

**Registered Number: 13227842**

**Albion JVCo Limited**

**Annual Report and Financial Statements**

for the period from 25 February 2021 to 31 December 2021

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# 1.0 Strategic Report

The directors present their strategic report on the Group for the ten month period ended 31 December 2021.

Albion JVCo Limited is the holding company for the Aggreko Limited group. Aggreko Limited is the world-leading provider of mobile modular power, temperature control and energy services with 170 sales and service centres in around 80 countries.

The Albion entities (comprising Albion JVCo Limited, Albion TopCo Limited, Albion HoldCo Limited, Albion Midco Limited, Albion Acquisitions Limited ("Bidco"), Albion Financing 1 S.à r.l., Albion Financing 2 S.à r.l., Albion Financing 3 S.à r.l. and Albion Financing LLC), were each incorporated in February/March 2021 in contemplation of the acquisition of the Aggreko group by Bidco (the "Acquisition") and the related financing transactions.

On 10 August 2021, Bidco completed the Acquisition by way of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006. The Acquisition was funded on 17 August 2021.

Following the Acquisition, Aggreko plc's shares were delisted from the London Stock Exchange and Aggreko plc was re-registered as a private limited company, named Aggreko Limited, on 16 August 2021.

## 1.1 Business model

Working at the forefront of a rapidly changing energy market, we solve our customers' energy problems by providing sector-specific cost-effective, flexible and greener power and temperature control solutions. The main ways in which we generate revenue for the Group are:

**Technical services** – including any design work completed to develop a customer solution

**Fuel and logistics** – including, in some cases the provision of a fully managed fuel service

**Production** – customers pay an agreed rate for the power, heating or cooling generated by our assets

**Capacity charge** – the charge for having each item of equipment available for the customers use

We compete with national, regional and local businesses but are set apart by our brand strength and reputation, global network of sales and service centres, investment in digital capability and continuous innovation. We have a high degree of technical engineering expertise and experience, resulting in the delivery of bespoke solutions for customers, leading to high levels of repeat business.

## 1.2 Strategy

Our strategy enables us to play our part in the energy transition, while growing profitably. Our strategic priorities are:

**Customer focus** – tailoring our solutions to support customers through the energy transition. This involves targeting particular sectors, offering specialist solutions and being simple to do business with.

**Technology investment** – reducing emissions and the total cost of energy through innovation. This includes developing competitive, configurable products, smartly using connected systems and data analytics, and integrating renewable and storage technology.

**Capital efficiency** – improving returns through more efficient deployment of resources. We optimise our capital efficiency by being mobile and modular, getting the most out of our assets and striving for the most competitive cost base.

**Expert People** – our people set us apart as a trusted partner to power progress. Our expert people priorities focus on: staying safe and professional at all times and nurturing our full potential.

## 1.3 Review of business

Since the Albion entities (listed above) were formed in February/March 2021 as financing entities to facilitate the financing of the Acquisition of the Aggreko group they had no operations, revenue or material assets prior to 10 August 2021. This is the first set of financial statements prepared by the Albion JVCo Group and, therefore, these consolidated financial statements contain no prior year comparatives and include the results of Aggreko from 10 August 2021 to 31 December 2021.

Revenue in the period was £684 million, comprising Rental Solutions (£331 million), Power Solutions Industrial (£209 million) and Power Solutions Utility (£144 million).

Trading across Rental Solutions was strong, with increased activity across a number of sectors as the vaccine roll out helped ease restrictions across most of our geographies. North America benefited from hurricane IDA and various contract extensions, together with good levels of activity in the petrochemical and refining sector in particular. Across Europe we have seen the return of revenue from the provision of temperature control projects for ice rinks, although not yet quite back to pre-pandemic levels. The telecommunications and data centres sector continued to be strong across Europe, with several new projects on-hiring or extending. In our Australia Pacific business, we saw a strong performance in mining. Revenue in Power Solutions Industrial in the period includes £50 million from the Tokyo Olympics and also reflects the seasonal ramp up and return of the events markets in our Middle East business, mobilisation of key mining projects in Africa and extensions in the Eurasia oil & gas market. Power Solutions Utility revenue was driven by key projects in Brazil, Kurdistan and the Ivory Coast, together with a major project extension in the Bahamas.

Operating profit pre-exceptional items in the period was £78 million, resulting in an operating margin of 11.4%. The reported operating profit (post-exceptional items) was £18 million. The net finance cost of £148 million includes costs associated with the refinancing of the Acquisition bridging facilities (£67 million) and an adverse exchange impact on borrowings of £26 million, together with £54 million of interest costs. Adjusted EBITDA in the period was £203 million (Adjusted EBITDA is defined as EBITDA excluding exceptional items of £60 million. Refer to calculation on page 55). Loss before tax pre-exceptional items in the period was £3 million and the reported loss before tax (post exceptional items) was £130 million.

# 1.0 Strategic Report (continued)

The exceptional charge in the period of £122 million is explained in Note 6 of the accounts and comprises primarily acquisition related costs of £117 million (including costs arising from the refinancing of the bridging facilities as noted above, legal, consultancy and deal fees and non-resident tax charges), as well as various restructuring costs.

During the period, cash generated from operations was £155 million. This included a cash outflow of £59 million relating to exceptional items and a £6 million working capital outflow, comprising a £35 million outflow from trade and other receivables, a £15 million inflow from inventory and a £14 million inflow from trade and other payables. The outflow from trade and other receivables was principally driven by North America due to increased activity in the region, the inflow from inventory was driven by a reduction in inventory in Dubai as we completed refurbishments of our fleet and the inflow from trade and other payables was primarily due to higher employee related accruals. Capital expenditure in the period was £128 million, of which £120 million was spent on fleet assets.

## Financing

In connection with the Acquisition, certain of the Albion entities entered into various financing arrangements, including the senior term loan facility agreement originally dated 31 July 2021 (the "Senior Term Facility Agreement"), the revolving facilities agreement originally dated 31 July 2021 (the "Revolving Facilities Agreement"), the senior secured bridge facilities agreement dated 31 July 2021 and the senior bridge facility agreement dated 31 July 2021. Such agreements were entered into ahead of the Acquisition to provide sufficient financing to fund the Acquisition. As such, the proceeds of such financing arrangements (which included an amount of £70 million drawn under the Revolving Facilities Agreement), were drawn in August 2021 and together with equity contributed by the shareholders, used to pay the Acquisition consideration to the shareholders of Aggreko plc, to pay costs, expenses and fees and to repay Aggreko plc's existing bilateral credit facilities on 17 August 2021 and Aggreko plc's U.S. private placement notes on 16 September 2021.

On 22 October 2021, Albion Financing 1 S.à r.l. and Aggreko Holdings Inc. issued \$565 million in aggregate principal amount of 6.125% senior secured notes due 2026 and €450 million in aggregate principal amount of 5.250% senior secured notes due 2026, and Albion Financing 2 S.à r.l. issued \$450 million in aggregate principal amount of 8.750% senior notes due 2027. In addition, Albion Financing 3 S.à r.l. and Albion Financing LLC amended and upsized the Senior Term Facility Agreement which originally provided for dollar denominated borrowings in an amount of £700 million equivalent to provide for borrowings in an amount of \$750 million and €500 million in aggregate borrowings. The Revolving Facilities Agreement provides for a revolving credit facility in the amount of £300 million for working capital purposes and a bonding facility in the amount of £150 million, which may be drawn and repaid from time to time.

The proceeds of the offerings of the Notes, together with the upsize of the senior term facility and cash, were used to repay the borrowings under the initial bridge facilities and to pay costs, expenses and fees in connection with the financing transactions related thereto.

On 31 December 2021, the Group had net debt of £2,115 million (including £74 million relating to lease liabilities) and committed debt facilities of £2,500 million of which £2,072 million were secured (comprising £797 million of Senior Secured Notes (SSN), £975 million of Term Loan B (TLB) and £300 million of Revolving Credit Facilities (RCF)) and £428 million were unsecured (comprising £333 million Senior Notes and £95 million Preference Shares).

For the purposes of the Group's going concern assessment, we have stress-tested our cash flow forecasts and, even in the severe but plausible worst-case scenario, the Group expects to meet its funding requirement over the 21 months from the date of approval of this report and ending 31 December 2023. Consequently, the directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements (Refer to Note 1 of the Accounts).

## 1.4 Section 172(1) Statement

The directors have complied with their duties to promote the success of the Group for the benefit of its members while having regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

### The directors' approach

The board of Albion JVCo Limited (the "Board") is clear that good governance and robust decision making is essential to ensure the continued long-term success of the Company and its subsidiaries (the "Group"). The Board delegates the responsibility for implementing mechanisms by which the interests of stakeholders are promoted to the board of its key operational subsidiary, Albion TopCo Limited (the "Operational Board"). The Board engages with the Operational Board on key issues relating to the interests of stakeholders by having all the Company's directors represented on the Operational Board. The Operational Board achieves good governance and robust decision making by giving due regard to the interests of a broad range of stakeholders, including shareholders, employees, suppliers, customers and others as described below.

### Maintaining our licence to operate

#### The likely consequences of any decisions in the long-term

Our approach to decision making at the Operational Board is included in the corporate governance statement on page 11.

#### The interests of employees

- **Employee communications:** We have continued to maximise the use of our digital channels to keep in touch and communicate with our colleagues during the change in working practices during the pandemic. A particular focus has been on the takeover of Aggreko, our business performance and wellbeing. We have provided guidance for leaders and produced core sources of information for everyone, one example being a specific intranet site for all information related to the takeover including the opportunity to ask questions via Yammer. Throughout this period, we have communicated regularly with our leadership teams, keeping them up to date so they can engage their teams accordingly.

- **Employee surveys:** We conduct an annual employee satisfaction and feedback survey called Be Heard. The results of the survey are reviewed by the Board and every employee is provided with a summary of their local team's response. This means we are able to reflect on our collective feedback and take action, with hundreds of managers putting actions in place to respond to the needs of their teams. Our 2021 Be Heard survey attracted our highest ever response rate: 87%. There were strong levels of engagement, with 79% of our respondents feeling engaged.
- **Equal opportunities and inclusion:** We are committed to promoting equal opportunities for all, irrespective of disability, ethnic origin, gender or any other considerations that do not affect a person's ability to perform their job. Our policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able bodied.
- **Diversity and inclusion:** We recruit people from all walks of life, reflecting the diverse needs of our customers in around 80 countries, because we believe it makes our company stronger. We encourage everyone to be themselves at work and continue to create an environment to support this, through leadership training, wellbeing initiatives, supporting employee resource groups and celebrating wellbeing and inclusion awareness days.

Our gender pay gap reports are available at [www.aggreko.com](http://www.aggreko.com).

**Diversity metrics at 31 December 2021**  
Gender of Operational Board

	No	%
Male	7	100
Female	0	0

**Gender of Executive Committee**

Male	6	86
Female	1	14

**Gender of Executive Committee direct reports\***

Male	35	70
Female	15	30

**Gender of permanent employees**

Male	5,384	83
Female	1,066	17

\* As required by the Companies Act 2006, the composition of our subsidiary company boards is 111 males and 14 females

**The need to foster business relationships with suppliers, customers and others**

- **Customers:** We maintain dialogue with our customers via voice of the customer surveys which provide transactional and relationship-based feedback on what matters most to our customers. We use the industry standard NPS to measure our performance and customer loyalty. We use this score to identify areas for improvement. Our customer relationship management system also gives us a better understanding of customer requirements by analysing our operating history and service provision, improving the speed of our service delivery.
- **Suppliers:** We engage with our suppliers, utilising the expertise of our dedicated global procurement team. We expect our suppliers to share our commitment to conducting business with integrity, honesty and in a socially responsible and sustainable way, and to work in partnership with us to achieve this goal. We conduct supplier quality checks and expect all our suppliers to sign up to our Supplier Code of Conduct and commit to conduct business in accordance with our standards. Where appropriate, we also utilise development agreements and share field data with our key suppliers to innovate and drive performance improvements.

**The impact of our operations on the community and the environment**

- **Environment:** What we do, and the way we do it, can affect the world and environment around us. We take that responsibility seriously by focusing on working safely and responsibly. From designing our equipment, to building, installing and operating it, health and safety is our top priority for our people, our customers and our communities. We are also conscious of our environmental impact and look for ways in which we can reduce our own environmental impact and encourage our customers to adopt cleaner energy solutions, incorporating renewable energies, energy storage and alternative fuels. We also aim to minimise the impact of our activities on local communities and the environment around a site, keeping noise and local emissions to a minimum and finding ways to be more efficient with fuel burnt and energy used. Wherever we operate, we fully comply with regulations and follow strict standards for our equipment.
- **Local communities:** We aim to contribute to the communities we work in by providing opportunities for local employment and training, investing in children's welfare, education and health and partnering with local charities. We seek to employ and train local people wherever we work; during 2021, 93% of our global workforce were locally employed. We also run an apprenticeship scheme at our largest locations and employ c.100 apprentices in 14 countries.

# 1.0 Strategic Report (continued)

## The desirability of maintaining a reputation for high standards of business conduct

### – Code of conduct and speaking up:

We are committed to conducting business with transparency, integrity and honesty. We have implemented robust policies to maintain these values wherever and whenever we work. We will never take part in any kind of corrupt activity, either directly or through third parties. Our dedicated compliance team ensures that our compliance framework is in line with best practice. Meanwhile, our Code of Conduct sets clear standards of behaviour for our people. We are also committed to training our people on these standards, encouraging people to speak up (including providing an anonymous whistle-blowing service) and independently investigating and, where appropriate, acting on any issues. We also have a supplier code of conduct which sets out the standards we expect from our suppliers (see above). Our codes of conduct are available at [www.aggreko.com](http://www.aggreko.com).

### – Slavery and human trafficking:

We apply high employment standards across our business, complying with relevant employment, health and safety and human rights laws to ensure our employees are secure. We have a zero-tolerance approach to modern slavery and human trafficking, and we extend these standards into our supply chain requiring all suppliers to Aggreko to confirm that they too will adopt appropriate employment standards in their business. Our Slavery and Human Trafficking Statements are available at [www.aggreko.com](http://www.aggreko.com).

## The need to act fairly between members of the Company

We seek to act fairly between all members of the Company by ensuring we act in accordance with our articles of association and terms of the relevant shareholder agreement that govern the rights of the shareholders of the Company. The Operational Board includes representatives from our shareholders and the culture allows for healthy and constructive debate. The Operational Board has approved a Group Delegation of Authority Policy which sets out matters reserved for the decision of the Operational Board, matters requiring the consent of the Company's shareholders and provision of information to the Company's shareholders.

## 1.5 Key Performance Indicators

### Customer loyalty and activity

We use an industry standard known as Net Promotor Score (NPS) to measure and benchmark our performance against competitors and other B2B organisations.

The high standard of our customer experience during the period is demonstrated by a Group NPS of 72% between 10 August and 31 December 2021.

The Group average megawatts (MW) of power on hire provides a good measure of the activity of the business globally. Our focus on returns means that we will not increase average megawatts on hire at the expense of price or the quality of our customer offering. During the period 10 August to 31 December 2021 the average megawatts on hire was 6,522 MW.

### Technology investment

Our strategy is to grow ahead of the market. To remain competitive we have to offer our customers cheaper and cleaner sources of energy that can be adapted to meet their needs. The best way to do this is through more fuel-efficient engines and using cheaper and cleaner fuels where appropriate. During the period we have focused our investment on new fleet to support secured projects. We continue to make progress in growing our storage and solar technology within the fleet. As at 31 December 2021, our total power fleet composition was 9,082 MW split as follows:

	2021
Diesel	54%
Diesel G3+	18%
Gas	18%
NGG	7%
HFO	2%
Renewables	1%

### Capital efficiency

We are a capital-intensive business and in order to generate strong returns on our capital investment our fleet needs to be well utilised. Across our businesses we use megawatt utilisation to measure this (average MW on hire divided by the total fleet size in MW). For the period 10 August to 31 December 2021, this was:

	2021
PSI	77%
PSU	75%
Rental Solutions	63%

### Expert people

It is the attitude, skill and motivation of our people which makes the difference between mediocre and excellent performance. We monitor permanent employee turnover as a proxy for how our employees feel. It is measured as the number of employees who leave the Group (other than through redundancy) during the period, as a proportion of the total average number of employees during the period. Employee turnover ratio for the period 10 August to 31 December 2021 was 10%, which we expect to see as a level of permanent employee turnover in order to retain the skill base that we have developed.

Rigorous safety processes are absolutely essential if we are to avoid accidents or incidents which could cause injury to people and damage to property and reputation. The main metric we use to measure safety performance is LTIFR which is calculated by dividing the number of recorded Lost time injury (LTI) cases by the number of hours worked at the Company, multiplied by 200,000. For the period 10 August to 31 December 2021 our LTIFR was 0.14 based on 7 recordable injuries. An LTI is a work-related injury resulting in an employee's inability to work the shift after the initial injury.



## 1.6 Risk Factors

### Approach to managing our risk and risk appetite in 2021

The Group recognises the importance of identifying and actively managing the financial and non-financial risks facing the business. We want our people to feel empowered to take advantage of attractive opportunities, but to do so within the risk appetite set by the Board. It is important that we have a robust risk management framework to facilitate this.

The directors have carried out a robust assessment of the principal and emerging risks and uncertainties facing the Group, including those that would threaten our future performance, business model, solvency and liquidity.

We have defined a universe of risk events that might prevent the Group from delivering its strategic plan. These risk events are a simple expression of what might go wrong and a reference point for working out the causes of risk events, identifying critical control activities and describing risk scenarios. The principal risk scenarios facing the business at the end of 2021 are presented in alphabetical order in the table below.

**Risk appetite:** The Group is willing to take and manage considered risks within clear boundaries set by the Operational Committee and approved by the Board. We set our appetite in each of the risk scenarios in our registers by agreeing a maximum acceptable risk score for each scenario.

### Principal risks (in alphabetical order)

Risk and exposure	Prevention and mitigation
<b>Cyber security</b> A cyber security incident could result in a loss of data, a loss of data integrity or disruption to operations.	<ul style="list-style-type: none"> <li>– Cyber security forum monitors threats and directs actions</li> <li>– Security technologies including: antivirus and malware software; firewalls; monitoring of data egress points</li> <li>– Third-party expertise engaged for incident response and security penetration testing</li> <li>– IT user policy and training</li> <li>– Data encryption/security incorporated into new systems</li> <li>– Rigorous testing and maintenance of equipment</li> <li>– Health testing and monitoring where required</li> </ul>
<b>Funding</b> Unexpected funding requirements which consume the headroom in our borrowing facilities or a covenant breach could result in an inability to fund the strategic plan.	<ul style="list-style-type: none"> <li>– Cash flow forecasting and monitoring</li> <li>– Covenant compliance management</li> <li>– Customer credit management policy</li> <li>– Capital and operating expenditure management</li> </ul>
<b>Global climate change</b> Our best estimate of the effect of climate change is built into our budget and three year plan. If the actual effect exceeds our current expectations that could result in a failure to meet our forecasts.	<ul style="list-style-type: none"> <li>– Monitoring industry laws and regulations</li> <li>– Market requirements monitoring</li> <li>– Diversified product portfolio</li> <li>– Technology roadmap for existing/alternative technologies</li> </ul>
<b>Global macroeconomic uncertainty</b> Changes in geopolitical factors including the effect of COVID-19 and the oil price on global economic activity could result in a failure to meet our forecasts.	<ul style="list-style-type: none"> <li>– Market analysis and monitoring</li> <li>– Market and product diversification</li> <li>– Mobile, modular, homogenous equipment</li> <li>– Product and technology development</li> <li>– Efficiency improvements</li> </ul>
<b>Health and Safety</b> A health and safety incident involving our people or third parties could result in serious illness, injury or death.	<ul style="list-style-type: none"> <li>– Leadership focus and accountability throughout management</li> <li>– HSE policy supported by standard operating procedures</li> <li>– HSE training (against HSE standards and job specific)</li> <li>– Risk reporting and monitoring of leading indicators</li> <li>– Incident response procedures</li> <li>– Rigorous testing and maintenance of equipment</li> <li>– Health testing and monitoring where required</li> <li>– HSE compliance audits</li> </ul>
<b>IT system implementation</b> Failure of (or delay in) ERP implementation could result in IT systems not working.	<ul style="list-style-type: none"> <li>– IT change management</li> <li>– Governance and integration audits</li> <li>– Contingency planning</li> </ul>
<b>Sanctions</b> Changes in the sanctions environment could result in our prosecution for breaking the law by trading with an entity subject to sanctions.	<ul style="list-style-type: none"> <li>– Group contract risk management policy – compliance and monitoring</li> <li>– Due diligence on all contracts and customers in high-risk jurisdictions</li> <li>– Targeted training of employees and third parties</li> <li>– Recruitment, training and performance management</li> </ul>

# 1.0 Strategic Report (continued)

Risk and exposure	Prevention and mitigation
<b>Supply chain disruption</b> A supply chain failure could result in not having enough equipment.	<ul style="list-style-type: none"> <li>– Mobile, modular, homogenous equipment</li> <li>– Equipment requirements forecasting</li> <li>– Equipment procurement and delivery management</li> <li>– Equipment servicing and refurbishment</li> </ul>
<b>Talent management</b> Failure to attract, retain and develop key personnel could result in a loss of productivity and intellectual capital, increased recruitment costs and lower staff morale.	<ul style="list-style-type: none"> <li>– Recruitment policy and succession planning</li> <li>– Talent management reviews and development plans</li> <li>– Staff survey feedback incorporated into strategic priorities</li> <li>– Benchmarking of remuneration and benefits</li> <li>– Performance management</li> </ul>
<b>Technology developments</b> Failure to identify, develop and deploy new technology could result in lower than expected growth.	<ul style="list-style-type: none"> <li>– Diversified product portfolio</li> <li>– Technology roadmap for existing and alternative technologies and fuels</li> <li>– Market requirements monitoring</li> <li>– New product introduction process</li> <li>– Standard operating practices and training for new products</li> </ul>

## Eurasia

Aggreko currently owns and operates a business in Eurasia, which includes Russia. We announced on 1 March 2022 our intention to sell this business. In the interim the business is being operated independently from the wider Aggreko business. Our business in Eurasia, which transacts almost entirely in roubles, has sufficient cash resources to operate in this way for the foreseeable future, and we do not expect to provide it any additional funding or assets. Notwithstanding this, the cash held locally in the Eurasia business is not material in a group context. Our announcement can be accessed on our corporate website, [www.aggreko.com](http://www.aggreko.com).

Our Eurasia business employs around 500 staff and in 2021 generated c. 5% of the Group's revenue. We do not provide profitability information at an individual region or country level. The Eurasia business has a mixed fleet of diesel and gas generators and currently operates in Russia, Azerbaijan and Kazakhstan. We have no activities in Ukraine. We have a responsibility for our employees in the region and we will continue to support them until we sell this business.

Given the materiality of our Eurasian business in the context of the wider group, we do not anticipate any sale having a material impact on the group's financial covenants. It is unclear how the war in Ukraine, the changes in sanctions and the resultant macroeconomic uncertainty will impact our business. We will continue to follow developments closely and will take further action to protect our people and business as appropriate.



## 1.7 Task Force on Climate-related Financial Disclosures (TCFD)

As a private company, we are not subject to mandatory TCFD reporting, however, given the close links to our net-zero targets and Group strategy, and our commitment to developing our reporting in this area, we have produced the below voluntary disclosure.

### Governance

#### Describe the Board's oversight of climate-related risks and opportunities

Our sustainability priorities are built into our business and well embedded within internal governance frameworks, leading to clearly defined oversight and reporting at the Operational Board.

The Operational Board has collective responsibility for the oversight of climate-related risks and opportunities and the named Executive Director with responsibility is the CEO.

The Operational Board oversees all high-priority environmental sustainability topics, given the integral part they play in the overall Group strategy, with updates received throughout the year. This is supplemented with an annual update on all sustainability topics and initiatives providing a holistic review of progress against our overall sustainability framework.

#### Describe management's role in assessing and managing climate-related risks and opportunities

Our CEO has specific responsibility for all sustainability matters and is supported in this role by the Executive Committee. The Executive Committee has overall responsibility for implementing the sustainability framework as approved by the Operational Board.

### Strategy

#### Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

The energy transition has a significant impact on power markets and demand, representing challenges that are both risks and opportunities for Aggreko. We describe the climate-related risks and opportunities within the following time horizons:

#### Short-term (0-5 years)

As our customers become increasingly subject to emission reduction legislation and/or our customers adopt their own carbon reduction targets, there will be a pull towards more efficient engines, increased use of renewable diesel (eg HVO), a move towards gas and hybrid solutions incorporating renewable energy and energy storage systems. This represents an opportunity for Aggreko with a new generation of engines, for more gas and more efficient solutions, as well as our hybrid solutions which combine thermal energy with renewables and energy storage. There is a risk of decline in the rental of less efficient diesel generators and restrictions to the growth of heavy fuel oil activity.

#### Medium-term (5-10 years)

As further climate-related regulations are introduced, there is an acceleration of decarbonisation. A potential ban on fossil diesel could accelerate the decline of energy solutions adopting fossil diesel, but as the availability of renewable diesel and other biofuels grows, the cost of renewable energy technology and energy storage systems decreases. This presents increased opportunity for Aggreko's gas and hybrid energy solutions as well as for blending fossil fuels and gas with bio-solutions. If we do not actively manage the size our diesel fleet, there is a risk of having stranded assets on our balance sheet. Decarbonisation of transport, buildings and industry will drive electrification and will create new opportunities for Aggreko to service the increasing energy demands.

#### Long-term (10+ years)

As cleaner energy solutions become more competitive and available to customers and more fuel options are available, there will be a decline in the reliance on fossil diesel. If we are too slow to invest and adapt our technology, we face the risk of being unable to meet the changing energy needs of our customers. Our customers in the oil and gas, petrochemical and refining industries will have to adapt and do business differently. As these sectors represent approximately 20% of our revenues we need to monitor how they evolve and continue to adapt to ensure that we can continue to service their needs as they evolve.

#### Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

To leverage opportunities from the energy transition, Aggreko will have to transform a significant part of its fleet and be able to offer a range of energy solutions for our customers. Our energy solutions will become more complex, combining several technologies and we will have to develop many new competencies.

#### Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

We have conducted a comprehensive review of our markets to understand the impact of climate change on our customers and to assess the impact of the energy transition on our customers and the necessary evolution of our products and solutions. We conducted this analysis by sector and by region as our customers are at different stages and are impacted differently by climate change and the energy transition. We are developing plans for each region to enable us to meet the evolving needs of our customers as they adapt to address climate risks.

We have also reviewed our own business operations as we work towards reducing our own environmental impact. As part of this review, we are analysing our global footprint, how we deliver our services around the world and how our operations will need to adapt to address climate risks.

# 1.0 Strategic Report (continued)

## Risk management

### Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Twice a year, the Group Risk function updates the Group's risk registers and identifies emerging risks after discussions with business leaders and subject matter experts. These discussions include the potential impact and likelihood of climate-related risks. As part of this review, we consider how climate risks could impact our ability to do business with certain customers. We also consider how customers; suppliers and our own people may be negatively impacted by climate change events. More information on our risk management approach can be found on page 5.

In addition to the update process described above, the Group Risk function has used our risk management framework and the findings of TCFD to identify the specific risk scenarios that might be triggered by climate change. As a result, a climate change risk has been included in the Group's Register of Principal Risks, which is monitored by the Audit and Risk Committee and the Operational Board.

In addition to our routine group risk management framework, we also continuously monitor business developments, risks and opportunities facing the business, as well as changes in legislation and the perspectives and needs of our stakeholders. Our material issues identify what matters most to our business and our stakeholders and informs us on actions we take. In 2020, we carried out our first materiality assessment to understand the importance of a range of sustainability topics to our stakeholders. We used the output from this assessment to inform our sustainability framework.

## Metrics and targets

### Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We monitor and report our greenhouse gas (GHG) emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based scope 2 calculation method, together with the latest emission factors from recognised public sources. We also track and monitor our energy consumption. These metrics are detailed on page 10.

We also monitor our fleet composition, fuel consumption and revenue derived from cleaner energy solutions as we support customers to reduce their environmental impact. As we work towards reducing our own environmental impact we also monitor the composition of hybrid vehicles in our vehicle fleet, our business travel and our recycling rates.

### Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

These disclosures can be found on page 10.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

By 2030, we will:

- Reduce the amount of diesel fuel used in customer solutions by at least 50%
- Reduce local air quality emissions of those solutions by the same amount
- Achieve net zero across our business operations

By 2050 or sooner:

- The Group, and the services we provide will be net zero

Approved by the Board and signed on its behalf by:

DocuSigned by:

*Maxime Jacqz*

Maxime Jacqz  
Director

DocuSigned by:

*Hassan ElGazzar*

Hassan ElGazzar  
Director

13 April 2022.

1 Bartholomew Lane, London,  
United Kingdom, EC2N 2AX

# 2.0 Directors' Report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the period ended 31 December 2021.

We have included some of the matters normally included in the Directors' Report which we consider of strategic importance in the Strategic Report. Specifically these are:

Results and future developments on page 1
Disabled employees on page 3
Engagement with employees on page 3
Engagement with suppliers, customers and others on page 3

## 2.1 Events after the balance sheet date

On 1 March 2022 Aggreko Limited and its parent company Albion Acquisitions Limited announced that it had decided to sell the Company's Eurasian business, which is mostly in Russia. In the interim the business is being operated independently from the wider Aggreko business. Our business in Eurasia, which transacts almost entirely in roubles, has sufficient cash resources to operate in this way for the foreseeable future, and we do not expect to provide it any additional funding or assets. Our Eurasia business generated c. 5% of the Group's revenue in 2021 and had net assets of £70 million. The directors are continuing to monitor the net assets in country and the associated goodwill in the PSI business unit for impairment as a result of this.

## 2.2 Existence of branches outside the UK

Subsidiaries of the Company have established branches in a number of different countries in which they operate.

## 2.3 Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

### 2.3.1 Cash flow risk

Details of the Group's cash flow risk is contained in note 1 to the financial statements.

### 2.3.2 Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the trade receivables balance.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### 2.3.3 Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

## 2.4 Dividends

No dividends were paid or declared in the period.

## 2.5 Directors

The directors who served throughout the period, except as noted, were as follows:

- MA El-Gazzar (appointed 25 February 2021)
- G Lindsay (appointed 25 February 2021)
- H El-Gazzar (appointed 17 August 2021)
- MJP Jacqz (appointed 17 August 2021)

## 2.6 Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

## 2.7 Political donations

No political donations were made during the financial period.

## 2.8 Guidelines for Disclosure and Transparency in Private Equity

The directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

## 2.0 Directors’ Report (continued)

### 2.9 Energy and carbon reporting

#### Greenhouse Gas Emissions

In line with the Company's Act 2006, we are reporting on our greenhouse gas (GHG) emissions. We have used the method outlined in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based scope 2 calculation method, together with the latest emission factors from recognised public sources including the UK Department for Business, Energy and Industrial Strategy (BEIS), the US Energy Information Administration (EIA), the US Environmental Protection Agency (EPA) and the Intergovernmental Panel on Climate Change (IPCC).

The tables below show the 2021 emissions broken down by scope, and also by fleet/non-fleet split, for the time period August 2021 to December 2021. As data is collected on an annual basis and is not monthly in its granularity these results have been pro-rated.

Total GHG emissions by GHG protocol Scope		2021
tCO <sub>2</sub> e/year		
Scope 1		17,785
Scope 2		5,277
Scope 3		3,928,890
Total		3,951,952
Total GHG emissions by fleet/non-fleet		2021
tCO <sub>2</sub> e/year		
Fleet		3,916,498
Non-fleet		35,454
Total		3,951,952

The results show that 99% of GHG emissions arise from the operation of our fleet when it is out on rent. There are three main factors driving our annual GHG emissions: the fuel type our customers use; the pattern of their usage; and the fuel efficiency of the fleet.

In line with best practice, our GHG accounting systems include an estimate of the upstream GHG emissions associated with fuel supply chains; in 2021 this contributed 17% of fleet emissions and 16% of total Scope 3 emissions. We are reviewing our Scope 3 emissions with the aim of including more Scope 3 activities in future reporting.

The intensity ratio expresses the GHG impact per unit of physical activity or economic output, with a declining intensity ratio reflecting a positive performance improvement. Relative emissions (expressed in tCO<sub>2</sub>e/k€) for the period is 5.95. Whilst normalising emissions by revenue can be informative, we feel that running hours (the number of hours our fleet are operational for) is a more suitable intensity metric. Relative emissions using the running hours intensity metric for the period to 2021 is 0.21.

#### Energy Consumption

For the time period August 2021 to December 2021 our Scope 1 energy consumption (from facilities fuel, fleet testing and company vehicles) was 55,936 MWh of which 5,766 MWh (10%) was consumed by UK business. Our Scope 2 energy consumption (from facilities electricity use) was 13,010 MWh of which 1,601 MWh (12%) was consumed in the UK. Focusing on our facilities, 2021 energy consumption from electricity and fuel was 30,007 MWh, with 4,854 MWh (16%) consumed by UK business.

### 2.10 Energy efficiency actions taken

As part of our initiatives to achieve net-zero in our own operations we are reviewing the energy efficiency of our facilities to identify measures to reduce our energy consumption. In addition, the Group's Northern Europe business has been certified to the Carbon Trust Standard (replacing our CEMARS certification as referenced in previous Annual Reports). The Carbon Trust Standard recognises organisations that follow best practice in measuring, managing and reducing their environmental impact, achieving year-on-year reductions in carbon dioxide emissions. The Northern Europe business and our manufacturing facility in Dumbarton have maintained certification to ISO 50001. These standards set out and validate a best practice approach to energy management, helping us to set a framework to continually improve our energy performance. As part of this work, the Northern Europe business changed its electricity supplier for its service centres to a supplier offering 100% renewable electricity.

### 2.11 Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG was appointed on 20 December 2021 and has expressed its willingness to continue in office as auditor and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

## 2.12 Statement of Corporate Governance Arrangements

The Board of Albion JVCo Limited (the “Board”) is committed to high standards of corporate governance, it is the way we do business and is at the core of everything we do. Good governance and robust decision making is essential to ensure the continued long-term success of the Company and its subsidiaries (the “Group”). In practice the Board sits at the Albion TopCo Limited level, our key operational subsidiary, and the Board delegates responsibility for corporate governance to the board of Albion TopCo Limited (the “Operational Board”). The Board engages with the Operational Board on key issues relating to corporate governance by having all the Company’s directors represented on the Operational Board.

The Group voluntarily applies the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council in December 2018 (the “Wates Principles”). We work hard to apply the Wates Principles and fully support the ‘apply and explain’ basis of reporting against it. Further explanation of how each of the Wates Principles has been applied is set out below.

### Purpose and leadership

The Operational Board has overall responsibility for establishing the purpose, values and strategy to deliver long-term sustainable success for the Group and generate value for shareholders. We place great importance on ensuring that these key themes are relevant and appropriate for the Group and the sectors in which we operate, while being aligned with our culture. Our values underpin our purpose and are recognised across the Group as the basis of our culture. The Operational Board sets the strategy for the Group to align with our purpose. It oversees the implementation of that strategy to ensure that the Group is suitably resourced to deliver on its strategic objectives.

Indicators of culture reviewed by the Operational Board and its committees include:

- Reviewing the results of our employee survey (Be Heard)
- Reviewing the volume and nature of whistleblowing reports and outcome of any investigations
- Our safety performance, uptake of initiatives and trends, as attitudes to safety can act as an early warning of potential culture-related issues
- Internal audit reports and findings, as attitudes to regulators and internal audit can give an early indication of potential culture-related issues
- Monitoring our KPI on employee satisfaction
- Training completion rates
- Visiting Aggreko locations in the UK and overseas to spend time with our people, allowing us to assess culture in the local context
- Reviewing and monitoring compliance with our Code of Conduct

### Board composition

The Operational Board comprises of the Chairman, CEO, CFO and four shareholder representative Non-executive directors. The roles of the Chairman and CEO are separate and clearly defined. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness, setting its agenda taking full account of the issues and concerns of Board members, promoting open debate and facilitating constructive discussion. The CEO is responsible for leading, managing and controlling the Group, subject to those matters which are reserved for decision by the Operational Board or our shareholders.

Appointments to the Operational Board are made by our shareholders on the basis of merit considering the combination of skills, background, experience and knowledge required.

### Director responsibilities

The Operational Board has oversight of the Group, receiving regular and timely information on all key aspects of the business. At its scheduled meetings the Operational Board receives reports from the CEO on key issues affecting the business, the CFO on the performance of the business and, where a committee meeting has been held beforehand, the Chair of the Audit and Risk Committee on matters discussed at their meeting. An annual planner of items for consideration by the Operational Board ensures a steady flow of updates on key issues for the Group. Ad hoc meetings are held as required in response to specific issues to ensure the stability and viability of the Group in the longer term.

The Operational Board has delegated certain governance responsibilities to the Audit and Risk Committee. The Operational Board approved the terms of reference and membership of the Audit and Risk Committee and will review both on an annual basis. Membership of the Audit and Risk Committee includes shareholder representatives who support effective decision makers and independent challenge.



## 2.0 Directors' Report (continued)

The Operational Board has approved a Group Delegation of Authority Policy which sets out matters reserved for the decision of the Operational Board, matters requiring the consent of the Company's shareholders and provision of information to the Company's shareholders. The Group Delegation of Authority Policy also delegates authority for day-to-day management to the CEO and Operational Committee members. The Operational Committee is chaired by the CEO and its membership includes the CFO, the leaders of the Power Solutions and Rental Solutions businesses, the Group Legal Director and Company Secretary, the Group People Director, and the Chief Information Officer.

To ensure that the Operational Board maintains its ability to ensure objective and effective decision making there is a Board procedure in place for the monitoring, and where appropriate, authorisation of any potential conflicts of interest that directors may have. On an annual basis the directors are reminded of their continuing obligations and are required to review and confirm their interests.

### Opportunity and risk

The Operational Board maintains a comprehensive level of monitoring, compliance, assurance and risk assessment in relation to the Group. Our disclosure in relation to opportunity and risk is included in the section on Principal Risks and Uncertainties within the Strategic Report on page 5.

The Operational Board has established an Audit and Risk Committee, whose overall remit includes ensuring the integrity of the Group's financial reporting and provision of oversight and review of the Groups systems for internal control and risk management. These activities underpin the Director's consideration and integrity of our narrative and financial reporting. The Audit and Risk Committee is chaired by the Chairman and its terms of reference are available at [www.aggreko.com](http://www.aggreko.com).

### Remuneration

The Group aims to employ a high-performing workforce, rewarded in line with our values and incentivised to promote the Group's purpose and strategy.

Remuneration of the Group's CEO, CFO and other senior management is reviewed and set by our shareholders. In making remuneration decisions, our shareholders consider the pay and employment conditions elsewhere in the Group and are informed of changes to broader employee pay.

The directors of the Company do not receive any remuneration in respect of the services they provide as directors.

### Stakeholder relationships and engagement

The Operational Board recognises the value of maintaining strong business relationships with a broad range of stakeholders and understanding their views in delivering our strategy. Our disclosure in relation to stakeholder relationships and engagement is included in the Section 172(1) statement within the strategic report on page 2.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
 Maxime Jacqz  
 Director

DocuSigned by:  
  
 Hassan ElGazzar  
 Director

13 April 2022.

1 Bartholomew Lane, London,  
 United Kingdom, EC2N 2AX



# 3.0 Directors' responsibilities statement

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group 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.

# 4.0 Independent Auditor's report to the members of Albion JVCO Limited

## Opinion

We have audited the financial statements of Albion JVCo Limited ("the Company") for the period ended 31 December 2021 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Equity and the related notes, including the accounting policies in Note 1 and the Company Balance Sheet, Company Statement of Changes in Equity and the related notes, including the accounting policies in Note 27.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

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

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

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group and company's ability to continue as a going concern for the going concern period.

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

## Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenues consist of routine, non-complex transactions that are subject to systematic processing.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

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

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

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

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

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

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

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

preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

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

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

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

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing

the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**John Luke (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

319 St Vincent Street  
Glasgow  
G2 5AS

13 April 2022

## 16 Financial statements

**Group income statement**

For the period ended 31 December 2021

	Notes	Total before exceptional items 2021 £ million	Exceptional items (Note 6) 2021 £ million	2021 £ million
Revenue	3	684	–	684
Cost of sales		(279)	–	(279)
<b>Gross profit</b>		<b>405</b>	<b>–</b>	<b>405</b>
Distribution costs		(216)	–	(216)
Administrative expenses		(105)	(64)	(169)
Impairment (loss)/gain on trade receivables	15	(8)	3	(5)
Other income	2	2	1	3
<b>Operating profit/(loss)</b>	3	<b>78</b>	<b>(60)</b>	<b>18</b>
Net finance costs	8			
– Finance cost		(83)	(67)	(150)
– Finance income		2	–	2
<b>Loss before taxation</b>	4	<b>(3)</b>	<b>(127)</b>	<b>(130)</b>
Taxation	9	(23)	5	(18)
<b>Loss for the period</b>		<b>(26)</b>	<b>(122)</b>	<b>(148)</b>

All loss for the period is attributable to the owners of Albion JVCo Limited

**Group statement of comprehensive income**

For the period ended 31 December 2021

	2021 £ million
<b>Loss for the period</b>	<b>(148)</b>
<b>Other comprehensive income</b>	
<i>Items that will not be reclassified to profit or loss</i>	
Remeasurement of retirement benefits	6
Taxation on remeasurement of retirement benefits	(2)
<i>Items that may be reclassified subsequently to profit or loss</i>	
Net exchange gains offset in reserves	19
<b>Other comprehensive income for the period (net of tax)</b>	<b>23</b>
<b>Total comprehensive loss for the period</b>	<b>(125)</b>

# Group balance sheet (Company Number: 13227842)

## As at 31 December 2021

	Notes	2021 £ million
<b>Non-current assets</b>		
Goodwill	10	1,072
Other intangible assets	11	371
Investment		10
Property, plant and equipment	12	1,026
Deferred tax asset	20	42
Fulfilment assets	13	64
Retirement benefit surplus	26.A4	16
		<b>2,601</b>
<b>Current assets</b>		
Inventories	14	190
Trade and other receivables	15	534
Fulfilment assets	13	35
Cash and cash equivalents		179
Derivative financial instruments	26.A3	1
Current tax assets		22
		<b>961</b>
<b>Total assets</b>		<b>3,562</b>
<b>Current liabilities</b>		
Borrowings	16	(28)
Lease liability	17	(25)
Derivative financial instruments	26.A3	(1)
Trade and other payables	18	(497)
Current tax liabilities		(42)
Demobilisation provision	19	(5)
		<b>(598)</b>
<b>Non-current liabilities</b>		
Borrowings	16	(2,192)
Lease liability	17	(49)
Deferred tax liabilities	20	(135)
Demobilisation provision	19	(14)
		<b>(2,390)</b>
<b>Total liabilities</b>		<b>(2,988)</b>
<b>Net assets</b>		<b>574</b>
<b>Shareholders' equity</b>		
Share capital	21	–
Share premium		699
Foreign exchange reserve		19
Retained earnings		(144)
<b>Total Shareholders' equity</b>		<b>574</b>

The financial statements on pages 16 to 50 were approved by the Board of directors on 13 April 2022 and signed on its behalf by:

DocuSigned by:  DocuSigned by:   
D9A830FC9FF740D... 5F4E32698E634EC...  
Maxime Jacqz Hassan ElGazzar  
Director Director

## 18 Financial statements

**Group cash flow statement**

For the period ended 31 December 2021

	Notes	2021 £ million
<b>Operating activities</b>		
Loss for the period		(148)
Adjustments for:		
Exceptional items		64
Tax		18
Depreciation		108
Amortisation of intangibles		17
Fulfilment assets (amortisation to the income statement and provisions created for future demobilisation costs)	13	26
Demobilisation provisions (new provisions)	19	3
Finance income		(2)
Finance cost <sup>(i)</sup>		152
Profit on sale of PPE <sup>(ii)</sup>	2	(3)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Decrease in inventories		15
Increase in trade and other receivables <sup>(iii)</sup>		(35)
Increase in trade and other payables		14
Cash flows relating to fulfilment assets	13	(14)
Cash flows relating to demobilisation provisions	19	(1)
Cash flows relating to exceptional items	6	(59)
<b>Cash generated from operations</b>		<b>155</b>
Tax paid		(31)
Finance income received		2
Finance costs paid <sup>(iv)</sup>		(33)
Finance costs paid – exceptional items	6	(53)
<b>Net cash generated from operating activities</b>		<b>40</b>
<b>Cash flows from investing activities</b>		
Acquisitions (net of cash acquired)	23	(2,033)
Purchases of PPE		(128)
Proceeds from sale of PPE	2	5
<b>Net cash used in investing activities</b>		<b>(2,156)</b>
<b>Cash flows from financing activities</b>		
Increase in long-term loans <sup>(v)</sup>		2,274
Repayment of long-term loans		(608)
Increase in short-term loans <sup>(vi)</sup>		2,055
Repayment of short-term loans		(2,119)
Payment of lease liabilities		(10)
Issue of ordinary shares		699
<b>Net cash from financing activities</b>		<b>2,291</b>
<b>Net increase in cash and cash equivalents</b>		<b>175</b>
Cash and cash equivalents at beginning of the period		–
Exchange gain on cash and cash equivalents		4
<b>Cash and cash equivalents at end of the period</b>		<b>179</b>

(i) Finance costs of £150 million per income statement, gross of £2 million hedging gain.

(ii) Profit on sale of PPE includes an exceptional gain of £1 million. Refer to note 6.

(iii) Movement in trade and other receivables includes the reversal of previously impaired trade receivables as cash was received (£3 million). Refer to note 6.

(iv) Finance costs paid of £33 million includes £2 million in respect of lease liabilities.

(v) Increase in long-term borrowings is net of fees deducted at source of £25 million due to right of offset.

(vi) Increase in short-term borrowings is net of fees deducted at source of £56 million due to right of offset.

Cash flows for the purchase and sale of rental fleet assets are presented as arising from investing activities because the acquisition of new fleet assets represents a key investment decision for the Group, the assets are expected to be owned and operated by the Group to the end of their useful economic lives, the disposal process (when the assets are largely depreciated) is not a major part of the Group's business model and the assets in the rental fleet are not specifically held for subsequent resale.



# Reconciliation of net cash flow to movement in net debt

## For the period ended 31 December 2021

Analysis of changes in net debt	At 25 February 2021	Cash flow – acquisitions	Cash flow – excluding acquisitions	Exchange	Other non-cash movements £m	At 31 December 2021
<b>Cash and cash equivalents</b>	–	(343)	518	4	–	<b>179</b>
<b>Current borrowings:</b>						
Bank borrowings – bridging	–	(377)	402	(5)	(20)	–
USD Senior Secured Notes – bridging	–	(488)	503	(3)	(12)	–
EUR Senior Secured Notes – bridging	–	(486)	497	2	(13)	–
USD Senior Notes – bridging	–	(339)	352	(2)	(11)	–
Bank borrowings	–	–	–	–	(15)	<b>(15)</b>
Preference shares	–	–	–	–	(3)	<b>(3)</b>
USD Senior Secured Notes	–	–	–	–	(5)	<b>(5)</b>
EUR Senior Secured Notes	–	–	–	–	(4)	<b>(4)</b>
USD Senior Notes	–	–	–	–	(1)	<b>(1)</b>
Lease liability	–	–	10	(1)	(34)	<b>(25)</b>
	–	(1,690)	1,764	(9)	(118)	<b>(53)</b>
<b>Non-current borrowings:</b>						
Private placement notes	–	–	327	(3)	(324)	–
Bank borrowings	–	–	(782)	(6)	(185)	<b>(973)</b>
Preference shares	–	–	(93)	–	–	<b>(93)</b>
USD Senior Secured Notes	–	–	(410)	(8)	1	<b>(417)</b>
EUR Senior Secured Notes	–	–	(381)	3	1	<b>(377)</b>
USD Senior Notes	–	–	(327)	(7)	2	<b>(332)</b>
Lease liability	–	–	–	(1)	(48)	<b>(49)</b>
	–	–	(1,666)	(22)	(553)	<b>(2,241)</b>
<b>Net debt</b>	–	(2,033)	616	(27)	(671)	<b>(2,115)</b>
<b>Analysis of changes in liabilities from financing activities</b>						
Current borrowings	–	(1,690)	1,764	(9)	(118)	<b>(53)</b>
Non-current borrowings	–	–	(1,666)	(22)	(553)	<b>(2,241)</b>
<b>Total financing liabilities</b>	–	(1,690)	98	(31)	(671)	<b>(2,294)</b>

Other non cash movements include; the acquired debt of £632 million, net capitalised interest of £26 million, borrowing fees of £56 million, and lease additions of £2 million, partially offset by capitalised borrowing costs of £6 million, USPP break costs of £38 million and lease remeasurements of £1 million. There has also been a reallocation from long term to short term debt of £32 million.

£632 million of debt was acquired from Aggreko comprising US private placement notes (£362 million), bank borrowings (£189 million) and lease liabilities (£81 million).

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**Group statement of changes in equity**

For the period ended 31 December 2021

	Attributable to equity holders of the Company				
	Ordinary share capital £ million	Share premium account £ million	Foreign exchange reserve (translation) £ million	Retained earnings £ million	Total equity £ million
<b>Balance at 25 February 2021</b>	–	–	–	–	–
Loss for the period	–	–	–	(148)	(148)
Other comprehensive gains:					
Currency translation differences	–	–	19	–	19
Remeasurement of retirement benefits (net of tax)	–	–	–	4	4
<b>Total comprehensive income/(loss) for the period ended 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>19</b>	<b>(144)</b>	<b>(125)</b>
Transactions with owners:					
Issue of Ordinary Shares <sup>(i)</sup>	–	699	–	–	699
	–	699	–	–	699
<b>Balance at 31 December 2021</b>	<b>–</b>	<b>699</b>	<b>19</b>	<b>(144)</b>	<b>574</b>

(i) During the period 2,000 £1 Ordinary Shares were issued for a consideration of £699 million.

# Notes to the Group Accounts

## For the period ended 31 December 2021

### 1 Accounting policies

The Company is a limited company and is incorporated and domiciled in the UK. The address of the registered office is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenue and expense during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Adjusted measures

Throughout the Annual Report we use a number of 'adjusted measures' to provide users with a clearer picture of the underlying performance of the business. This is in line with how management monitors and manages the business on a day-to-day basis. These adjustments include the exclusion of:

- Exceptional items – these are explained in note 6.
- Fuel revenue, which is separately reported for certain contracts in the Power Solutions Utility business in Brazil, where we manage fuel on a pass-through basis on behalf of our customers. The fuel revenue on these contracts is entirely dependent on fuel prices and the volume of fuel consumed, which can be volatile and may distort the view of the underlying performance of the business.

#### Going concern

The Group balance sheet shows consolidated net assets of £574 million of which £814 million relates to fleet assets.

On 31 December 2021, the Group had net debt of £2,115 million (including £74 million relating to lease liabilities) and committed debt facilities of £2,500 million of which £2,072 million were secured (comprising £797 million of Senior Secured Notes (SSN), £975 million of Term Loan B (TLB) and £300 million of Revolving Credit Facilities (RCF)) and £428 million were unsecured (comprising £333 million Senior Notes and £95 million Preference Shares).

On 31 December 2021, the excess of committed debt facilities over gross debt (Headroom) was £275 million which was the unutilised amount of the £300 million RCF.

The Group's debt facilities do not contain any maintenance financial covenants but do contain some incurrence financial covenants that are tested only when certain events occur such as acquisitions, disposals or the incurrence of new debt. The most relevant to the going concern criteria is the Consolidated Leverage Ratio, which must not be greater than 6.5x at the end of a quarter but only if the Group incurs borrowing under the RCF that is greater than £120 million. The forecasts, as discussed below, indicate that that the relevant Consolidated Leverage Ratio covenant will be met through the going concern period. There is no limit on the raising of additional unsecured debt if the Fixed Charge Coverage Ratio is at least 2.0x on a pro forma basis. The Group may raise additional secured debt if the Consolidated Senior Leverage Ratio is less than 3.4x on a pro forma basis.

For the purposes of the directors' assessment of the Group's going concern position and to satisfy them of the Group's ability to pay its liabilities as they fall due, the directors have prepared a Group cash flow statement for a period of 21 months from the date of approval of these financial statements, ending 31 December 2023. However, the directors have determined that the period of assessment for going concern purposes is 12 months from the date of approval of these financial statements.

The base case forecast comprises our 2022 budget and an extract from the 3-year plan for 2023. It assumes that the steady recovery from the impact of COVID-19 and governments' responses to it continues and enables our planned levels of capital expenditure. The base case forecast has been stress-tested with simulated financial impacts of the Group's principal risks to generate a severe, but plausible, worst-case scenario. This scenario provides a cash flow shock to the base case forecast of around £200 million over the test period and an EBITDA shock of £140 million, as a result of events derived from the Group's principal risks. Mitigation in the stress tests is available, if required, primarily from reduction in bonus payments and capital expenditure in the base case, although other cost reduction measures could also be implemented if necessary. The results of our assessment are that we remain within our agreed and committed facilities through the forecast period even in the severe but plausible worst-case scenario.

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

#### Changes in accounting policy and disclosures

##### (a) New and amended standards adopted by the Group

There are no new standards and amendments that have a material impact on the Group.

**(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2021 and not early adopted**  
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) applies to periods beginning on or after 1 January 2022. The Group does not expect this to have a material impact on the Group. There are no other standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the Group.

#### Basis of consolidation

The Group financial statements consolidate the financial statements of Albion JVCo Limited and all of its subsidiaries for the period ended 31 December 2021. Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For acquisitions, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a service to a customer as detailed below.

The Group has three operating segments as detailed below:

- Rental Solutions: This business provides power, heating and cooling in developed markets. These customers' requirements tend to revolve around smaller, short-term projects and key events.

## Notes to the Group Accounts

Continued

### 1 Accounting policies continued

- Power Solutions Industrial (PSI): This business comprises medium-term projects for industrial customers in emerging markets, as well as shorter-term rental contracts.
- Power Solutions Utility (PSU): This business delivers longer-term projects providing power to national utility customers.

The Group generally has three performance obligations:

- In Rental Solutions and shorter-term rental contracts within PSI the Group provides rental contracts for the supply of temporary power, temperature control, oil-free compressed air and related services (for example, fuel, logistics and technical services).
- In Power Solutions Utility and medium-term projects for industrial customers, the Group supplies temporary power, temperature control, oil-free compressed air and related services (for example, fuel, logistics and technical services).
- In some contracts the Group is responsible for the design and project management phase (for example, in some of the major events contracts) and at the end of this phase the Group will hand over the design documentation and project management knowledge/documentation to the customer who can then take this documentation and use someone else for the provision of power if they so wish. This is different from the technical services in the first two performance obligations where the design phase is part of the normal running and is not handed over to the customer.

In the first two performance obligations, revenue is recognised over time based on outputs provided to the customer, because this is the most accurate measurement of the satisfaction of the performance obligation. Revenue can comprise a fixed rental charge and a variable charge related to the usage of assets or other services (including pass-through fuel). The Group earns a fixed charge on certain contracts by providing agreed levels of power generation capacity to the customer and this is recognised when availability criteria in the contract are met. Variable charges are earned as the Group provides power or rental and associated services in accordance with contractual arrangements and are recognised as the power is produced or the service is provided.

In the third performance obligation, revenue is recognised over the period of the performance obligation which ends when the documentation/knowledge is transferred to the customer. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced as the Group delivers the design and project management for the customer.

Revenue is accrued or deferred at the balance sheet date depending on the period covered by the most recent invoice issued and the contractual terms.

A receivable is recognised by the Group when the service is provided to the customer. In the majority of countries within our Rental Solutions business the customer payment terms are 30 days from date of invoice. There are a few countries where payment terms are 60 or 90 days from date of invoice. Within our PSI business payment terms generally range from 30 to 60 days. Within our PSU business payment terms vary from contract to contract. The majority of receivables across the Group are paid within or close to the payment terms. However, some of the contracts the Group undertakes in developing countries in our PSU business are very large and are in jurisdictions where payment practices can be unpredictable. These are explained in more detail on page 25.

#### Variable consideration

The Group is liable to penalties on certain contracts if we fail to fulfil the relevant performance obligation. The transaction price is reduced by the amount of any penalties in the contract unless it is highly likely that they will not occur.

#### Disaggregation of revenue

In note 3 to the Accounts revenue from contracts with customers is disaggregated by business unit, geography and sector.

#### Contract balances

The following table provides information about receivables, accrued income, fulfilment assets (contract assets) and demobilisation provisions from contracts with customers.

	Notes	2021 £ million
Receivables	15	321
Accrued income	15	136
Fulfilment assets	13	99
Demobilisation provisions	19	19

#### Mobilisation and demobilisation

Mobilisation costs are classified as fulfilment costs where they are separately identifiable and specific to a project and where the mobilisation does not itself form a separate performance obligation. In these circumstances, mobilisation costs are capitalised as they relate to future performance obligations, i.e. the provision of power is the future performance obligation, which begins when the power starts to be generated.

During the phase of mobilisation this service has not yet started and as such represents a future performance obligation. The costs incurred during mobilisation are directly related to the contract and enable the Group to earn revenue from the provision of power. They are expected to be recovered because the contract is profitable, although they will be reviewed carefully for any indication of impairment if any loss-making contracts arise.

With respect to demobilisation costs the Group has a legal obligation to incur demobilisation costs once the assets are installed on site, as this is required by the contract. This creates a legal obligation from a past event. The majority of these costs can be measured reliably and therefore they meet the definition of a provision. These costs are capitalised as a fulfilment cost asset as they are incurred in relation to a performance obligation (delivering power) and are expected to be recovered and generate or enhance resources because they facilitate delivery of the contract.

The fulfilment costs (mobilisation and demobilisation costs) are amortised to the income statement over the period of the initial contract. The amortisation starts when we start to earn revenue and stops when the initial contract period ends. If there is a signed extension, the unamortised amount left in the balance sheet when the extension is signed is then amortised over the remaining period of the initial contract and the extension period. Generally there are no options in contracts to extend at an advantageous price.

In contracts where mobilisation and demobilisation income timing is specifically stipulated in the contract in order to match the timing of associated costs, then this income is generally recognised during the period of provision of power.

During the period, £14 million of fulfilment assets were capitalised mainly relating to mobilisation costs for the Beijing Olympics as well as our contracts in Kurdistan and Guinea.

#### Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of directors.

The Group has two business units: Rental Solutions and Power Solutions. Within Power Solutions we serve both Utility and Industrial customers. The Group therefore has three segments comprising: Rental Solutions, Power Solutions Industrial and Power Solutions Utility. This is reflected by the Group's divisional management and organisational structure and the Group's internal financial reporting systems.

The Global Products and Technology results and assets, as well as central administrative costs and assets, are allocated between segments based on revenue.

#### Exceptional items

Exceptional items are items which individually or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. To monitor our financial performance we use a profit measure that excludes exceptional items.

## 1 Accounting policies continued

We exclude these items because, if included, these items could distort understanding of our performance for the year and comparability between periods. The income statement has been presented in a columnar format, which separately highlights exceptional items. This is intended to enable users of the financial statements to determine more readily the impact of exceptional items on the results of the Group.

These costs are explained in note 6 to the Accounts.

### Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. Cost includes purchase price, and directly attributable costs of bringing the asset into the location and condition where it is capable for use. Borrowing costs are not capitalised since the assets are assembled over a short period of time.

Freehold properties are depreciated on a straight-line basis over 25 years or over the term of each lease. Short leasehold properties are depreciated on a straight-line basis over the terms of each lease.

Other property, plant and equipment are depreciated on a straight-line basis at annual rates estimated to write off the cost of each asset over its useful life from the date it is available for use or over the term of each lease. Assets in the course of construction are not depreciated. The periods of depreciation are reviewed on an annual basis and the principal periods used are as follows:

Rental fleet	4 to 14 years
Vehicles, plant and equipment	3 to 8 years

### Intangibles

Intangible assets acquired as part of a business combination are capitalised, separately from goodwill, at fair value at the date of acquisition if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably. Amortisation is calculated on a straight-line method to allocate the fair value at acquisition of each asset over their estimated useful lives as follows: brand: 10 years, customer relationships: 2-17 years.

The useful life of intangible assets is reviewed on an annual basis.

### Impairment of non-financial assets

The carrying amounts of the Group's property, plant & equipment, inventory and other intangible assets and the Group's investments, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there are indications that a previously recognised impairment loss has reduced.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell (FVLCS) and the value in-use (VIU) of the asset. If the carrying amount of the asset exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement. Reversals of previous impairment charges are recognised if the recoverable amount of the asset significantly exceeds the carrying amount. Value in use (VIU) calculations require the estimation of future cash flows to be derived from the respective assets and the selection of an appropriate discount rate in order to calculate their present value. The methodology is based on the pre-tax cash flows arising from the specific assets, underlying assets, and discounted using a pre-tax discount rate based on the Group's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

### Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such assets. Goodwill arising on acquisitions is capitalised and is subject to impairment reviews, both annually and when there are indicators that the carrying value may not be recoverable.

For the purpose of the impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, then the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. Any impairment of goodwill is recognised immediately in the income statement.

### Research and development costs

All research expenditure is charged to the income statement in the period in which it is incurred.

Development expenditure is charged to the income statement in the period in which it is incurred unless it relates to the development of a new product or technology and it is incurred after the technical feasibility and commercial viability of the product has been proven, the development cost can be measured reliably, future economic benefits are probable and the Group intends, and has sufficient resources, to complete the development and to use or sell the assets. Any such capitalised development expenditure is amortised on a straight-line basis so that it is charged to the income statement over the expected useful life of the resulting product or technology, which is currently deemed to be between three to five years.

### Leases

In accordance with IFRS 16 the Group recognises all leases on balance sheet with limited exemptions. This results in the recognition of a right-of-use asset and corresponding liability on the balance sheet, with the associated depreciation and interest expense being recorded in the income statement over the lease period. Limited exemptions apply for short-term leases (leases with a term of 12 months or less) and low-value leases (which have been defined as <\$10,000). The payments for the exempt leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

On initial measurement the right-of-use asset is recognised at cost, which comprises the value of the lease liability adjusted for any lease payments made on or before the commencement date, less any incentives received, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically adjusted for impairment, if any, and any remeasurements of the lease liability.

On initial measurement the lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate as the majority of subsidiary debt is funded by Group borrowings and therefore this is the rate at which lessees obtain funding for the asset. In addition, given the types of leases entered and the geographies of the majority of the leasing activity the interest rates implicit in these leases would be expected to gravitate around the Group's incremental rate. The Group's weighted average incremental borrowing rate was 6%. If the discount rate increased or decreased by 0.5%, then the lease liability would change by circa £1 million.



## 24 Notes to the Group Accounts

Continued

### 1 Accounting policies continued

The lease liability is measured at amortised cost using the effective interest rate method and is remeasured when there is a change in the future lease payments arising from a change in index or a change in the original assessment made. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the right-of-use asset and lease liability on the balance sheet.

The Group leases various properties, vehicles, plant and equipment. Rental contracts are typically for fixed periods from three to seven years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Lease payments associated with short-term and low-value leases are recognised on a straight-line basis as an expense in the profit or loss.

#### Foreign currencies

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Group's consolidated financial statements are presented in Sterling, which is the Group's presentational currency.

At individual company level, transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Assets and liabilities denominated in foreign currency are translated at the exchange rate ruling at the balance sheet date. Non-monetary assets are translated at the historical rate. In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and foreign currency options.

On consolidation, assets and liabilities of subsidiary undertakings are translated into Sterling at closing rates of exchange. Income and cash flow statements are translated at average rates of exchange for the period. Gains and losses from the settlement of transactions and gains and losses on the translation of monetary assets and liabilities denominated in other currencies are included in the income statement.

### Taxation

#### Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, negative goodwill or from the acquisition of an asset, which does not affect either taxable or accounting income. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Provision for income taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings.

#### Current tax

The charge for current tax is based on the results for the year, as adjusted for items which are non-assessable or disallowed. It is calculated using taxation rates that have been enacted or substantially enacted by the balance sheet date.

Where the amount of tax payable or recoverable is uncertain, in accordance with IFRIC 23, provisions are based on either: the Group's judgement of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

#### Inventories

Inventories are valued at the lower of cost and net realisable value, using the weighted average cost basis. Cost of raw materials, consumables and work in progress includes the cost of direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventory is written down on a case-by-case basis if the anticipated net realisable value declines below the carrying amount of the inventory or to take account of inventory losses. Net realisable value is the estimated selling price less cost to completion and selling expenses. When the reasons for a write-down of the inventory have ceased to exist, the write-down is reversed.

### Employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

The Group operates a defined benefit pension scheme and a number of defined contribution pension schemes. The cost for the year for the defined benefit scheme is determined using the projected unit method with actuarial updates to the valuation being carried out at each balance sheet date.

Remeasurements are recognised in full, directly in retained earnings, in the period in which they occur and are shown in the statement of comprehensive income. The current service cost of the pension charge and administrative expenses are included in arriving at operating profit. Interest income on scheme assets and interest on pension scheme liabilities are included in net finance costs.

The retirement benefit obligation recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Contributions to defined contribution pension schemes are charged to the income statement in the period in which they become payable.

#### Trade receivables

Trade receivables are recognised initially at fair value (which is the same as cost).

#### Impairment of financial assets

Receivables (including accrued revenue) are considered immediately for impairment to reflect the possibility of future default or non-collectability.

The Group assesses the Expected Credit Loss (ECL) as explained below:

#### Power Solutions Industrial and Rental Solutions

The Group has taken advantage of the practical expedient in IFRS 9 to use a provision matrix to simplify the calculation where accounts receivable are split into various risk categories (e.g. based on credit rating agencies) and then a percentage is applied to each category to obtain the impairment allowances. The combined provision matrix for Rental Solutions and PSI is shown in Table 1 below.



## 1 Accounting policies continued

Each operating unit within the PSI and Rental Solutions businesses will consider the specific economic and operating conditions applicable to their own operating units. They will also consider the following: significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default, or large and old outstanding balances, particularly in countries where the legal system is not easily used to enforce recovery. Using this criterion, the operating units will firstly create specific provisions related to relevant customers and then for the customers with no provision they will apply the matrix shown in Table 1. When a trade receivable is uncollectable it is written off against the provision for impairment of trade receivables.

### Power Solutions Utility

Within our PSU business, when considering the risk profile of the debtors and the relevant impairment provision the Group considers each debtor and customer individually, within the relevant environment to which it relates, taking into account a number of factors. These factors include advanced payments and guarantees, the political and economic conditions in the relevant country, duration and quality of relationship with the customer, age of debt, cash flows from the customer and any relevant communication throughout the year. We then apply the matrix approach detailed above to any debtors that do not have a specific provision.

### Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Provisions

Provisions are recognised where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Provisions are recorded for the estimated ultimate liability that is expected to arise, taking into account the time value of money where material.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with a maturity of three months or less and short-term overdrafts.

### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

### Accounting judgements and estimation uncertainty

In the process of applying the Group's accounting policies, management necessarily makes judgements and estimates that have a significant impact on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are set out below.

### Significant financial judgements and estimation uncertainty

#### Trade receivables

The trade receivables accounting policy is noted above.

The approach to exercising judgement in this area is to consider each significant debtor and customer individually, within the relevant environment to which it relates, taking into account a number of factors. These factors include the political and economic conditions in the relevant country, the duration and quality of relationship with the customer, age of debt, recent cash receipts from the customer and any relevant communication throughout the year. A review of the provision for bad and doubtful debts is performed at each month end and, specifically, at the end of each reporting period. It is an assessment of the potential amount of trade receivables which will not be paid by the customer after the balance sheet date. This is calculated by reference to the factors above as well as the information disclosed in Note 15, notably the ageing of past due but not impaired.

The management of trade receivables is the responsibility of the operating units, although they report monthly to the Group on debtor days, debtor ageing and significant outstanding debts.

At an operating unit level, a credit rating is normally established for each customer based on ratings from external agencies. Where no ratings are available, cash in advance payment terms are often established for new customers. Credit limits are reviewed on a regular basis. The majority of the contracts the Group enters into are small relative to the size of the Group and, if a customer fails to pay a debt, this is dealt with in the normal course of business. However, some of the contracts the Group undertakes in developing countries in our Power Solutions Utility business are very large, and are in jurisdictions where payment practices can be unpredictable.

The Group monitors the risk profile and debtor position of all such contracts regularly and deploys a variety of techniques to mitigate the risks of delays or non-payment; these include securing advance payments and guarantees. On the largest contracts, all such arrangements are approved at Group level. Contracts are reviewed on a case-by-case basis to determine the customer and country risk.

The Audit Committee discussed the four customers whose net exposure was greater than \$5 million, three of which are within our Africa business and one within our Middle East business. We are in regular contact with these customers and remain confident that there is currently no material balance sheet exposure with respect to these debts.

In forming its view on the appropriateness of the Group's provision against its receivables balances the Audit Committee noted that Power Solutions Utility cash collections in the period were \$208 million compared with amounts invoiced of \$201 million, which provides good evidence about the recoverability of debts with our current customers. The Audit Committee also discussed the 13 most significant debtors in the PSU business, which accounted for 85% of the total PSU overdue debtor value at 31 December 2021 (before taking into account provisions or payment security/guarantees). At 31 December 2021, 90% of the total provision across our PSU debtor book related to the top 13 debtors. Among these debtors the Group had a net exposure, after taking into account provisions or payment securities/guarantees, of \$10-20 million to one customer, a net exposure of \$5-10 million to three customers and a net exposure of less than \$5 million to each of the others. At 31 December 2021, there were no customers to whom the Group had a net exposure in excess of \$20 million.

**Table 1 IFRS 9 Matrix**

Ageing	Notes	0-60 days	61-120 days	121-240 days	>240 days
Risk					
Low risk	1	0.01%-0.5%	0.02%-5.0%	0.03%-10.0%	0.05%-100%
Medium risk	1	0.02%-5.0%	0.04%-15.0%	0.05%-100%	0.05%-100%
High risk	1	0.05%-20.0%	0.05%-100%	0.05%-100%	0.05%-100%
Specific	2				

Notes:

1. Classification based on assessment of customer credit risk
2. Specific provision for customers.

## 26 Notes to the Group Accounts

Continued

### 1 Accounting policies continued

#### Taxation

##### Ongoing tax dispute in Bangladesh

We continue to have an open tax issue in Bangladesh. This was appealed in 2017 and is still waiting to be heard by the courts. We do not anticipate that this matter will progress to conclusion over the course of the coming financial year and believe that it may be many years before the matter is resolved. Our position is supported by a strong legal opinion and so we remain of the opinion that we will be successful in the courts.

We therefore believe that there is no likelihood of further financial exposure on this in the coming year.

#### Business combinations

As part of the acquisition of the Aggreko Group, the identifiable assets and liabilities acquired, including intangible assets were recognised at their fair value in accordance with IFRS 3 'Business combinations'. The determination of the fair values on acquired assets and liabilities is based to a considerable extent, on management's judgement. In particular, the valuation of £135 million for the acquired Aggreko brand was sensitive to management's assessment of the useful economic life (UEL), which was estimated to be ten years. A movement of plus or minus one year on the UEL would have resulted in a brand asset movement of £9 million/£(10) million. Similarly, a movement in plus or minus 0.5% in customer attrition rates on the customer relationships asset of £240 million would have resulted in a customer relationship asset movement of £9 million/£(8) million. The fair value of property, plant and equipment (PPE) was arrived at by using the market comparison technique and replacement cost technique. The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. Given this the sensitivity to key assumptions is not considered to be material.

#### Other areas of judgement and consideration

##### Property, plant and equipment (PPE) – asset lives

Our rental fleet accounts for £814 million, which is around 79% of the net book value of the Group's property, plant and equipment. The rental fleet depreciation policy is noted on page 23.

Asset lives are reviewed each year and changed, if necessary, to reflect their remaining lives in light of technological change, prospective economic utilisation and the physical condition of the assets.

As explained on page 1 we are well placed for the energy transition and consider this an opportunity. With respect to PPE we expect a shift in the mix of capital spend to a future profile where significantly more of our fleet investment will be in low emission assets and renewable technology. We do not believe that the fleet technology shift driven by the energy transition will result in "stranded" diesel fleet around the Group. As part of the PPE fair value exercise at the date of acquisition the remaining useful life of the relevant power assets was capped at 9 years to account for the expected greener technology by 2030, leaving us with no material exposure to stranded diesel assets as we transition to newer, cleaner technologies. In addition, as part of the fair value exercise the Group has carried out an impairment review of our HFO fleet resulting in an impairment of £40 million.

#### Leases

##### Lessor

IFRS 16 'Leases' requires that any arrangement that is dependent on the use of a specific asset or assets, and that conveys a right to use the asset, is accounted for as a lease. The directors have concluded that none of the Group's contracts are dependent on the use of a specific asset or assets as the Group swaps in and out the rental fleet required to provide the services to our customers and the assets are not contract specific (i.e. one asset could work across many contracts).

##### Lessee

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised. The overall impact of this is not material.

#### Hyperinflationary environments

The Group operates in Venezuela which is considered a hyperinflationary environment. The Group does not consider that the provisions of IAS 29 'Financial Reporting in Hyperinflationary Economies' apply to the Group's operations in Venezuela as the functional currency of the Venezuelan operation is US Dollars. The Group also operates in Argentina, Zimbabwe and Lebanon which are similarly considered hyperinflationary environments, however the impact is not material.

#### Supplier payment

The Group participates in a supply chain finance programme under which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under this arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest cost to the bank on the amounts due to the suppliers.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained, nor was the original liability substantially modified on entering into the arrangement. The Group discloses the amounts factored by suppliers within trade payables (note 18), as the nature and function of the financial liability remain the same as those of other trade payables, but it does disclose disaggregated amounts in the notes.

#### Revenue

##### Identification of performance obligations

Judgement is required in determining the number of performance obligations in relation to each revenue stream given the number of services (including mobilisation and demobilisation) that can be provided as part of the contract. In the majority of cases Aggreko will only have two performance obligations. In Rental Solutions and shorter-term rental contracts within PSI the Group provides rental contracts for the supply of temporary power, temperature control, oil-free compressed air and related services. In PSU and medium-term projects for industrial customers the Group supplies temporary power, temperature control, oil-free compressed air and related services. We believe these are performance obligations as any services to mobilise or demobilise assets are not considered distinct from the provision of power. The Group's services are considered to be a service or series of services that are substantially the same and have the same pattern of transfer to the customer.

In some cases the Group will have an additional performance obligation where it is responsible for the design and project management phase of the project (for example, in some of the major events contracts) and at the end of this phase the Group will hand over the design documentation and project management knowledge/documentation to the customer who can then take this documentation/knowledge and use someone else for the provision of power if they so wish.

## 1 Accounting policies continued

### Rehire arrangements (Principal vs Agent)

The Group will sometimes hire equipment from a third party to use on a contract. Under IFRS 15 the Group is acting as an agent rather than principal in this instance, mainly because the Group does not control the provision of the service due to factors such as the fact that the third party is still responsible for repairs to the equipment. Under IFRS 15 the cost of the rehire is netted against revenue. Judgement is required in determining if there is a Principal/Agent relationship in the relevant contracts.

### Taxation

#### Other uncertain tax positions (excluding the Bangladesh tax dispute detailed on page 26)

The tax charge is based on the profit for the year and the applicable tax rates in force at the balance sheet date. As well as corporation tax, the Group is subject to indirect taxes such as sales and employment taxes across the tax jurisdictions in which the Group operates.

The varying nature and complexity of the tax laws requires the Group to review its tax positions and make appropriate judgements at the balance sheet date.

Due to the uncertain nature of the tax environment in many of the countries in which we operate, it can take some time to settle our tax position. We therefore create appropriate tax provisions for significant potential or contentious tax positions, and these are measured using either the most likely outcome method or the probability weighted average approach. Provisions are considered on an individual basis. All provisions are calculated in line with IFRIC 23.

For other uncertain direct tax positions, excluding the Bangladesh tax dispute on page 26, as at 31 December 2021, we had tax provisions totalling £22 million. The provisions are principally held to manage the tax impact of various potential tax exposures, largely in connection with our Power Solutions Utilities business, and potential transfer pricing risks faced by the Group with respect to how we transact internationally within the business.

Due to the uncertainty associated with such tax positions, it is possible that at a future date, on conclusion of these open tax positions, the final outcome may vary significantly. While a range of outcomes is reasonably possible, based on management's historic experiences of these issues, we believe a likely range of outcomes is additional liabilities of up to £4 million and a reduction in liabilities of around £7 million. The range of sensitivities depends upon quantification of the liability, risk of technical error and difference in approach taken by tax authorities in different jurisdictions. In addition, the recognition of deferred tax assets is dependent upon an estimation of future taxable profits available against which deductible temporary differences can be utilised.

### Retirement benefit obligations

The assumptions in relation to the cost of providing post-retirement benefits during the period are based on the Group's best estimates and are set after consultation with qualified actuaries. While these assumptions are believed to be appropriate, a change in these assumptions would impact the level of the retirement benefit obligation recorded and the cost to the Group of administering the schemes. Further detail of the calculation basis and key assumptions used, the resulting movements in obligations and the sensitivity of key assumptions to the obligation is disclosed in note 26.A4.

### Impairment testing

Identifying whether there are indicators of impairment for assets involves a high level of judgement and a good understanding of the drivers of value behind the asset. At each reporting period an assessment is performed to determine whether there are any such indicators, which involves considering the performance of our business and any significant changes to the markets in which we operate. If there is an impairment indicator, then an impairment review is carried out. This review involves a high level of estimation.

### Financial risk management

#### Financial risk factors

The Group's operations expose it to a variety of financial risks that include liquidity, the effects of changes in foreign currency exchange rates, interest rates and credit risk. The Group has a centralised treasury operation whose primary role is to ensure that adequate liquidity is available to meet the Group's funding requirements as they arise, and that financial risks arising from the Group's underlying operations are effectively identified and managed.

The treasury operations are conducted in accordance with policies and procedures approved by the Board and are reviewed annually. Financial instruments are only executed for hedging purposes and transactions that are speculative in nature are expressly forbidden. Monthly reports are provided to senior management and treasury operations are subject to periodic internal and external review.

### Liquidity, funding and capital management

The intention of The Group's strategy is to deliver long-term value to its shareholders while maintaining a balance sheet structure that safeguards the Group's financial position through economic cycles. Total capital is equity as shown in the Group balance sheet.

The Group debt facilities are explained in the Going Concern disclosure on page 21.

### Interest rate risk

The Group's policy is to manage the exposure to interest rates by ensuring an appropriate balance of fixed and floating rates.

At 31 December 2021, £1,232 million of the gross debt of £2,220 million (excluding the lease creditor of £74 million) was at fixed rates of interest resulting in a fixed to floating rate net debt ratio of 55:45.

The Group monitors its interest rate exposure on a regular basis by applying forecast interest rates to the Group's forecast net debt profile after taking into account any hedges there may be.

The Group also calculates the impact on profit and loss of a defined interest rate shift for all currencies. Based on the simulations performed, the impact on profit or loss of a +/- 100 basis-point shift, after taking into account existing hedges, would be £10 million. The sensitivity analysis is performed on a monthly basis and is reported to the Board.

### Foreign exchange risk

The Group is subject to currency exposure on the translation of its net investments in overseas subsidiaries into Sterling.

Group borrowings are predominantly drawn down in the currencies affecting the Group. The Group manages its currency flows to minimise foreign exchange risk arising on transactions denominated in foreign currencies and uses forward contracts where appropriate in order to hedge net currency flows.

The Group monitors the impact of exchange closely and regularly carries out sensitivity analysis. For every 5% movement in the US Dollar to GBP exchange rate there is an approximate impact of £4 million in operating profit in terms of translation.

Currency translation also gave rise to a £19 million increase in reserves in the period. For every 5% movement in the US Dollar, there is an approximate impact in equity of £65 million arising from the currency translation of external borrowings which are being used as a hedge for our foreign operations.

### Credit risk

Cash deposits and other financial instruments give rise to credit risk on amounts due from counterparties. The Group manages this risk by limiting the aggregate amounts and their duration depending on external credit ratings of the relevant counterparty. In the case of financial assets exposed to credit risk, the carrying amount in the balance sheet, net of any applicable provisions for loss, represents the amount exposed to credit risk.

### Management of trade receivables

Refer to page 25.

### Insurance

The Group operates a policy of buying cover against the material risks which the business faces, where it is possible to purchase such cover on reasonable terms. Where this is not possible, or where the risks would not have a material impact on the Group as a whole, we self-insure.

## 28 Notes to the Group Accounts

Continued

### 2 Proceeds from sale of property, plant and equipment

In the cash flow statement, proceeds from sale of PPE comprise:

	2021 £ million
Net book amount	2
Profit on sale of PPE	3
<b>Proceeds from sale of PPE</b>	<b>5</b>

Profit on sale of PPE is shown within other income in the income statement. Included with the £3 million profit on sale of PPE is £1 million which was treated as an exceptional item (Note 6).

### 3 Segmental reporting

#### (A) Revenue by segment

	2021 £ million
Power Solutions	
Industrial	209
Utility	144
	<b>353</b>
Rental Solutions	331
<b>Group</b>	<b>684</b>

(i) Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.  
All inter-segment revenue was less than £1 million.

#### Disaggregation of revenue

In the tables below revenue is disaggregated by geography and by sector.

#### Revenue by geography

	2021 £ million
North America	195
UK	34
Continental Europe	71
Eurasia	36
Middle East	63
Africa	72
Asia	89
Australia Pacific	36
Latin America	88
	<b>684</b>

#### Revenue by sector

	31 December 2021			
	PSI £ million	PSU £ million	RS £ million	Group £ million
Utilities	7	144	55	<b>206</b>
Oil & gas	59	–	19	<b>78</b>
Petrochemical & refining	9	–	55	<b>64</b>
Building services & construction	12	–	52	<b>64</b>
Events	63	–	30	<b>93</b>
Manufacturing	14	–	27	<b>41</b>
Mining	28	–	27	<b>55</b>
Other	17	–	66	<b>83</b>
	<b>209</b>	<b>144</b>	<b>331</b>	<b>684</b>

### 3 Segmental reporting continued

#### (B) Profit/(loss) by segment

	Total before exceptional items 2021 £ million	Exceptional items (Note 6) 2021 £ million	2021 £ million
Power Solutions			
Industrial	28	(7)	21
Utility	5	1	6
	<b>33</b>	<b>(6)</b>	<b>27</b>
Rental Solutions	45	(5)	40
Corporate costs	–	(49)	(49)
<b>Operating profit/(loss)</b>	<b>78</b>	<b>(60)</b>	<b>18</b>
Finance costs – net	(81)	(67)	(148)
<b>Loss before taxation</b>	<b>(3)</b>	<b>(127)</b>	<b>(130)</b>
Taxation	(23)	5	(18)
<b>Loss for the period</b>	<b>(26)</b>	<b>(122)</b>	<b>(148)</b>

#### (C) Depreciation and amortisation by segment

	2021 £ million
Power Solutions	
Industrial	43
Utility	36
	<b>79</b>
Rental Solutions	46
<b>Group</b>	<b>125</b>

#### (D) Capital expenditure on property, plant and equipment and intangible assets by segment

	2021 £ million
Power Solutions	
Industrial	33
Utility	25
	58
Rental Solutions	72
<b>Group</b>	<b>130</b>

Capital expenditure comprises additions of property, plant and equipment (PPE) of £130 million (including £2 million in relation to leased right-of-use assets).

#### (E) Assets/(liabilities) by segment

	Assets 2021 £ million	Liabilities 2021 £ million
Power Solutions		
Industrial	806	(173)
Utility	593	(146)
	<b>1,399</b>	<b>(319)</b>
Rental Solutions	2,049	(176)
Corporate	33	(21)
	<b>3,481</b>	<b>(516)</b>
Tax and finance assets/(liabilities)	64	(177)
Derivative financial instruments	1	(1)
Borrowings	–	(2,220)
Lease liability	–	(74)
Retirement benefit surplus	16	–
<b>Total Group assets/(liabilities)</b>	<b>3,562</b>	<b>(2,988)</b>



## Notes to the Group Accounts

Continued

### 3 Segmental reporting continued

#### (F) Average number of employees by segment

	2021 Number
Power Solutions	
Industrial	2,319
Utility	1,218
	<b>3,537</b>
Rental Solutions	2,980
<b>Group</b>	<b>6,517</b>

#### (G) Geographical information

	Non-current assets
	2021 £ million
North America	240
UK	1,575
Continental Europe	93
Eurasia	64
Middle East	143
Africa	159
Asia	102
Australia Pacific	69
Latin America	114
	<b>2,559</b>

Non-current assets exclude deferred tax. Goodwill of £1,072 million, customer relationship of £229 million and brands of £129 million are included within the UK balance.

#### (H) Reconciliation of net operating assets to net assets

	2021 £ million
Net operating assets	<b>2,965</b>
Retirement benefit surplus	16
Net tax and finance receivable/(payable)	(113)
	2,868
Borrowings and derivative financial instruments	(2,220)
Lease liability	(74)
<b>Net assets</b>	<b>574</b>

### 4 Loss before taxation

The following items have been included in arriving at loss before taxation:

	2021 £ million
Staff costs (note 7)	<b>177</b>
Depreciation of property, plant and equipment (note 12)	<b>108</b>
Amortisation of intangibles (included in administrative expenses) (Note 11)	<b>17</b>
Fulfilment asset amortisation (note 13)	<b>28</b>
Net gain on disposal of property, plant and equipment (note 2)	<b>(3)</b>
Net foreign exchange losses <sup>(i)</sup>	<b>26</b>

(i) Foreign exchange losses are in respect of the Group's external borrowings.

### 5 Auditor's remuneration

	2021 £000
<b>Audit services</b>	
Fees payable to the Company's auditor for the audit of the Company's annual accounts and consolidated financial statements	<b>631</b>
Fees payable to the Company's auditor and its associates for other services:	
– the audit of the Company's subsidiaries	<b>1,041</b>
– other assurance related services	<b>268</b>
– tax compliance	<b>3</b>

In addition to the above services, the Group's auditor acted as auditor to the Group's defined benefit pension scheme. The appointment of the auditor to this pension scheme and the fees paid in respect of the audit and for any other services are agreed by the Trustee of the scheme, who acts independently from the management of the Group. The aggregate fees paid to the Group's auditor for audit and non-audit services to the pension scheme during the period were £11k.



## 6 Exceptional items

The accounting policy and definition of exceptional items is contained in note 1, namely that we believe exceptional items are items which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. Given the size and nature of the items noted below they have been treated as exceptional items in accordance with this policy. The exceptional charge in the period of £127 million is comprised of:

- Acquisition related costs (£117 million) including costs arising from the refinancing of the bridging facilities (£67 million), legal, consultancy and deal fees (£41 million), non-resident capital gains tax charge which was triggered by the acquisition (£6 million) and employee related costs including redundancies (£3 million)
- Restructuring costs (£12 million) comprising costs related to our Future of Finance project (£7 million) as well as severance and depot closures costs (£5 million) relating to the restructuring of our Global Products and Technology division and several Power Solutions depots
- An impairment of cash balances in Nigeria (£2 million) reflecting the difficulty in accessing foreign currency in that country.
- This was partially offset by the reversal of previously impaired trade receivables as cash was received (£3 million) and a gain on sale of previously impaired property, plant and equipment (£1 million).

In addition, we reported an exceptional tax credit in the period of £5 million. This comprises an exceptional tax credit of £6 million on expenses treated as exceptional items in the accounts, which are deductible for tax purposes in either the current or future periods, together with an exceptional tax charge of £1 million in relation to income treated as exceptional in the accounts.

As a result of these exceptional items there was an £112 million cash outflow in the period. The cash flow statement includes the following exceptional cash flows:

- £40 million related to legal, consultancy and deal fees
- £7 million related to employer's indirect tax payments in relation to share based payments made by the Aggreko Limited Group. The cost of this was taken by Aggreko Limited Group pre acquisition as an exceptional item, although the cash outflows occurred post acquisition
- £6 million in respect of non-resident capital gains tax
- £3 million in respect of the Group's Future of Finance programme
- £2 million related to the impairment of cash balances in Nigeria
- £1 million in respect of employees related costs including redundancies
- £15 million relating to break costs arising from refinancing of the bridging facilities
- £38 million relating to break costs arising from the pre-payment of Aggreko's US private placement notes. The associated cost was reflected in the fair value adjusted opening balance sheet acquired (refer to note 23)

### Exceptional items by income statement category

	Acquisition costs £ million	Restructuring £ million	Trade & other receivables £ million	Other £ million	Total exceptional items £ million
Administrative expenses	(50)	(12)	–	(2)	(64)
Impairment gain on trade receivables	–	–	3	–	3
Other income	–	–	–	1	1
Finance costs	(67)	–	–	–	(67)
	(117)	(12)	3	(1)	(127)

Other includes an impairment of cash balances in Nigeria (£2 million) and a gain on sale of previously impaired property, plant and equipment (£1 million).

### Exceptional items by segment

	Acquisition costs £ million	Restructuring £ million	Trade & other receivables £ million	Other £ million	Total exceptional items £ million
Power Solutions					
Industrial	–	(6)	–	(1)	(7)
Utility	–	(2)	3	–	1
Rental Solutions	–	(8)	3	(1)	(6)
Corporate costs	(1)	(4)	–	–	(5)
Finance costs – net	(49)	–	–	–	(49)
Finance costs – net	(67)	–	–	–	(67)
Group	(117)	(12)	3	(1)	(127)

## Notes to the Group Accounts

Continued

### 7 Employees and directors

Staff costs for the Group during the period:

	2021 £ million
Wages and salaries (including severance costs)	158
Social security costs	12
Pension costs – defined contribution plans	7
	<b>177</b>

The directors of Albion JVCo Limited do not receive any specific remuneration in respect of the services they provide as directors of JVCo Limited.

### 8 Net finance cost

	Total before exceptional items 2021 £ million	Exceptional items (Note 6) £ million	£ million
Finance cost on external borrowings	(54)	–	(54)
Foreign exchange on borrowings	(26)	–	(26)
Finance cost on refinancing of the bridging facilities	–	(67)	(67)
Finance cost on lease liability (Note 17)	(2)	–	(2)
Finance cost on employee benefit scheme liabilities (Note 26.A4)	(1)	–	(1)
	<b>(83)</b>	<b>(67)</b>	<b>(150)</b>
Finance income on bank balances and deposits	1	–	1
Finance income on employee benefit scheme assets (Note 26.A4)	1	–	1
	<b>2</b>	<b>–</b>	<b>2</b>

### 9 Taxation

	Total before exceptional items 2021 £ million	Exceptional items (Note 6) 2021 £ million	2021 £ million
<b>Analysis of charge in period</b>			
Current tax expense:			
– UK corporation tax	4	(1)	3
– Overseas taxation	31	(1)	30
	35	(2)	33
Adjustments in respect of prior years:			
– UK	(2)	–	(2)
– Overseas	2	–	2
	35	(2)	33
Deferred taxation (Note 20):			
– Temporary differences arising in current period	(14)	(3)	(17)
– Movements in respect of prior years	2	–	2
	<b>23</b>	<b>(5)</b>	<b>18</b>

The tax charge relating to components of other comprehensive income is as follows:

	2021 £ million
Deferred tax on retirement benefits	<b>(2)</b>

## 9 Taxation continued

Variances between the current tax charge and the standard 19% UK corporate tax rate when applied to profit on ordinary activities for the period are as follows:

	Total before exceptional items 2021 £ million	Exceptional items (Note 6) 2021 £ million	2021 £ million
Loss before taxation	(3)	(127)	(130)
Tax calculated at 19% standard UK corporate tax rate	(1)	(24)	(25)
Differences between UK and overseas tax rates	17	9	26
Expenses not tax effected	5	10	15
Tax on current period loss	21	(5)	16
Prior year adjustments – deferred tax	2	–	2
<b>Total tax on loss</b>	<b>23</b>	<b>(5)</b>	<b>18</b>
<b>Effective tax rate</b>	<b>(617)%</b>	<b>5%</b>	<b>(13)%</b>

## 10 Goodwill

	2021 £ million
Cost	
At 25 February	–
Acquisitions (note 23)	1,072
<b>At 31 December</b>	<b>1,072</b>
<b>Accumulated impairment losses</b>	<b>–</b>
<b>Net book value</b>	<b>1,072</b>

### Goodwill impairment tests

Goodwill has been allocated to cash-generating units (CGUs) as follows:

	2021 £ million
Power Solutions	
Industrial	155
Utility	–
	155
Rental Solutions	917
<b>Group</b>	<b>1,072</b>

Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired. At 31 December 2021 no impairment was considered necessary as the acquisition of Aggreko plc only concluded on 10 August 2021 and the provisional purchase price allocation exercise used to derive the goodwill on acquisition was completed in March 2022. Goodwill is monitored by management at an operating segment level. It is important to note that the recoverable amounts of the CGUs are determined from value in use calculations which use cash flow projections based on the strategic plan that was prepared at the date of acquisition of the Aggreko Group and therefore the annual impairment assessment was completed at that time (and given that goodwill was determined at that time based on those cash flow forecasts no impairment was identified). The strategic plan is based on past performance, the opportunity pipeline, and management's best estimate of future market developments. The key assumptions for value in use calculations are those relating to expected changes in revenue (utilisation and rates), the EBITDA margin (a function of revenue and the cost base), the discount rate and the perpetual growth rate (PGR).

As at 31 December 2021, based on internal valuations and by stress testing the key assumptions listed above by reducing revenue by 1% and margin by 1% over the life of the strategic plan as well as reducing the PGR by 1%, management have concluded that there is a downside of £7 million, £36 million and £8 million respectively. However, mitigating this downside are several factors: trading in the period from the date of acquisition to the 31 December 2021 has been stronger than included in the strategic plan as markets have recovered slightly better than anticipated from the impact of COVID-19. Consequently the budget set for 2022 includes slightly better revenue and cashflows than were included in the strategic plan. In addition, as announced in our Q3 trading update there are a number of cost savings initiatives which will be implemented over the plan period which will improve performance. Given these mitigating factors the Directors consider that there is no reasonably possible change in the key assumptions made in their assessment that would give rise to an impairment in goodwill as stated at 31 December 2021.

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### 11 Other intangible assets

	Brand £ million	Customer relationships £ million	Development expenditure £ million	Total £ million
<b>Cost</b>				
At 25 February 2021	–	–	–	–
Acquisitions (note 23)	135	240	13	388
<b>At 31 December 2021</b>	<b>135</b>	<b>240</b>	<b>13</b>	<b>388</b>
<b>Accumulated amortisation</b>				
At 25 February 2021	–	–	–	–
Charge for the period	6	11	–	17
<b>At 31 December 2021</b>	<b>6</b>	<b>11</b>	<b>–</b>	<b>17</b>
<b>Net book values</b>				
<b>At 31 December 2021</b>	<b>129</b>	<b>229</b>	<b>13</b>	<b>371</b>

Amortisation charges in the period have been recorded in administrative expenses.

### 12 Property, plant and equipment

	Freehold properties £ million	Short leasehold properties £ million	Rental fleet £ million	Vehicles, plant and equipment £ million	Total £ million
<b>Cost</b>					
At 25 February 2021	–	–	–	–	–
Acquisitions (note 23)	120	3	777	94	994
Exchange adjustments	2	1	5	3	11
Additions (Note (ii))	1	–	120	9	130
Disposals (Note (iii))	(2)	–	(2)	–	(4)
IFRS 16 remeasurements (Note (iv))	1	–	–	–	1
<b>At 31 December 2021</b>	<b>122</b>	<b>4</b>	<b>900</b>	<b>106</b>	<b>1,132</b>
<b>Accumulated depreciation</b>					
At 25 February 2021	–	–	–	–	–
Charge for the period	10	–	86	12	108
Disposals	(2)	–	–	–	(2)
<b>At 31 December 2021</b>	<b>8</b>	<b>–</b>	<b>86</b>	<b>12</b>	<b>106</b>
<b>Net book values:</b>					
<b>At 31 December 2021</b>	<b>114</b>	<b>4</b>	<b>814</b>	<b>94</b>	<b>1,026</b>

(i) The net book value of assets capitalised in respect of leased right-of-use assets at 31 December 2021 is £69 million.

(ii) Additions of £130 million include £2 million in relation to leased right-of-use-assets.

(iii) Disposals include £2 million of cost and £2 million of depreciation in relation to leased right-of-use assets.

(iv) Remeasurements represent amendments to the terms of existing leases which are prospectively applied.

(v) Assets in the course of construction total £13 million.

### 13 Fulfilment assets

	2021 £ million
Balance at 25 February	–
Acquisitions (note 23)	110
Capitalised in period	14
Provision created for future demobilisation costs	2
Amortised to the income statement	(28)
Exchange	1
<b>Balance at 31 December</b>	<b>99</b>
<b>Analysis of fulfilment assets</b>	
Current	<b>35</b>
Non-current	<b>64</b>
<b>Total</b>	<b>99</b>

## 14 Inventories

	2021 £ million
Raw materials and consumables	187
Work in progress	3
	<b>190</b>

The cost of inventories recognised as an expense within cost of sales amounted to £28 million. The write down of inventories to net realisable value amounted to £2 million.

## 15 Trade and other receivables

	2021 £ million
Trade receivables	460
Less: provision for impairment of receivables	(139)
Trade receivables – net	321
Prepayments	28
Accrued income	136
Other receivables (Note (ii))	49
Total receivables	<b>534</b>

(i) Material amounts included in other receivables include taxes receivable (such as sales taxes) of £25 million and deposits of £8 million.

(ii) The value of trade and other receivables quoted in the table above also represents the fair value of these items. The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2021 £ million
Sterling	38
Euro	74
US Dollar	267
Other currencies	155
	<b>534</b>

Movements on the Group's provision for impairment of trade receivables are as follows:

	2021 £ million
At 25 February	–
Acquisitions (note 23)	146
Net provision for receivables impairment	8
Reversal of impairment – exceptional	(3)
Utilised	(3)
Receivables written off during the period as uncollectable	(11)
Exchange	2
<b>At 31 December</b>	<b>139</b>

### Credit quality of trade receivables

The table below analyses the total trade receivables balance per operating segment into fully performing, past due and impaired.

Concentrations of credit risk are limited in the Rental Solutions and Power Solutions Industrial businesses due to the Group's large number of internationally dispersed customers. Disclosures in relation to concentration of credit risk in the Power Solutions Utility business are set out in Note 1 on page 25.

31 December 2021	Fully performing £ million	Past due £ million	Impaired £ million	Total £ million
Power Solutions				
Industrial	50	37	24	<b>111</b>
Utility	18	49	103	<b>170</b>
	68	86	127	<b>281</b>
Rental Solutions	100	67	12	<b>179</b>
<b>Group</b>	<b>168</b>	<b>153</b>	<b>139</b>	<b>460</b>



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### 15 Trade and other receivables continued

#### Ageing of gross trade receivables and the provision for impairment 31 December 2021

Group	Weighted average total loss rate	Gross trade receivables £ million	Provision – Matrix approach £ million	Provision – Specific approach £ million	Net trade receivables £ million
Not past due	0.6%	168	–	–	<b>168</b>
1-30 days past due	2.2%	67	(1)	(1)	<b>65</b>
31-60 days past due	5.5%	42	(1)	(2)	<b>39</b>
61-90 days past due	6.4%	16	(1)	–	<b>15</b>
91-180 days past due	24.2%	22	(1)	(5)	<b>16</b>
181-365 days past due	53.9%	31	(2)	(14)	<b>15</b>
366-730 days past due	87.5%	23	(3)	(17)	<b>3</b>
More than 730 days past due	98.8%	91	(2)	(89)	<b>–</b>
		<b>460</b>	<b>(11)</b>	<b>(128)</b>	<b>321</b>

The £11 million provision based on the matrix approach is split into Rental Solutions (£5 million) and Power Solutions Industrial (£6 million).

This is analysed by business unit as follows:

	PSI				PSU			
	Weighted average total loss rate	Gross trade receivables £ million	Provision £ million	Net trade receivables £ million	Weighted average total loss rate	Gross trade receivables £ million	Provision £ million	Net trade receivables £ million
Not past due	0.6%	50	–	<b>50</b>	1.8%	18	–	<b>18</b>
1-30 days past due	4.4%	12	(1)	<b>11</b>	4.2%	15	(1)	<b>14</b>
31-60 days past due	2.4%	9	–	<b>9</b>	8.8%	17	(2)	<b>15</b>
61-90 days past due	11.9%	3	(1)	<b>2</b>	3.4%	8	–	<b>8</b>
91-180 days past due	11.4%	10	(1)	<b>9</b>	45.8%	8	(4)	<b>4</b>
181-365 days past due	53.5%	8	(4)	<b>4</b>	62.3%	18	(11)	<b>7</b>
366-730 days past due	86.9%	11	(9)	<b>2</b>	86.9%	10	(9)	<b>1</b>
More than 730 days past due	93.4%	8	(8)	<b>–</b>	99.8%	76	(76)	<b>–</b>
		<b>111</b>	<b>(24)</b>	<b>87</b>		<b>170</b>	<b>(103)</b>	<b>67</b>

	RS			
	Weighted average total loss rate	Gross trade receivables £ million	Provision £ million	Net trade receivables £ million
Not past due	0.4%	100	–	<b>100</b>
1-30 days past due	0.9%	40	–	<b>40</b>
31-60 days past due	3.5%	16	(1)	<b>15</b>
61-90 days past due	7.2%	5	–	<b>5</b>
91-180 days past due	11.7%	4	(1)	<b>3</b>
181-365 days past due	21.4%	5	(1)	<b>4</b>
366-730 days past due	93.1%	2	(2)	<b>–</b>
More than 730 days past due	94.6%	7	(7)	<b>–</b>
		<b>179</b>	<b>(12)</b>	<b>167</b>

The Group seeks to secure advance payments and guarantees and as at 31 December 2021 these amounted to £43 million (advance payments: £11 million; guarantees: £32 million). In determining the Expected Credit Loss (as explained in the trade receivables accounting policy on page 24) one of the factors taken into account of is the level of security obtained as we consider that the security obtained is effective in mitigating credit risk. The Group assesses credit quality as explained below:

#### Power Solutions – Industrial

This is a transaction intensive business and the majority of the contracts in this business are small relative to the size of the Group. There is no concentration of credit risk in this business and there is a large number of customers who are unrelated and internationally dispersed.

The management of trade receivables is the responsibility of the operating units, although they report monthly to Group on debtor days, debtor ageing and significant outstanding debts. At an operating unit level a credit rating is normally established for each customer based on ratings from external agencies. Where no ratings are available, cash in advance payment terms are often established for new customers. Credit limits are reviewed on a regular basis. Receivables written off during the period as uncollectable as a percentage of total gross debtors was 2%.

## 15 Trade and other receivables continued

### Power Solutions – Utility

This business concentrates on medium to very large contracts. Customers are mainly state owned utilities in emerging markets.

In many instances these contracts are in jurisdictions where payment practices can be unpredictable. The Group monitors the risk profile and debtor position of all such contracts regularly, and deploys a variety of techniques to mitigate the risks of delayed or non-payment; including securing advance payments, bonds and guarantees. On the largest contracts, all such arrangements are approved at a Group level. Contracts are reviewed on a case by case basis to determine the customer and country risk.

The total trade receivables balance as at 31 December 2021 for our Power Solutions Utility business was £170 million. Within this balance, receivable balances totalling £43 million had some form of payment cover attached to them. This payment cover guards against the risk of customer default rather than the risk associated with customer disputes. The risk associated with the remaining £127 million is deemed to be either acceptable or payment cover is not obtainable in a cost-effective manner. Receivables written off during the period as uncollectable as a percentage of total gross debtors was 5%.

### Rental Solutions

This business is similar to the Power Solutions Industrial business above and the management of trade receivables is similar. Receivables written off during the period as uncollectable as a percentage of total gross debtors was 0%.

## 16 Borrowings

	2021 £ million
<b>Non-current</b>	
Bank borrowings	973
USD Senior Secured Notes	417
EUR Senior Secured Notes	377
USD Senior Notes	332
Preference shares	93
	<b>2,192</b>
<b>Current</b>	
Bank borrowings	15
USD Senior Secured Notes	5
EUR Senior Secured Notes	4
USD Senior Notes	1
Preference shares	3
	<b>28</b>
<b>Total borrowings</b>	<b>2,220</b>
Cash at bank and in hand	(179)
Lease liability	74
<b>Net borrowings</b>	<b>2,115</b>

The borrowings are guaranteed by the Guarantors and the Issuers. The senior secured notes, term loan B, revolving credit facility and bonding facility are senior secured obligations of the Guarantors and the Senior Secured Notes Issuers and are secured by first-ranking security interests over certain banks accounts and intercompany receivables as well as a share pledge over the shares of the guarantors and also a general debenture over the assets of such guarantors. The senior notes are senior obligations of the Guarantors and the Senior Notes Issuer and are guaranteed on a subordinated basis and are secured by charge over the shares of Albion Acquisitions Limited, granted by Albion Midco Limited. The Guarantors are material companies in the UK, US, Luxembourg, the Netherlands and Cyprus whose consolidated EBITDA represents at least 80% of the consolidated EBITDA of Group companies in those jurisdictions, subject to certain exceptions.

Total borrowings of £2,220 million comprises gross debt of £2,225 million, coupled with net capitalised interest of £26 million, partially offset by £25 million of fees deducted at source and £6 million of capitalised borrowing costs. The £2,225 million of gross debt, together with the £275 million of undrawn RCF facilities equates to committed facilities of £2,500 million.

### (i) Maturity of financial liabilities

The maturity profile of the borrowings was as follows:

	2021 £ million
Within 1 year, or on demand	28
Between 1 and 2 years	6
Between 2 and 3 years	7
Between 3 and 4 years	6
Between 4 and 5 years	1,749
Greater than 5 years	424
	<b>2,220</b>

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**16 Borrowings continued****(ii) Borrowing facilities**

The Group has the following undrawn committed floating rate borrowing facilities available at 31 December 2021 in respect of which all conditions precedent had been met at that date:

	2021 £ million
Expiring within 1 year	–
Expiring between 1 and 2 years	–
Expiring between 2 and 3 years	–
Expiring between 3 and 4 years	–
Expiring between 4 and 5 years	275
	<b>275</b>

**Redeemable preference shares**

	2021 £ million
Proceeds from issue of redeemable preference shares	95
Transaction costs	(2)
Accrued interest	3
<b>Carrying amount at 31 December 2021</b>	<b>96</b>

During 2021, 9,500 redeemable preference shares were issued as fully paid with a par value of £10,000 per share. Each share shall accrue a cumulative preferential dividend at 8.5% p.a, payable irrespective of whether or not the company has sufficient profits. The shares are redeemable upon written notice by either the Group or the Shareholder and they carry no voting rights.

**17 Leases****(i) Amounts recognised in the balance sheet**

Property, plant and equipment comprise owned and leased assets.

	2021 £ million
Property, plant and equipment owned	957
Right-of-use assets	69
	<b>1,026</b>

The Group leases many assets including land and buildings, vehicles and machinery. Information about leases for which the Group is a lessee is presented below.

**Right-of-use assets**

	Freehold properties £ million	Vehicles, plant & equipment £ million	Total £ million
<b>31 December 2021</b>			
Net book value at 25 February 2021	–	–	–
Acquisitions	55	22	77
Additions for the period	–	2	2
Remeasurements	1	–	1
Impairment	(1)	–	(1)
Depreciation charge for period	(6)	(4)	(10)
<b>Net book value at 31 December 2021</b>	<b>49</b>	<b>20</b>	<b>69</b>

**Lease liabilities**

	2021 £ million
<b>Maturity analysis – contractual undiscounted cash flows</b>	
Less than one year	26
One to five years	44
More than five years	20
<b>Total undiscounted lease liabilities at 31 December</b>	<b>90</b>
Impact of discounting	(16)
<b>Lease liabilities included in the balance sheet</b>	<b>74</b>
<b>Current</b>	<b>25</b>
<b>Non-current</b>	<b>49</b>

## 17 Leases continued

### (ii) Amounts recognised in the income statement

	2021 £ million
<b>Depreciation charge of right-of-use assets</b>	
Freehold property	6
Vehicles, plant & equipment	4
	<b>10</b>
Interest on lease liabilities	2
Expenses relating to short-term leases	2

The short-term lease commitments are not dissimilar to the short-term lease expense in the period.

### (iii) Amounts recognised in the statement of cash flows

	2021 £ million
<b>Total cash outflow for leases</b>	<b>12</b>

This £12 million is included in the cash flow statement with £10 million included within cash flows from financing activities and £2 million included in interest paid within net cash generated from operating activities.

## 18 Trade and other payables

	2021 £ million
Trade payables	117
Trade payables – supplier factoring facility	18
Other taxation and social security payable	36
Other payables	63
Accruals	224
Deferred income	39
	<b>497</b>

The value of trade and other payables quoted in the table above also represents the fair value of these items.

The Group participates in a supply chain finance programme in Brazil under which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained, nor the original liability was substantially modified on entering into the arrangement. The Group discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain the same as those of other trade payables, but discloses disaggregated amounts in the notes.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating, i.e. payments for the purchase of goods and services. The payments to a supplier by the bank are considered non-cash transactions and amounted to £28 million.

## 19 Demobilisation provision

	2021 £ million
Balance at 25 February	–
Acquisitions (note 23)	18
New provisions	3
Utilised	(1)
Exchange	(1)
<b>Balance at 31 December</b>	<b>19</b>
<b>Analysis of demobilisation provision</b>	
Current	5
Non-current	14
<b>Total</b>	<b>19</b>

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### 20 Deferred tax

31 December 2021

	At 25 February 2021 £ million	Acquisitions (Note 23) 2021 £ million	(Debit)/credit to income statement 2021 £ million	Debit to other comprehensive income 2021 £ million	Exchange differences 2021 £ million	At 31 December 2021 £ million
Fixed asset temporary differences	–	(45)	(19)	–	1	<b>(63)</b>
Intangibles	–	(90)	3	–	–	<b>(87)</b>
Retirement benefit obligations	–	(2)	–	(2)	–	<b>(4)</b>
Overseas tax on unremitted earnings	–	(3)	(2)	–	–	<b>(5)</b>
Tax losses	–	21	10	–	–	<b>31</b>
Other temporary differences	–	12	23	–	–	<b>35</b>
	<b>–</b>	<b>(107)</b>	<b>15</b>	<b>(2)</b>	<b>1</b>	<b>(93)</b>

A deferred tax liability of £5 million has been recognised in respect of unremitted earnings.

No other deferred tax liability has been recognised in respect of unremitted earnings of subsidiaries. It is likely that the majority of the overseas earnings will qualify for the UK dividend exemption and the Group can control the distribution of dividends by its subsidiaries. In some countries, local tax is payable on the remittance of a dividend. Were dividends to be remitted from these countries, the additional tax payable would be £11 million.

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets are recognised to the extent that the realisation of the related deferred tax benefit through future taxable profits is probable based on current forecasts. The Group did not recognise deferred tax assets of £46 million of which £33 million relates to carried forward tax losses, £10 million relates to fixed asset timing differences and £3 million relates to other temporary differences as our forecasts indicate that these assets will not reverse in the near future.

Deferred tax assets of £10 million have been recognised in respect of entities which have suffered a loss in the current period.

Deferred tax assets have been recognised on the basis it is probable there will be future taxable profits against which they can be utilised based on current forecasts and secured long term contracts. The majority of these assets can be carried forward indefinitely.

#### Deferred tax assets and liabilities

	31 December 2021		
	Assets £ million	Liabilities £ million	Net £ million
Fixed asset temporary differences	18	(81)	<b>(63)</b>
Intangibles	–	(87)	<b>(87)</b>
Retirement benefit obligations	–	(4)	<b>(4)</b>
Overseas tax on unremitted earnings	–	(5)	<b>(5)</b>
Tax losses	31	–	<b>31</b>
Other temporary differences	36	(1)	<b>35</b>
Total	85	(178)	<b>(93)</b>
Offset of deferred tax positions	(43)	43	–
Net deferred tax	<b>42</b>	<b>(135)</b>	<b>(93)</b>

The net deferred tax liability due after more than one year is £93 million.

### 21 Share capital

	2021 Number of shares	2021 £000
<b>Ordinary shares</b>		
In issue at 25 February 2021	–	–
Issue of A Ordinary shares of £1 each	1,950	2
Issue of B Ordinary shares of £1 each	50	–
At 31 December	<b>2,000</b>	<b>2</b>

Class A Ordinary shares carry voting rights and rank equally with B Ordinary shares whether for dividend declared or any repurchase or redemption of shares, other return of capital or otherwise.

Class B Ordinary shares carry no voting rights until converted to A Ordinary shares, up one which they shall rank pari passu with the A Ordinary shares in all respects.

Class A Ordinary and Class B Ordinary shares do not confer any rights of redemption.



## 22 Capital commitments

	2021 £ million
Contracted but not provided for (property, plant and equipment)	46

## 23 Acquisitions

### Aggreko plc

On 10 August 2021 the Group completed the acquisition of the entire share capital of Aggreko plc ('Aggreko') via a share purchase. Following the acquisition, Aggreko plc's shares were delisted from the London Stock Exchange, and Aggreko plc was re-registered as a private limited company, named Aggreko Limited, on 16 August 2021. Aggreko is the world-leading provider of mobile modular power, temperature control and energy services with 170 sales and service centres in around 80 countries. The acquisition enhances the investment portfolio of the ultimate shareholders of Albion JVCo Limited, and provides funding for the Aggreko business to continue to trade and meet the commitment to deliver Net-Zero across the operations by 2030.

The revenue and operating profit included in the consolidated income statement from 10 August 2021 to 31 December 2021 contributed by Aggreko was £684 million and £59 million respectively. Had Aggreko been consolidated from 1 January 2021, the consolidated income statement for the year ended 31 December 2021 would show revenue and operating profit of £1,657 million and £113 million respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The acquisition method of accounting has been adopted and the goodwill arising on the purchase has been capitalised. The Group incurred acquisition related costs of £117 million including costs arising from the refinancing of the bridging facilities used to purchase Aggreko (£67 million), legal, consultancy and deal fees (£41 million), non-resident capital gains tax charge which was triggered by the acquisition (£6 million) and employee related costs including redundancies (£3 million). These costs have been classed as exceptional costs, refer to note 6 for further details.

The provisional assets and liabilities recognised as a result of the acquisition are as follows:

	Recognised values on acquisition £m
<b>Assets</b>	
Other intangible assets	388
Investment	10
Property, plant and equipment	994
Retirement benefit surplus	7
Inventories	198
Fulfilment assets	110
Trade and other receivables	493
Cash and cash equivalents	268
<b>Liabilities</b>	
Deferred taxation	(107)
Corporate taxation	(19)
Borrowings	(551)
Lease liability	(81)
Trade and other payables	(463)
Demobilisation provision	(18)
<b>Net assets acquired</b>	<b>1,229</b>
Goodwill	<b>1,072</b>
<b>Consideration</b>	<b>2,301</b>
Less: cash and cash equivalents acquired	<b>(268)</b>
<b>Net acquisitions per cash flow</b>	<b>2,033</b>

In accordance with IFRS 3 'Business Combinations', the acquisition accounting will be finalised within 12 months of the acquisition date of 10 August 2021.

## Notes to the Group Accounts

Continued

### 23 Acquisitions continued

#### Measurement of fair values

The valuation approach adopted for measuring the fair value of material assets/liabilities acquired was as follows.

Assets/liabilities acquired	Valuation approach
Property, plant and equipment	Market comparison technique and replacement cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangibles	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method asserts that the value of an intangible asset is what the owner would pay to licence the asset if they did not own it. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the asset, net of a reasonable return on other assets also contributing to that stream of earnings.
Inventories	Replacement cost technique: The fair value is determined based on the estimated cost to replace the asset including consideration of functional obsolescence.
Fulfilment asset	The fair value of the fulfilment asset is determined based a replacement cost approach considering costs capitalised to date and the opportunity cost for that expenditure by applying a return to the costs capitalised to date.
Borrowings	At the valuation date the borrowings were adjusted for an embedded derivative in respect of the break costs arising from the pre-payment of Aggreko's US private placement notes.

The trade receivables comprise gross contractual amounts due of £415 million, of which £146 million was expected to be uncollectable at the date of acquisition.

The goodwill is attributable mainly to the skills and technical talent of Aggreko's work force, technological know how and assets acquired, customer base and reputation. None of the goodwill recognised is expected to be deductible for tax purposes.

### 24 Investments in subsidiaries

The subsidiary undertakings of Albion JVCo Limited at 31 December 2021, and the main countries in which they operate, are shown below. All companies are wholly owned and, unless otherwise stated, incorporated in the UK or in the principal country of operation and are involved in the supply of modular, mobile power, heating, cooling and related services.

All shareholdings are of Ordinary Shares or other equity capital.

Company	Country of incorporation	Registered address
Aggreko Angola Lda	Angola	Rua 21 Jan, Qunintalao Escola de Enfermagem, Bairro Morro Bento III, District of Samba, Luanda, Angola
Aggreko Argentina S.R.L.	Argentina	465, 2D, Av. L.N. Alem, Buenos Aires, 1001, Argentina
Aggreko Generators Rental Pty Limited	Australia	101, Woodlands Drive, Braeside, VIC, 3195, Australia
Aggreko Bangladesh Power Solutions Limited	Bangladesh	Concord Baksh Tower, Level-6, Plot-T1A, Road-48, Block-CWN(A), Kamal Ataturk Avenue, Gulshan-2, Dhaka, Bangladesh
Aggreko Bangladesh Energy Solutions Limited	Bangladesh	Concord Baksh Tower, Level-6, Plot-T1A, Road-48, Block-CWN(A), Kamal Ataturk Avenue, Gulshan-2, Dhaka, Bangladesh
Aggreko Belgium NV	Belgium	7, Smallandlaan, Antwerpen, 2660, Belgium
Aggreko Energia Locacao de Geradores Ltda	Brazil	3500, Av. das Américas, – Ed Toronto 2000 – 6° Andar – Barra da Tijuca, Rio de Janeiro, 22640-102, Brazil
Aggreko Cameroon LTD	Cameroon	Centre des Affaires Flatters, Rue Flatters, BP 4999, Bonanjo, Doula, Cameroon
Aggreko Canada Inc	Canada	199, Bay Street, Suite 2800, Commerce Court West, Toronto, ON, M5L1A9, Canada
Aggreko Financial Holdings Limited +	Cayman Islands	89, Nexus Way, Camana Bay, PO Box 31106, Grand Cayman, KY1-1205, Cayman Islands
Aggreko Chile Limitada	Chile	Galvarino 9450, Parque Industrial Buenaventura, Quilicura, Region Metropolitana, Santiago, Chile
Aggreko Chile Projects SpA	Chile	Galvarino 9450, Parque Industrial Buenaventura, Quilicura, Region Metropolitana, Santiago, Chile
Aggreko Events Services (Shanghai) Limited	China	Building 16, No 99 HuaJia Road, SongJiang District, Shanghai, 201611, China
Aggreko Colombia SAS	Colombia	Parque Industrial Gran Sabana Vereda Tibitoc Lote M Unidad 67-A, Tocancipa, Colombia
Aggreko Power Solutions Colombia SA ESP	Colombia	Parque Industrial Gran Sabana, Carretera Snrto Zipaquira Lote 67, Tocancipa – Cundinamarca, Colombia
Aggreko DRC S.A.R.L.	Congo	No. 1901 B, Boulevard M'SIRI, Quartier Industriel, Commune of Kampemba, in Lubumbashi, in the Province of Haut-Katanga, Congo
Aggreko Cote d'Ivoire SARL	Cote d'Ivoire	Vridi Canal – Base Centrale thermique à gaz, Abidjan, Cote d'Ivoire
Aggreko Curacao B.V.	Curacao	Hoogstraat 30, PO Box 3961, Curacao
Aggreko (Middle East) Limited**	Cyprus	3 Themistokli Dervi, Julia House, P.C. 1066, Nicosia, Cyprus
Aggreko Denmark ApS	Denmark	Rådhuspladsen 4, 4. 1550 København V
Aggreko Dominican Republic SRL	Dominican Republic	Paseo de los Locutores No. 53, Santo Domingo, Dominican Republic
Aggreko Energy Ecuador CIA.LTDA	Ecuador	E 2324, Rumipamba y Av. Amazonas, Quito, NA, Ecuador
Aggreko Finland Oy	Finland	Hatanpaan Valtatie 13, Tampere, Finland
Aggreko France SARL	France	5, Rue Boole, Saint-Michel sur Orge, 91240, France
Aggreko Gabon S.A.R.L.	Gabon	Residence Du Golf, Libreville, BP: 4568, Gabon
Aggreko Deutschland GmbH	Germany	Barbarastraße 62, 46282 Dorsten, Germany

## 24 Investments in subsidiaries continued

Company	Country of incorporation	Registered address
Aggreko Guinea SARLU	Guinea	Manquepas, Commune de Kaloum-Conakry, Conakry, Guinea
Aggreko Energy Rental India Private Limited + + +	India	"The Chambers", Office No 501, Plot No 4/12/13, Viman Nagar, Pune, 411014, India
Aggreko Energy Services Indonesia PT	Indonesia	Talavera Tower Lantai 5 Talavera Office Park, Jl. Letjend TB Simatupang Kav 22 – 26, Cilandak Barat Cilandak, Jakarta Selatan, DKI Jakarta 12430
PT Kertabumi Teknindo	Indonesia	Talavera Tower Lantai 5 Talavera Office Park, Jl. Letjend TB Simatupang Kav 22 – 26, Cilandak Barat Cilandak, Jakarta Selatan, DKI Jakarta 12430
Aggreko Ireland Ltd	Ireland	Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576, Ireland
Aggreko Italia S.R.L.	Italy	29, Via A. Einstein, Assago (MI), 20090, Italy
Aggreko Japan Limited	Japan	4F, Ace Kudan Building, 2-2-1 Kudan-Minami, Chiyoda-ku, Tokyo, Japan
Aggreko Events Services Japan Ltd	Japan	4F, Ace Kunda Building, 2-2-1 Kudan-Minami, Chiyoda-ku, Tokyo, Japan
Aggreko Kazakhstan LLP	Kazakhstan	Building 14/2, Oteshkaly Atambayev street, Atyrau city, Atyrau region, Republic of Kazakhstan
Aggreko Kenya Energy Rentals Limited	Kenya	Plot 12100, Tulip House, Mombasa Road, P.O. Box 10729, 00100, Nairobi, Kenya
Albion Financing 1 Sarl	Luxembourg	20, rue Eugène Ruppert, L – 2453 Luxembourg
Albion Financing 2 Sarl	Luxembourg	20, rue Eugène Ruppert, L – 2453 Luxembourg
Albion Financing 3 Sarl	Luxembourg	20, rue Eugène Ruppert, L – 2453 Luxembourg
Aggreko Malaysia SDN BHD	Malaysia	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, Petaling Jaya, Selangor, 46200, Malaysia
Aggreko Mali S.A.R.L.	Mali	Bamako-Lafiabougou ACI 2000, Immeuble Samassa, 1 Etage, porte 02
Aggreko Mauritania SARL	Mauritania	Tevragh Zeina, Lot ZRB, Villa No 225, Avenue Moctar Daddah, Nouakchott
Aggreko Africa Limited	Mauritius	co/o Abax Corporate Services Ltd, 6th Floor, Tower A, 1 CyberCity, Mauritius
Aggreko Energy Mexico SA de CV	Mexico	8, Carretera Coacalco Tultepec, Estado de Mexico, 55717, Mexico
Aggreko Services Mexico SA de CV	Mexico	8, Carretera Coacalco Tultepec, Estado de Mexico, 55717, Mexico
Aggreko SA de CV + + + +	Mexico	Mar Cantabrico No. 20, Co. Popotla C.P. 11400, Mexico, D.F., Mexico
Aggreko Mocambique Limitada	Mozambique	7 Andar, Av. 24 de Julho, No 7, Bairro Polana Cimento, Distrito Urbano 1, Maputo, Mozambique
Aggreko Myanmar Co Limited	Myanmar	Bothtaung Pagoda Road, No. 182/194, Room 2(D), Rose Condominium, 1st Floor, Pazundaung Township, Yangon Region, Myanmar
Aggreko Namibia Energy Rentals (Proprietary) Limited	Namibia	344 Independence Avenue, Windhoek, Namibia
Aggreko Americas Holdings B.V. +	Netherlands	Amstelveenseweg 760, 1081 JK Amsterdam, Netherlands
Aggreko Euro Holdings B.V. +	Netherlands	Amstelveenseweg 760, 1081 JK Amsterdam, Netherlands
Aggreko Rest of the World Holdings B.V. +	Netherlands	Amstelveenseweg 760, 1081 JK Amsterdam, Netherlands
Aggreko (Investments) B.V. + +	Netherlands	3, Fuutweg, Haven 461b, Klundert, 4791PB, Netherlands
Aggreko Nederland B.V.	Netherlands	3, Fuutweg, Haven 461b, Klundert, 4791PB, Netherlands
Aggreko International Power Projects B.V.	Netherlands	Between Roundabouts 7 and 8, Opposite Red Sea Housing, PO Box 17576, Jebel Ali, Dubai, United Arab Emirates
Aggreko (NZ) Limited	New Zealand	Level 20, 188 Quay Street, Auckland, New Zealand, 1010, New Zealand
Aggreko Projects Limited	Nigeria	27 Festival Road, Victoria Island, Lagos, Nigeria
Aggreko Gas Power Generation Limited + + + +	Nigeria	27 Festival Road, Victoria Island, Lagos, Nigeria
Aggreko Norway A/S	Norway	44, Dragonveien, Bygg 31, Oslo, Norway
Aggreko Energy Rentals Panama SA	Panama	Patton, Moreno & Asvat offices in Capital Plaza Building, 8th floor, Roberto Motta y Costa del Este Avenue, Panama, PA, 507, Panama
Aggreko Latin America Inc	Panama	Street 50, PH 909, 14° floor, Panama City, Panama
Aggreko Generator Rentals (PNG) Limited	Papua New Guinea	c/- Ashurst PNG, Level 4, Mogoru Moto Building, Champion Parade, Port Moresby, National Capital District, Papua New Guinea
Aggreko Peru S.A.C.	Peru	Avenida Elmer Faucett 4800, Callao, Peru
Aggreko Energy Rental Solutions Inc	Philippines	Unit 1101, Picadilly Star Building, 4th Avenue, 27th Street Bonifacio Global City, Taguig City, 1634, Philippines
Aggreko Polska Sp. z o.o.	Poland	Fort Ordona 6 street, Czosnow, 05-152, Poland
Aggreko South East Europe SRL	Romania	Soseaua de Centura 7A, Tunari, Ilfov, 077180, Romania
Aggreko Eurasia LLC	Russia	Building 1, House 8, 2nd km Stariy Tobolsky Trakt, Tyumen, 625019, Russian Federation
Aggreko Rwanda Limited	Rwanda	1st Floor, Omega House, Boulevard de los, Nyarugenge, Rwanda
Aggreko Saudi Equipment Rental Co. Ltd	Saudi Arabia	7051 Al Amir Sultan – As Salamah Dist, Unit No 999, Jeddah 23525 – 2661, Kingdom of Saudi Arabia
Aggreko Senegal SARL	Senegal	Route De Ngor 29912, Dakar, Senegal
Aggreko Singapore PTE Ltd	Singapore	8B Buroh Street, Singapore, 627532
Milman International PTE LTD	Singapore	8B Buroh Street, Singapore, 627532
Aggreko Energy Rental South Africa Proprietary Ltd	South Africa	29 Spier Rd Unit E1 Plumbago Business Park, Glen Erasmia Kempton Park Gauteng, 1619, South Africa
Aggreko South Africa Holdings (Pty) Limited	South Africa	Ground Floor, Building 25 Thornhill Office Park, 94 Bekker Road, Vorna Valley, 1685, South Africa
Aggreko South Korea Limited	South Korea	Unit 3203 S-Trenue, 37 Gukjegeumyung-ro 2-gil, Yeongdeungpo-gu, Seoul, Republic of Korea

44 Notes to the Group Accounts

Continued

24 Investments in subsidiaries continued

Company	Country of incorporation	Registered address
Aggreko Iberia SA	Spain	35-37, Avinguda Torre Mateu, Pol.Industrial Can Salvatella, Barbera del Valles, 08210, Spain
Aggreko Sweden AB	Sweden	Box 16285, Stockholm, 103 25, Sweden
Aggreko Energy Rentals Tanzania Limited	Tanzania	Ubungu Plaza Unit 209, 2nd Floor, PO Box 158, Dar Es Salaam, Tanzania
Aggreko (Thailand) Limited	Thailand	9, G Tower Building, 32nd Floor, 9 Rama 9 Road, Bangkok, Thailand, Thailand, International
Aggreko Trinidad Limited	Republic of Trinidad & Tobago	5/7 Sweet Briar Road, St. Clair, Trinidad and Tobago
Aggreko Enerji ve Isi Kontrol Ticaret Anonim Sirketi	Turkey	ECS Business Park B2 Blok Kat:6 D:227 Yeşilköy, Bakırköy, İstanbul, Turkey
Aggreko Middle East Limited FZE	UAE	E-LOB Office No E2-112F-40, PO Box 52462, Hamriyah Free Zone, Sharjah, United Arab Emirates
Aggreko Fujairah FZE	UAE	PO Box 50283, Fujairah, United Arab Emirates
Aggreko Limited	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Employment Services Limited	UK	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS, England, United Kingdom
Aggreko Events Services Limited	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Finance Limited +	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Holdings Limited +	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko International Projects Holdings Limited +	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko International Projects Limited	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Limited	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Mexico Finance Limited	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Pension Scheme Trustee Limited	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Russia Finance Limited ++	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko UK Finance Limited ++	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko UK Limited	UK	Lomondgate, Stirling Road, Dumbarton, G82 3RG, Scotland, United Kingdom
Aggreko Generators Limited +++	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Luxembourg Holdings	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Albion Acquisitions Limited	UK	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS
Albion MidCo Limited	UK	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS
Albion HoldCo Limited	UK	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS
Albion TopCo Limited	UK	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS
Dunwilco (680) Limited ++++	UK	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Golden Triangle Generators Limited	UK	Aggreko House Orbital 2, Voyager Drive, Cannock, Staffordshire, WS11 8XP, England, United Kingdom
Aggreko Global Solutions Limited	UK	8th Floor, 120 Bothwell Street, Glasgow, G2 7JS, Scotland
Aggreko Indonesia Finance Limited ++	UK	8th Floor, 120 Bothwell Street, Glasgow, G2 7JS, Scotland
Aggreko Ukraine LLC	Ukraine	77, 709, Sichovyh Strilstiv St, Kyiv, Ukraine, 04053
Aggreko Uruguay S.A.	Uruguay	675, Of 20, Peatonal Sarandi, Montevideo, Uruguay
Aggreko Holdings Inc +	USA	Wilmington Trust SP Services Inc, 1105 N. Market Street, Suite 1300, Wilmington DE, 19801, United States
Aggreko USA LLC +	USA	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, United States
Aggreko LLC	USA	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, United States
Albion Financing LLC	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808, United States
Aggreko de Venezuela C.A.	Venezuela	Av. Venezuela Edif. Lamaletto, piso 5, oficina Unica, El Rosal, Caracas

\*\* Registered in Cyprus

+ Intermediate holding companies

++ Finance company

+++ The financial year end of Aggreko Energy Rental India Private Limited is 31 March due to local taxation requirements

++++ Dormant company

The following three companies are not wholly owned subsidiaries:

Company	Country of incorporation	Registered address
Aggreko Algeria SPA*	Algeria	Extension La Zone Des Activities, N 01, Adrar, Algeria
Shanghai Yude Aggreko Energy Equipments Rental Co., Ltd##	China	301 Rongle East Road, Songjiang District, Shanghai, China
Origami Energy Limited#	UK	Ashcombe Court, Woolsack Way, Godalming, Surrey, GU7 1LQ, United Kingdom

\* Aggreko ownership is 49%

# Aggreko ownership is 12.25%

## Aggreko ownership is 21.5%

## 24 Investments in subsidiaries continued

### Subsidiary Audit Exemption

For the year ended 31 December 2021 the below listed subsidiary companies are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006.

Company	Registered No	Registered address
Aggreko UK Finance Limited	SC545597	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Russia Finance Limited	SC547011	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Luxembourg Holdings	SC274266	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko International Projects Holdings Limited	SC409051	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Indonesia Finance Limited	SC585138	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Holdings Limited	SC073994	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Aggreko Finance Limited	SC250631	120 Bothwell Street, Glasgow, G2 7JS, Scotland, United Kingdom
Albion TopCo Limited	13227153	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS
Albion HoldCo Limited	13227258	4th Floor the Tower, 65 Buckingham Gate, London, SW1E 6AS

## 25 Events after the balance sheet date

On 1 March 2022 Aggreko Limited and its parent company Albion Acquisitions Limited announced that it had decided to sell the Company's Eurasian business, which is mostly in Russia. In the interim the business is being operated independently from the wider Aggreko business. Our business in Eurasia, which transacts almost entirely in roubles, has sufficient cash resources to operate in this way for the foreseeable future, and we do not expect to provide it any additional funding or assets. Our Eurasia business generated c. 5% of the Group's revenue in 2021 and had net assets of £70 million. The directors are continuing to monitor the net assets in country and the associated goodwill in the PSI business unit for impairment as a result of this.

## 26 Notes to the Group Accounts – appendices

### 26.A1 Accounting policies

#### Derivative financial instruments

The activities of the Group expose it directly to the financial risks of changes in forward foreign currency exchange rates. The Group uses forward foreign exchange contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recorded and subsequently measured at fair value, which is calculated using standard industry valuation techniques in conjunction with observable market data. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the reporting date. The treatment of changes in fair value of derivatives depends on the derivative classification. The Group designates derivatives as hedges of highly probable forecasted transactions or commitments ('cash flow hedge').

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

#### Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated, and effective, as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. If the cash flow hedge is of a firm commitment or forecasted transaction that subsequently results in the recognition of an asset or a liability then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges of transactions that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument no longer qualifies for hedge accounting. At that time any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

The effect of cashflow hedges at the period end is less than £1 million and therefore not disclosed in the statement of changes in equity.



## 46 Notes to the Group Accounts

Continued

### 26 Notes to the Group Accounts – appendices continued

#### 26.A2 Borrowings

##### (i) Interest rate risk profile of financial liabilities

The interest rate profile of the Group's financial liabilities at 31 December 2021, after taking account of the interest rate swaps used to manage the interest profile, was:

31 December 2021	Floating rate £ million	Fixed rate £ million	Total £ million	Fixed rate debt	
				Weighted average interest rate %	Weighted average period for which rate is fixed Years
Currency:					
US Dollar	552	755	1,307	7.3	5.0
Euro	417	381	798	5.3	4.8
Sterling	19	96	115	8.5	7.6
As at 31 December 2021	<b>988</b>	<b>1,232</b>	<b>2,220</b>		

The floating rate financial liabilities principally comprise debt which carries interest based on different benchmark rates depending on the currency of the balance.

The weighted average interest rate on fixed debt is derived from the coupons applying to the Senior Secured Notes, Secured notes and Preference Shares.

##### (ii) Interest rate risk profile of financial assets

	Cash at bank and in hand £ million
Currency:	
Sterling	40
US Dollar	46
Euro	18
Nigerian Naira	17
Argentinian Pesco	12
Other currencies	46
As at 31 December 2021	<b>179</b>

All of the above cash and short-term deposits are floating rate and earn interest based on relevant LIBID (London Interbank Bid Rate) equivalents or market rates for the currency concerned.

#### 26.A3 Financial instruments

As stated in our accounting policies Note 26.A1 on page 45 the activities of the Group expose it directly to the financial risks of changes in foreign currency exchange rates. The Group uses forward foreign exchange contracts to hedge these exposures. The movement in the hedging reserve is shown in the Statement of Changes in Equity.

##### Foreign currency cashflow hedges

The Group manages its currency flows to minimise foreign exchange risk arising on transactions denominated in foreign currencies and uses foreign currency forward contracts, where appropriate, to hedge net currency flows. The net currency result relating to the foreign currency forward contracts is minimal at the period end. We assess whether each of these hedges is effective by comparing (on a prospective and retrospective basis) the changes in the functional currency equivalent values of the foreign currency denominated transaction and the relevant foreign currency forward contract.

## 26 Notes to the Group Accounts – appendices continued

### 26.A3 Financial instruments continued

#### (i) Fair values of financial assets and financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets and financial liabilities at 31 December 2021. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market values have been used to determine fair values.

	2021	
	Book value £ million	Fair value £ million
Primary financial instruments held or issued to finance the Group's operations:		
Current borrowings and overdrafts	(28)	(28)
Non-current borrowings	(2,192)	(2,192)
Lease liabilities	(74)	(74)
Cash at bank and in hand	179	179
Trade receivables	321	321
Trade payables	(135)	(135)
Derivative financial assets	1	1
Derivative financial liabilities	(1)	(1)

All financial instruments are measured at amortised cost other than derivatives which are measured at fair value with changes recorded in the income statement.

#### (ii) Summary of methods and assumptions

##### Foreign currency derivatives

Fair value is based on market price of these instruments at the balance sheet date, in accordance with IFRS 13. Forward foreign currency contracts and currency options are considered to be Level 1 as the valuation is based on quoted market prices at the end of the reporting period.

##### Current borrowings and overdrafts/short-term deposits

The fair value of short-term deposits and current borrowings and overdrafts approximates to the carrying amount because of the short maturity of these instruments.

##### Non-current borrowings

In the case of non-current borrowings, the fair value approximates to the carrying value reported in the balance sheet.

#### (iv) The exposure of the Group to interest rate changes when borrowings reprice is as follows:

As at 31 December 2021

	<1 year £ million	1-5 years £ million	>5 years £ million	Total £ million
Total borrowings	28	1,767	425	2,220
Borrowings that attract a fixed interest rate	(13)	(794)	(425)	(1,232)
Variable Rate Borrowings	15	973	–	988

The effective interest rates at the balance sheet date were as follows:

	2021
Bank borrowings	5.5%
Secured notes	8.8%
Senior secured notes	5.7%
Preference notes	8.5%

## 48 Notes to the Group Accounts

Continued

### 26 Notes to the Group Accounts – appendices continued

#### 26.A3 Financial instruments continued

##### Maturity of financial liabilities

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2021

	<1 year £ million	1-2 years £ million	2-5 years £ million	>5 years £ million
Borrowings	28	6	1,758	428
Trade and other payables	135	–	–	–
	163	6	1,758	428

No trade payable balances have a contractual maturity greater than 90 days.

##### Derivative financial instruments settled on a gross basis

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2021

	<1 year £ million
Forward foreign exchange contracts – cash flow hedges	
Outflow	(261)
Inflow	261
	–

All of the Group's forward foreign currency exchange contracts are due to be settled within one year of the balance sheet date.

#### 26.A4 Pensions

##### Overseas

Pension arrangements for overseas employees vary and schemes reflect best practice and regulation in each particular country. The charge against profit is the amount of contributions payable to the defined contribution pension schemes in respect of the accounting period. The pension cost attributable to overseas employees in the period was £6 million.

##### United Kingdom

The Group operates pension schemes for UK employees. The Aggreko plc Pension Scheme ('the Scheme') is a funded, contributory, defined benefit scheme. Assets are held separately from those of the Group under the control of the directors of Aggreko Pension Scheme Trustee Limited. The Scheme is subject to valuations at intervals of not more than three years by an independent actuary.

The Trustee of the Scheme has control over the operation, funding and investment strategy of the Scheme but works closely with the Group to agree funding and investment strategy.

A valuation of the Scheme was carried out as at 31 December 2020 using the Attained Age method to determine the level of contributions to be made by the Group. The actuary adopted a valuation basis linked to market conditions at the valuation date. Assets were taken at market value. The major actuarial assumptions used were:

Return on investments pre-retirement	Fixed interest gilt yield curve plus 0.25% pa
Return on investments post-retirement	Fixed interest gilt yield curve plus 0.25% pa
Price inflation (RPI)	Market implied RPI inflation curve
Increase in pensions	In line with the RPI inflation curve, adjusted to allow for the respective caps and collars

At the valuation date, the market value of the Scheme's assets (excluding AVCs) was £130 million which was sufficient to cover 87% of the benefits that had accrued to members.

As part of the valuation at 31 December 2020, the Group and the Trustee agreed upon a Schedule of Contributions and a Recovery Plan. To address the Scheme deficit, including the cost of expenses associated with the Scheme, the Group (including the Aggreko Group) has already made contributions of £9.3 million since the valuation date (up to and including February 2022). In line with the agreed Recovery Plan, the Group will make further contributions of £0.5 million each month until March 2023. Prior to Scheme closure on 31 December 2020, employee contributions were 6% of pensionable earnings.

The Group has the right to a refund of any pension surplus at the end of the Scheme and as such has not recognised an additional liability in accordance with IFRIC 14.

The Scheme closed to all new employees joining the Group after 1 April 2002. New employees are given the option to join a defined contribution scheme. Contributions of £1 million were paid to this defined contribution scheme during the period. There are no outstanding or prepaid balances at 31 December 2021. The Scheme closed to future accrual account from 31 December 2020.

## 26 Notes to the Group Accounts – appendices continued

### 26.A4 Pensions continued

An update of the Scheme was carried out by a qualified independent actuary using the latest available information for the purposes of this statement. The major assumptions used in this update by the actuary were:

	31 Dec 2021
Rate of increase in pensions in payment	3.1%
Rate of increase in deferred pensions	3.4%
Discount rate	1.9%
Inflation assumption	3.4%
Longevity at age 65 for current pensioners (years)	
Men	22.2
Women	24.8
Longevity at age 65 for future pensioners (years)	
Men	23.5
Women	26.6

The assets in the Scheme were:

	Value at 31 Dec 2021 £ million
<b>Equities</b>	
– Diversified growth	13
<b>Bonds</b>	
– Corporate bonds	53
– Liability driven investments	62
Cash	3
<b>Total</b>	<b>131</b>

The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:

	2021 £ million
Fair value of assets	131
Present value of funded obligations	(115)
<b>Asset recognised in the balance sheet</b>	<b>16</b>

Movement in defined benefit surplus during the period:

	Defined benefit obligation	Fair value of Scheme assets	Net defined benefit surplus
	2021 £ million	2021 £ million	2021 £ million
Balance at 25 February	–	–	–
Acquisitions (note 23)	(128)	135	7
<b>Included in the income statement</b>			
Interest cost	(1)	–	(1)
Interest income	–	1	1
	<b>(1)</b>	<b>1</b>	<b>–</b>
<b>Included in the statement of comprehensive income</b>			
Remeasurements			
– Effect of changes in demographic assumptions	2	–	2
– Effect of changes in financial assumptions	8	–	8
– Return on plan assets (excluding interest income)	–	(4)	(4)
	<b>10</b>	<b>(4)</b>	<b>6</b>
Other			
Employer contributions	–	3	3
Benefits paid	4	(4)	–
	<b>4</b>	<b>(1)</b>	<b>3</b>
Balance at 31 December	<b>(115)</b>	<b>131</b>	<b>16</b>

## Notes to the Group Accounts

Continued

### 26 Notes to the Group Accounts – appendices continued

#### 26.A4 Pensions continued

The Projected Unit method has been used for the valuation of the liabilities. Under this method each participant's benefits under the Scheme are attributed to years of service, taking into consideration the Scheme's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past credited service. The benefit obligation is the total present value (assessed using appropriate assumptions) of the individual's attributed benefits for valuation purposes at the measurement date. The discount rate was calculated as the single rate equivalent to using the full Merrill Lynch AA- rated corporate bond yield curve at the calculation date.

The fair value of the assets is based on the underlying 'bid value' statements issued by the various investment managers. The manager statements reflect the relevant pricing basis of the units held in the underlying pooled funds.

An alternative method of valuation is the estimated cost of buying out benefits with a suitable insurer. This amount represents the amount that would be required to settle the Scheme liabilities and wind-up the scheme, rather than the Group continuing to fund the ongoing liabilities of the Scheme. The Group estimates the amount required to settle the Scheme's liabilities at the most recent valuation date (31 December 2020) was around £159 million, which gave a Scheme shortfall on a buyout basis of approximately £29 million at that date.

#### Cumulative actuarial gains and losses recognised in equity

	2021 £ million
At 25 February	–
Actuarial gains recognised in the period	6
<b>At 31 December</b>	<b>6</b>

The actual return on Scheme assets was a loss of £4 million.

#### Risks to which the Scheme exposes the Group

There is a risk of asset volatility leading to a deficit in the Scheme. Working with the Group, the Trustee has agreed investment derisking triggers which, when certain criteria are met, will decrease corporate bond holding and increase the holding of index linked bonds. Over time, this will result in an investment portfolio which better matches the liabilities of the Scheme thereby reducing the risk of asset volatility. However there remains a significant level of investment mismatch in the Scheme. This is deliberate and is aimed at maximising the Scheme's long term investment return while retaining control of the funding risks.

Through the Scheme, the Group is exposed to a number of other risks:

- Changes in bond yields – a decrease in corporate bond yields will increase Scheme liabilities.
- Inflation risk – pension obligations are linked to inflation and higher inflation will lead to higher liabilities.
- Life expectancy – an increase in life expectancy will result in an increase in the Scheme liabilities.

The measurement of the defined benefit obligation is particularly sensitive to changes in key assumptions as described below:

- The discount rate has been selected following actuarial advice and taking into account the duration of the liabilities. A decrease in the discount rate of 0.5% per annum would result in a £16 million increase in the present value of the defined benefit obligation. The weighted average duration of the defined benefit obligation liabilities is around 25 years.
- The inflation assumption adopted is consistent with the discount rate used. It is used to set the assumptions for pension increases and deferred revaluations. An increase in the inflation rate of 0.5% per annum would result in a £13 million increase in the present value of the defined benefit obligation.
- The longevity assumptions adopted are based on those recommended by the Scheme actuary advising the Trustee of the Scheme as part of the 2020 Trustee actual valuation, updated to reflect the most recent mortality tables. The increase in the present value of the defined benefit obligation due to members exhibiting a 10% lower probability of death at each age would be £5 million.

There is a risk that changes in the above assumptions could increase the deficit in the Scheme. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

	2021 £ million
<b>Defined benefit obligation by participant status</b>	
Deferreds	78
Pensioners	37
	<b>115</b>

The duration of the liabilities is approximately 25 years.

#### Expected cash flows in future years

Expected employer contributions for the year ending 31 December 2022 are £9 million. Expected total benefit payments: approximately £2 million per year for the next 10 years.



# Company Balance Sheet (Company Number: 13227842)

## As at 31 December 2021

	Notes	2021 £ million
<b>Fixed assets</b>		
Investments	30	699
Other receivables	31	699
		<b>1,398</b>
<b>Creditors: amounts falling due within one year</b>		
Other payables	32	(700)
<b>Net current liabilities</b>		<b>(700)</b>
<b>Total assets less current liabilities</b>		<b>698</b>
<b>Net assets</b>		<b>698</b>
<b>Shareholders' equity</b>		
Share capital	21	–
Share premium		699
Retained earnings		(1)
<b>Total Shareholders' equity</b>		<b>698</b>

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement and related notes. The loss for the financial period of the Company was £1 million.

The financial statements on pages 51 to 54 were approved by the Board of directors on 13 April 2022 and signed on its behalf by:

DocuSigned by:	DocuSigned by:
	
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Maxime Jacqz	Hassan ElGazzar
Director	Director

# Company Statement of Changes in Equity

For the period ended December 2021

	Attributable to equity holders of the Company			
	Ordinary Share capital £ million	Share premium account £ million	Retained earnings £ million	Total equity £ million
Balance at 25 February 2021	–	–	–	–
Loss for the period	–	–	(1)	(1)
<b>Total comprehensive loss for the period ended 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(1)</b>
Transactions with owners:				
Issue of Ordinary Shares (i)	–	699	–	699
	–	699	–	699
<b>Balance at 31 December 2021</b>	<b>–</b>	<b>699</b>	<b>(1)</b>	<b>698</b>

(i) During the period 2,000 £1 ordinary shares were issued for a consideration of £699 million.

## 27 Company accounting policies

### 27.1 Basis of preparation

The Accounts have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("IAS"). In applying FRS 101, the Company has made amendments where necessary in order to comply with the Companies Act 2006 and has set out below where FRS 101 disclosure exemptions have been taken:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).

- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirements for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraph 52, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16.

#### 27.1.1 Going concern

Given the going concern disclosures in the Group Accounts on page 21, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

#### 27.1.2 Changes in accounting policy and disclosures

##### New and amended standards adopted by the Company

There are no new standards and amendments that have a material impact on the Company.

#### Investments

Investments in subsidiary undertakings are stated in the balance sheet of the Company at cost, or nominal value of the shares issued as consideration where applicable, less provision for any impairment in value.

#### Other receivables

Other receivables relate to amounts due from a subsidiary. This amount has been recognised initially at fair value (which is the same as cost). At 31 December 2021 the Company assessed its exposure to expected credit losses on the intercompany receivables under IFRS 9 and concluded that the provision is not material.

## 28 Critical accounting estimates and assumptions

### Investments

The accounting policy for investments is detailed above.

An annual review of investments is performed for indicators of impairment. Identifying whether there are indicators of impairment involves a high level of judgement and a good understanding of the drivers of value behind the investments. At each reporting period an assessment is performed to determine whether there are any such indicators, which involves considering the performance of our business and any significant changes to the markets in which we operate. If there is an impairment indicator, then an impairment review is carried out. This review involves a high level of estimation.

**54 Notes to the Company Accounts**

Continued

**29 Auditor's remuneration**

	<b>2021 £000</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<b>631</b>

**30 Investments**

	<b>£ million</b>
Cost of investments in subsidiary undertakings:	
At 25 February 2021	–
Additions	699
<b>At 31 December 2021</b>	<b>699</b>

Details of the Company's subsidiary undertakings are set out in note 24 to the Group Accounts. The directors believe that the carrying value of the investments is supported by their underlying net assets.

**31 Other receivables**

	<b>2021 £ million</b>
Amounts due from subsidiary undertakings	699
	<b>699</b>

**32 Other payables**

	<b>2021 £ million</b>
Amounts owed to subsidiary undertakings	699
Accruals	1
	<b>700</b>

**33 Ultimate parent undertaking**

The ultimate parent undertakings and controlling parties are two groups of investment funds managed by TDR Capital LLP and I Squared Capital Advisors (US) LLC.

# Definition and Calculation of Non GAAP Measures

## Operating profit pre-exceptional items

		2021 £ million
Operating profit	Income statement	18
Add back exceptional items	Income statement	60
Operating profit pre-exceptional items	Income statement	<b>78</b>

## Adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA)

	Accounts reference	2021 £ million
Operating profit pre-exceptional items (Earnings Before Interest and Taxation)	Per above	78
Depreciation	Note 4	108
Amortisation	Note 4	17
EBITDA pre-exceptional items		<b>203</b>

### **Directors**

MA El-Gazzar (appointed 25 February 2021)  
G Lindsay (appointed 25 February 2021)  
H El-Gazzar (appointed 17 August 2021)  
MJP Jacqz (appointed 17 August 2021)

### **Secretary and Registered Office**

Intertrust (UK) Limited (appointed 25 February 2021)  
1 Bartholomew Lane  
London  
United Kingdom  
EC2N 2AX

### **Auditors**

KPMG LLP, Statutory Auditor  
Chartered Accountants  
319 St Vincent Street  
Glasgow  
G2 5AS