable worst-case scenarios. In all scenarios Subsea 7 S.A. Group management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity for the Subsea 7 S.A. Group.

Management consider that the going concern assumption remains appropriate for the Company. Management consider that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Company's ability to continue as a going concern.

Events since the Balance Sheet date

There are no events since the balance sheet date which impact on the financial statements of the Company.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

DIRECTORS' REPORT (CONTINUED)

Directors' Responsibilities Statement (continued)

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor
The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 4. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditor
Ernst & Young LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on its behalf:



Stephen Swindell
Director
27 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XODUS GROUP LIMITED

Opinion

We have audited the financial statements of Xodus Group Limited for the year ended 31 December 2021 which comprise of the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities 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 UK, including the FRC's Ethical Standard, and 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 the 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 12 months from 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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 this 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, 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 the 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 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 material misstatements in the Strategic Report or Directors' Report.
We have nothing to report in respect of the following matters in relation to which 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 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.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

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, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how it maintains and communicates its policies and procedures and corroborated responses by obtaining and reviewing supporting documentation. We also inspected correspondence with relevant external authorities.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by making enquiries with Management, including Subsea 7 S.A. Management, to understand and identify the internal policies and procedures related to the identification and monitoring of fraud risks. We considered the opportunity and incentives for the perpetration of fraud based on our understanding of the business.

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

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

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

Use of our report

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.

Kenneth MacLeod Hall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
28 September 2022

XODUS GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	33,801	33,859
Cost of sales		(27,912)	(28,796)
Gross profit		5,889	5,063
Administrative expenses		(7,549)	(7,536)
Impairment of investments	11	(253)	-
Reversal of impairment in investments		2	-
Income from interests in subsidiary undertakings	11	-	480
Other income - furlough		-	369
Loss from operating activities	4	(1,911)	(1,624)
Interest payable and similar charges	7	(219)	(411)
Loss before tax		(2,130)	(2,035)
Taxation	8	465	664
Loss for the financial year		(1,665)	(1,371)
Other comprehensive loss:			
Exchange differences on retranslation of foreign operations		(2)	7
Total comprehensive loss for the year		(1,667)	(1,364)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

XODUS GROUP LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed Assets			
Non-current assets			
Intangible assets	9	958	482
Property, plant and equipment	10	889	1,367
Investments	11	1,577	809
		3,424	2,658
Current assets			
Trade and other receivables	12	16,551	13,524
Stock		15	-
Deferred tax asset	8	351	243
Cash and cash equivalents		1,337	1,480
Total current assets		18,254	15,247
Creditors: amounts falling due within one year	13	(10,968)	(15,538)
Net current assets / (liabilities)		7,286	(291)
Net assets		10,710	2,367
Equity			
Capital and reserves			
Called up share capital	15	8,735	8,735
Share premium	15	10,115	115
Other reserves	15	30,993	30,985
Profit and loss reserves		(39,133)	(37,468)
Total equity		10,710	2,367

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2022 and were signed on its behalf by:



Stephen Swindell
Director

Company Registration No. SC286421

XODUS GROUP LIMITED

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

	Called-up share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Other reserves £'000	Total £'000
As at 1 January 2020	**235**	**115**	**(36,097)**	**30,963**	**(4,784)**
Transactions with owners:					
Issuance of share capital	8,500	-	-	-	8,500
Equity share based payments	-	-	-	15	15
Comprehensive loss:					
Loss for the financial year	-	-	(1,371)	-	(1,371)
Exchange differences on retranslation of foreign operations	-	-	-	7	7
Total comprehensive loss	-	-	(1,371)	7	(1,364)
Balance at 31 December 2020	**8,735**	**115**	**(37,468)**	**30,985**	**2,367**
Transactions with owners:					
Issue of share capital (note 15)	-	10,000	-	-	10,000
Equity share based payments	-	-	-	10	10
Comprehensive loss:					
Loss for the financial year	-	-	(1,665)	-	(1,665)
Exchange differences on retranslation of foreign operations	-	-	-	(2)	(2)
Total comprehensive loss	-	-	(1,665)	(2)	(1,667)
Balance at 31 December 2021	**8,735**	**10,115**	**(39,133)**	**30,993**	**10,709**

The share premium reserve represents the premium arising on issue of equity shares, net of issue expenses. The profit and loss reserve represents cumulative losses.

The other reserves represents a £30,993,000 capital contribution from prior years arising from the forgiveness of amounts due to the immediate parent company, cumulative translation gains and losses arising on the retranslation of the Company's Abu Dhabi branch and reserves held in connection with equity settled share based payment schemes.

1. Accounting policies

The particular accounting policies adopted are described below.

General information and basis of accounting

Xodus Group Limited (the 'Company') is a company limited by shares and incorporated in the UK under the Companies Act 2016 and is registered in Scotland. The registered office is Xodus House, 50 Huntly Street, Aberdeen, AB10 1RS. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1-3.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 'The Reporting Standard applicable in the UK and Republic of Ireland'. They are also prepared under the requirements of the Companies Act 2006.

The functional currency of Xodus Group Limited is considered to be pounds sterling, being the currency of the primary economic environment in which the Company operates. The financial statements are presented in pounds sterling and are rounded to the nearest £'000.

The Company is a wholly owned subsidiary of Xodus Group (Holdings) Limited. It is included in the consolidated financial statements of Subsea 7 S.A., which are publicly available (Note 19). The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The financial statements therefore present information about the Company as an individual undertaking and not as a group.

Xodus Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following available exemptions in relation to certain disclosures on financial instruments:

- The requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d)
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c), as the information is provided in consolidated financial statements of Subsea 7 S.A.
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7
- from disclosing transactions between wholly owned group companies per paragraph 33.1A of FRS 102.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risks are described in the Strategic Report.

The Company is part of the Xodus Group which itself is part of the wider Subsea 7 S.A. Group. As part of the Subsea 7 S.A. Group, and without independent financing arrangements of its own, the Company is dependent on the Subsea 7 S.A. Group for the financing of continued investment and growth. A company within the Subsea 7 S.A. Group, with access to adequate financial resources, has provided a letter of support to the Xodus Group.

The Directors have considered the forecast cash flow of the Company, as part of the overall Xodus Group cash flow projections, which, alongside committed financial support from the Subsea 7 S.A. Group, are considered to be sufficient to support continued trading operations for a period of 12 months from the date of signing the Financial Statements.

The level of financial support available to the Xodus Group is impacted by the financial stability of the Subsea 7 S.A. Group. The global economy remains impacted by the unprecedented health and economic crisis following the outbreak of the Covid-19 pandemic. Subsea 7 S.A. Group management continues to monitor the potential operational, market and financial impacts to the Subsea 7 S.A. Group including the mitigating impacts of the vaccination roll-out. Despite the remaining uncertainty regarding the potential impacts of the Covid-19 pandemic, Subsea 7 S.A. Group management considers that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Subsea 7 S.A. Group's ability to continue as a going concern. As a result the Directors of the Xodus Group are satisfied that it is appropriate to rely on letter of support issued by the Subsea 7 S.A. Group.

1. Accounting policies (continued)

Going concern (continued)

The Subsea 7 S.A. Group retains a strong cash position with cash and cash equivalents of $464.0 million at 30 June 2022. Total borrowings at 30 June 2022 were $368.0 million, in relation to the Subsea 7 S.A. Group's South Korean Export Credit Agency facility and drawdowns on the loan facility from UK Export Finance. The Subsea 7 S.A. Group's $700.0 million multi-currency revolving credit and guarantee facility remained unutilised. At 30 June 2022 the Subsea 7 S.A. Group ended the quarter with backlog of $7.8 billion demonstrating improving, near to medium-term activity levels. Forecasts continue to demonstrate that the Subsea 7 S.A. Group will generate cash flows more than sufficient to support the assumption that the Subsea 7 S.A. Group will continue as a going concern. Subsea 7 S.A. Management has performed stress tests of future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include scenarios which reflect extended periods of low energy prices and potential operational and Covid-19 related issues which could adversely impact the Subsea 7 S.A. Group. Management has also performed reverse stress testing through modelling of reasonable worst-case scenarios. In all scenarios Subsea 7 S.A. Group management identified no forecast breaches of banking covenants and demonstrated sufficient liquidity for the Subsea 7 S.A. Group.

Management consider that the going concern assumption remains appropriate for the Company. Management consider that there are no significant doubts over the application of the going concern assumption and no disclosable material uncertainties which cast doubt upon the Company's ability to continue as a going concern.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:

Fixtures and fittings	3-10 years
Tenant's improvements	10 years, or period of lease if shorter
Computer equipment	2-3 years

Fixed asset investments

Investments in subsidiaries and joint ventures are recorded at cost less impairment. Provision for impairment is recognised when identified.

Intangible assets

Goodwill represents the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised over its estimated economic life, estimated at 10 years.

Licences are recorded at cost and are amortised in equal instalments over their estimated economic lives, which range from 3 to 8 years. Provisions are made for any impairment when identified.

Where the directors are satisfied as to the technical, commercial and financial viability of individual developed software projects, the identifiable expenditure is capitalised as an intangible asset and amortised over the expected period of benefit. A provision is made for any impairment when identified.

1. **Accounting policies (continued)**

Foreign currencies
Transactions in foreign currencies are translated into pound sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

The results of overseas operations are translated into sterling at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity. Other exchange differences are recognised in profit or loss in the period in which they arise.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lessees. All other leases are classified as operating leases.

Assets held under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in liabilities net of finance charges. The finance element is charged to the Statement of Comprehensive Income account over the period of the lease so as to produce a constant periodic rate of charge on the net obligation outstanding.

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Pension
The Company operates a defined contribution pension scheme. The annual contributions payable are charged to the Statement of Comprehensive Income. Differences between payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Government grants
Government grants are only recognised where there is a reasonable assurance that the conditions attached will be complied with and the grant will be received. Government grants (and specifically the Governments' Coronavirus Job Retention Scheme) are recognised in Statement of Comprehensive Income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants are recognised immediately in the Statement of Comprehensive Income if a receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no further related costs.

Turnover
Turnover represents the value of services rendered, net of sales taxes and discounts. Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the services provided to date based on the state of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of current liabilities.

Research and development
Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viabilities of individual projects.

1. **Accounting policies (continued)**

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion in terms of income and expenditure in taxation computations in periods difference from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are represented by cash and cash equivalents, account receivables, borrowings, account payables and other financial liabilities.

When a financial asset or financial liability is recognised initially, it is measured at transaction price unless the arrangement constitutes, in effect, a financing transaction. If an arrangement constitutes a financial transaction, the financial asset of financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Company has no financial instruments that upon their initial recognition are designated as at fair value through profit or loss. Therefore, subsequent to initial recognition financial assets and liabilities of the Company are measured at amortised cost using the effective interest method, unless they are classified as payable or receivable within one year on initial recognition, in which case they are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash received (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contact is discharged, cancelled or expires.

The accounting policies for key financial instruments held by the Company are set out below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash with banks, and deposits with an original maturity of less than three months.

Accounts receivable

Accounts receivable held by the Company, are non-interest bearing and current, and are stated at transaction prices, which approximates to their fair value on initial recognition. Appropriate allowances for estimated irrecoverable

1. **Accounting policies (continued)**

Accounts receivable (continued)
amounts are recognised subsequent to initial recognition in the Statement of Comprehensive Income when there is objective evidence that an asset is impaired.

Trade and other accounts payable
Accounts payable are short term and are measured at the undiscounted amount of the cash or other consideration expected to be paid which normally constitute a transaction price.

2. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the accounting policies, judgements, estimates and assumptions are required about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are subject to review on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of accounting judgements
The critical judgements made in the process of applying the Company's accounting policies which have the most significant effect on the amounts recognised in the financial statements are considered below.

Revenue recognition
For reimbursable day rate contracts turnover is recognised as the work is performed based on time spent by personnel on respective projects and contracted day rates. Revenue recognition criteria is judged to be satisfied through the time charged on respective projects with service revenue being recognised to the extent that the receipt of the related revenues is considered probable.

Turnover for lump sum contracts is calculated by reference to the estimated stage of completion. In making the judgement on the stage of completion management considers the value of work performed to date as a proportion of the total contract value and prior history of completion of similar projects.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of non-financial assets
Where there are indicators of impairment, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation must be based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation must be based on a discounted cash flow model. The cash flows are derived from forecasts for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested.

The carrying amount of goodwill at the balance sheet date is £nil (2020: £46,000). No impairment loss has been identified in either the current or prior year.

The carrying amount of investments at the balance sheet date is £1,577,000 (2020: £809,000), net of an accumulated impairments of £2,795,000 (2020: £2,531,000). A review for indicators of impairment was performed and this results in an impairment charge of £253,000 (2020: £nil) being recognised in the year. A impairment reversal of £2,000 (2020: £nil) was recognised in connection with a previously impaired investment in a joint venture.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of trade and other receivables and related party balances

The recoverable value of trade and other receivables requires to be estimated. When assessing recoverability of trade and other receivables with third parties, consideration is given to factors including the current credit rating of the receivables, the ageing profile and historical experience. The trade receivables balance at 31 December 2021 was stated net of a provision of £nil (2020: £389,000).

3. Turnover

Revenue represents time-based charges for consulting services in a number of areas including energy production, technology development and environmental safety and compliance. No further analysis by class of business is considered necessary.

An analysis of the Company's turnover by geographical market is set out below:	2021 £'000	2020 £'000
Europe	28,152	27,181
Middle East and Asia	2,849	3,607
North America	1,586	1,020
Africa	909	1,813
South America	205	133
Australia	100	105
	33,801	33,859

4. Loss from operating activities

This is stated after charging/ (crediting) the following:

	2021 £'000	2020 £'000
Amortisation of intangible assets:		
Goodwill (note 9)	46	136
Licences and developed software (note 9)	198	225
Depreciation of tangible fixed assets (note 10)	622	639
Operating lease rentals: Land and buildings	940	1,055
Foreign exchange (gain)/loss	(13)	187
Research and development expense	491	476

Fees payable to the Company's auditor and associates for:

	2021 £'000	2020 £'000
Audit of the Company's annual accounts	39	39
Total audit fees	39	39
Tax compliance services and total non-audit	-	-
Total	39	39

5. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2021 £'000	2020 £'000
Wages and salaries	**17,424**	17,397
Social security costs	**2,027**	2,023
Other pension costs (Note 16)	**2,090**	2,009
	21,541	21,429

The average monthly number of employees during the year was as follows:

	2021 No.	2020 No.
Directors	**2**	2
Administration	**47**	50
Technical	**242**	240
	291	292

6. *Directors' remuneration*

	2021 £'000	2020 £'000
Emoluments	**216**	203
	216	203

During the year no Directors accrued retirement benefits in respect of defined contribution pension schemes (2020: none). The highest paid director received remuneration of £216,000 (2020 £203,000).

7. Interest payable

	2021 £'000	2020 £'000
Interest on intercompany borrowings	**219**	411
	219	411

8. Taxation

Tax in the Statement of Comprehensive Income is disclosed as follows:

	2021 £'000	2020 £'000
Current tax:		
Group relief	(301)	(447)
Foreign tax	-	64
Current tax (credit)	(301)	(383)
Amounts overprovided in previous years	(55)	(38)
Total current tax (credit)	(356)	(421)
Deferred tax:		
Origination and reversal of temporary differences	(33)	(243)
Prior year adjustment	1	-
Impact of change in tax laws	(77)	-
Total deferred tax (credit)	(109)	(243)
Taxation (credit) reported in the Statement of Comprehensive Income	(465)	(664)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax was 19% (2020 19%). The actual rate for the current year and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2021 £'000	2020 £'000
(Loss) on ordinary activities before taxation	(2,130)	(2,035)
Expected tax (credit) based on a corporation tax rate of 19%	(405)	(387)
Effects of:		
Non-deductible expenses for tax purposes	57	11
Fixed asset and other timing differences	21	42
Income not taxable	-	(64)
Effect of foreign taxes	-	52
Deferred tax not recognised	(100)	(228)
Tax overprovided in previous years	(55)	(38)
Transfer pricing adjustments	-	(1)
R&D expenditure credits	17	(51)
Total tax (credit) for the year	(465)	(664)

The deferred tax included in the balance sheet is as follows:

	2021 £'000	2020 £'000
Deferred tax asset		
Provisions	48	34
Decelerated capital allowances	303	209
Deferred tax asset	351	243

Change in corporation tax rate

A change to the UK corporation tax rate was substantively enacted on 24 May 2021. The corporation tax main rate for the period beginning 1 April 2023 will increase to 25%.

9. Intangible assets

	Goodwill £'000	Licences £'000	Developed software £'000	Total £'000
Cost				
At 1 January 2021	1,270	1,505	609	3,384
Additions	-	73	647	720
At 31 December 2021	**1,270**	**1,578**	**1,256**	**4,104**
Amortisation				
At 1 January 2021	1,224	1,430	248	2,902
Charge for year	46	10	188	244
At 31 December 2021	**1,270**	**1,440**	**436**	**3,146**
Net book value				
At 31 December 2021	**-**	**138**	**820**	**958**
At 31 December 2020	46	75	361	482

10. Property, plant and equipment

	Fixtures and fittings £'000	Tenant's improvements £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2021	556	1,249	1,845	3,650
Additions	-	-	144	144
At 31 December 2021	**556**	**1,249**	**1,990**	**3,794**
Depreciation				
At 1 January 2021	451	1,058	774	2,283
Charge for year	13	78	531	622
At 31 December 2021	**464**	**1,136**	**1,305**	**2,905**
Net book value				
At 31 December 2021	**92**	**113**	**685**	**889**
At 31 December 2020	105	191	1,071	1,367

11. Investments

	Investments in subsidiaries £'000	Investments in joint ventures £'000	Total £'000
Cost			
At 1 January 2021	539	2,800	3,339
Investment in subsidiary	1,033	-	1,033
At 31 December 2021	**1,572**	**2,800**	**4,372**
Provision for impairment			
At 1 January 2021	21	2,519	2,540
Charge for year	253	-	253
Reversal of impairment	-	(2)	(2)
At 31 December 2021	**274**	**2,521**	**2,795**
Net book value			
At 31 December 2021	**1,298**	**279**	**1,577**
At 31 December 2020	518	291	809

Investments
In June 2021 the Company subscribed for 1 ordinary shares of AUD1.00 in the share capital of Xodus Group PTY Limited in return for the injection of AUD 1,823,450, equivalent to £1,000,000

In October 2021 the Company subscribed for 10 ordinary shares in Xodus Group Japan Kabushiki Kaisha in return for the injection of JPY 5,000,000, equivalent to £33,000.

Impairment and impairment reversal
A review was performed on the Company's investments in subsidiary undertakings in order to identify indicators of potential impairment. Where indicators were identified an exercise was performed to estimate the recoverable value (being the higher of value-in-use or fair value less costs of disposal) of the investments. Where necessary, impairment charges have been recognised within net operating loss to remeasure the carrying amounts of specific investments to their recoverable amount.

Due to the nature of the investments held by the Company, recoverable values can be impacted by a combination of various factors including, but not limited to; the outlook for levels of activity in regions in which the Company or its subsidiaries operate; the valuation of, and changes in, assets held by the Company or its subsidiaries, and changes in the level of cash and debt held by the Company. The outlook for levels of activity in the global oil and gas and renewable energy industries impacts the market valuation and future demand for services provided by subsidiary undertakings.

As a result of the impairment review on the investment in Xodus Group Limited and its investments, an impairment of £253,000 (2020: £nil) was recognised against the Company's investment in Xodus Group PTY Ltd which had a pre-impairment carrying amount of £1,000,000. The impairment was primarily triggered by a significant increase in carrying value following an investment made by the Company. This increase in carrying amount was not fully offset by an increase in valuation.

Subsidiary undertakings

Name of company	Registered office	Nature of business	Proportion of Ordinary shares held
Aurora Environmental Limited	Xodus House, 50 Huntly Street, Aberdeen, AB10 1RS	Property rental	100%
Xodus Academy Limited	Xodus House, 50 Huntly Street, Aberdeen, AB10 1RS	Energy consulting	100%
Xodus DMCC	36th Floor, Swiss Tower, Cluster Y, Jumeirah Lakes Towers, Dubai, PO Box 487286, United Arab Emirates	Energy consulting	100%
Xodus Group PTY LTD	Level 5, 1 William Street, Perth WA 6000, Perth, Australia	Energy consulting	100%
Xodus Group A/S	c/o Xodus House, 50 Huntly Street, Aberdeen, AB10 1RS	Non-trading	100%
Xodus Group Inc	c/o Xodus House, 50 Huntly Street, Aberdeen, AB10 1RS	Energy consulting	100%
Xodus Group BV	c/o Xodus House, 50 Huntly Street, Aberdeen, AB10 1RS	Non-trading	100%
Xodus Group Consultants SDN. BHD	Upper Penthouse, Wisma RKT, No. 2 Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300, Kuala Lumpur, W.P. Kuala Lumpur, Malaysia	Energy consulting	100%
Xodus Group Kabushiki Kaisha	Ebisu Business Tower 10th Fl. 1-19-19 Ebisu, Shibuya-Ku, Tokyo, Japan 150-0013	Energy consulting	100%
Xodus Green Light PTY LTD*	Level 5, 1 William Street, Perth WA 6000, Perth, Australia	Environmental Consulting	100%
Ocean Geo Solutions Inc **	8584 Katy Freeway, Houston Texas 77024	Energy consulting	100%

* Xodus Green Light PTY LTD is held indirectly through the Company's shareholding in Xodus Group PTY LTD.

** Ocean Geo Solutions Inc is held indirectly through the Company's shareholding in Xodus Group Inc.

Joint ventures

Name of company	Registered office	Nature of business	Proportion of Ordinary shares held
Xodus Subsea Limited	Cheapside House, 138 Cheapside, London, EC2V 6BJ	Non-trading	40%

In June 2021 the Company issued 1 Ordinary share of £1 to its immediate parent company Xodus Group (Holdings) Limited for total consideration of £10,000,000. Subsequently, AUD 1,823,450 (equivalent to £1,000,000) was invested into Xodus Group PTY Limited in return for 1 Ordinary share of AUD 1 and £9,000,000 was repaid to Subsea 7 Treasury Limited in part settlement of amounts due.

In July 2021 a subsidiary of the Company, Xodus Group Inc acquired 100% of the share capital of Ocean Geo Solutions Inc.

In September 2021, the Company incorporated a new subsidiary company, Xodus Academy Limited.

In October 2021, the Company incorporated a new subsidiary company, Xodus Group Kabushiki Kaisha. This resulted in an investment of equity of £33,000.

12. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	4,199	4,128
Amounts owed by group undertakings	6,830	4,448
Prepayments	999	1,115
Accrued income	3,473	2,509
Other receivables	222	232
Tax receivables	828	1,092
	16,551	13,524

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade payables	161	415
Amounts owed to group undertakings	7,153	11,485
Amounts owed to joint ventures	632	632
Social security and other taxes	869	1,328
Accruals	1,508	1,368
Deferred income	455	119
Corporation tax payable	-	7
Other creditors	190	184
	10,968	15,538

14. Deferred tax asset

A potential deferred tax asset amounting to £2,073,000 (2020: £1,608,000) was not recognised as its recoverability is dependent on future profitability and considered uncertain.

15. Called up share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
8,700,001 Ordinary shares of £1 each	8,700	8,700
35,025 B Ordinary shares of £1 each	35	35
	8,735	8,735

The Ordinary and B Ordinary shares rank pari passu with respect to dividends and have full voting rights. On the winding up, liquidation or capital reduction of the Company, the B Ordinary shares have right to repayment of £4.28 per share in priority to any payment to the holders of the Ordinary shares. Thereafter, after repayment of £1 per share to the holders of Ordinary shares, the holders of Ordinary and B Ordinary shares are entitled to share any remaining surplus assets of the Company in proportion to the number of shares owned.

During 2021 the Company's immediate parent company, Xodus Group (Holdings) Limited invested £10,000,000 into the company and in return the Company issued 1 Ordinary £1 share at a premium of £9,999,999.

16. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost in the year amounted to £2,090,000 (2020: £2,009,000). At 31 December 2021 contributions of £190,000 (2020: £180,000) were outstanding.

17. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases were as follows:

Land and Buildings	2021 £'000	2020 £'000
Expiry date		
Within 1 year	12	18
Between 2 and 5 years	1,781	2,769
	1,792	2,787

18. Related party transactions

The Company has taken advantage of the exemption available under s33.1A of Financial Reporting Standard 102 with regard to non-disclosure of transactions between wholly owned members of the Subsea 7 S.A. Group.

During the year the Company did not render or purchase any services from related parties. The following balances were outstanding with related parties at the end of the year:

Related party	Relationship	2021 Due from £'000	2021 Due to £'000	2020 Due from £'000	2020 Due to £'000
Xodus Subsea Limited and subsidiaries	Joint Venture	-	632	-	632
		-	632	-	632

19. Ultimate parent company

The Company's immediate parent company is Xodus Group (Holdings) Limited. The Company's ultimate parent company is Subsea 7 S.A. a company registered in Luxembourg whose common shares trade on the Oslo Børs and as American Depositary Receipts (ADRs) over-the-counter in the USA. The address of its registered office is 412F, route d'Esch, L-2086 Luxembourg. Subsea 7 S.A. is not considered to have a controlling party. The largest and smallest group in which the results of the Company are consolidated is that headed by Subsea 7 S.A. The group accounts may be obtained from its registered office.