

Registration number: 7581419

Apache UK Investment Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Apache UK Investment Limited

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Apache UK Investment Limited

Company Information

Directors	J W Sauer S Greig T R Custer R M Littlewood
Company secretary	Cargil Management Services Limited
Registered office	27/28 Eastcastle Street London W1W 8DH United Kingdom
Bankers	Citibank N.A. Canada Square Canary Wharf London E14 5LB
Auditors	Ernst & Young LLP 4th Floor 2 Marischal Square Broad Street Aberdeen AB10 1BL

Apache UK Investment Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their report for the year ended 31 December 2021.

Fair review of the business

Apache UK Investment Limited holds an investment in Apache Beryl I Limited ("ABIL"), which is focussed on the exploration for and extraction of oil and gas reserves in the UK.

The profit for the year after tax amounted to \$461,780,000 and was primarily the result of an investment impairment write-back and dividend income from subsidiary being higher than the intercompany loan interest. (2020 profit for the year after tax of \$3,779,000). The directors do not recommend a final dividend.

On 1 March 2021, Apache Corporation completed a holding company reorganisation (the Holding Company Reorganisation), pursuant to which, Apache Corporation became a direct, wholly owned subsidiary of APA Corporation and APA Corporation became the ultimate parent company of Apache UK Investment Limited. The Holding Company Reorganisation modernised the Apache Corporation's operating and legal structure to more closely align with its growing international presence, making it more consistent with other companies that have subsidiaries operating around the globe.

Key performance indicators

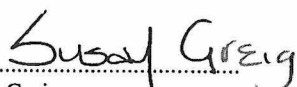
Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The company has identified that the principal risk it faces is the impairment of the carrying value of its investment in ABIL. The Directors have reviewed the carrying value of that investment and believe that there is an increase in the recoverable amount of its investment due to a change in the estimates used to measure the impairment. Accordingly the impairment of its investment, recorded in prior years, has been reversed in 2021.

There are also risks in relation to the company's ability to repay its intercompany loan balances and intercompany interest charges. The ability of the company to service its loans is dependent on the trading performances of its investments and their ability to transfer funds to the company. In the event the investments could not provide the necessary funds to service the loans, the company is dependent on the financial support of its parent or other group undertakings.

Approved by the Board on 22 September 2022 and signed on its behalf by:


S Greig
Director

Apache UK Investment Limited

Directors' Report for the Year Ended 31 December 2021

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

Directors' of the company

The directors who were appointed to, resigned from, or served in office during the year were as follows:

J W Sauer

S Greig

R J J Chelte (resigned 17 May 2021)

T R Custer

K H Neupert (resigned 27 October 2021)

R M Littlewood (appointed 17 May 2021)

Going concern

The financial statements have been prepared under the going concern basis. The Directors believe this basis to be appropriate as another group company, Apache Corporation, has provided the company with an undertaking until 30 September 2023. Apache Corporation will continue to make such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

The directors have considered the liquidity and solvency of Apache Corporation and based on this assessment they believe the company will be able to continue in operational existence for the foreseeable future given the support provided by their operating parent company, Apache Corporation. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Political donations

The company made no political donations during 2021.

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

* to the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditors in connection with preparing the report) of which the company's auditors are unaware; and

* each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

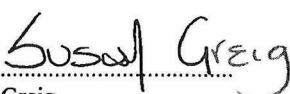
Apache UK Investment Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Environmental report

Apache UK Investment Limited holds an investment in Apache Beryl I Limited (ABIL) and does not have a significant carbon footprint of its own. Therefore, associated disclosures regarding Streamlined Energy and Carbon Reporting have been voluntarily disclosed in ABIL Statutory Accounts.

Approved by the Board on 22 September 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Greig', is written over a horizontal dotted line.

S Greig
Director

Apache UK Investment Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable UK law and regulations.

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

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net income or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Apache UK Investment Limited

Independent Auditor's Report to the Members of Apache UK Investment Limited

Opinion

We have audited the financial statements of Apache UK Investment Limited (the "company") for the year ended 31 December 2021, which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the related notes 1 to 14 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern until 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Apache UK Investment Limited

Independent Auditor's Report to the Members of Apache UK Investment Limited (continued)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Apache UK Investment Limited

Independent Auditor's Report to the Members of Apache UK Investment Limited (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to health and safety, GDPR and anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquires of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations.

Our procedures on journal entries testing included a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management. Where instances of higher risk journals were identified, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information. We incorporated unpredictability into our testing of manual journals.

Our procedures on significant judgements and estimates made in the financial statements included challenging the assumptions made and models used in determining estimates and sought to obtain both contradictory and corroborative evidence to challenge and/or support estimate inputs.

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

Use of our report

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

Ernst & Young LLP

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Gemma Noble (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

Date: 22/09/22

Apache UK Investment Limited

Statement of Profit or Loss for the Year Ended 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Revenue		-	-
Administrative expenses		(36)	(21)
Operating loss		(36)	(21)
Dividend income from subsidiary		15,918	14,695
Impairment of investment written-back	8	454,110	-
Finance costs	6	(8,212)	(10,895)
		<u>461,816</u>	<u>3,800</u>
Profit before tax		461,780	3,779
Tax on profit on ordinary activities	7	-	-
Profit for the year		<u>461,780</u>	<u>3,779</u>

The above results were derived from continuing operations.

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Profit for the year		<u>461,780</u>	<u>3,779</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>461,780</u>	<u>3,779</u>

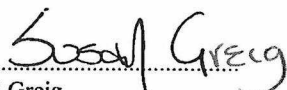
Apache UK Investment Limited

(Registration number: 7581419)

Statement of Financial Position as at 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Fixed assets			
Investments	8	1,247,598	793,488
Current assets			
Trade and other receivables	9	3,572	12,820
Cash and cash equivalents		<u>13</u>	<u>12</u>
		3,585	12,832
Creditors: Amounts falling due within one year			
Trade and other payables	10	<u>(581,419)</u>	<u>(598,336)</u>
Net current liabilities		<u>(577,834)</u>	<u>(585,504)</u>
Net assets		<u><u>669,764</u></u>	<u><u>207,984</u></u>
Capital and reserves			
Called up share capital	11	349,070	349,070
Retained earnings		<u>320,694</u>	<u>(141,086)</u>
Total shareholders' funds		<u><u>669,764</u></u>	<u><u>207,984</u></u>

Approved by the Board on 22 September 2022 and signed on its behalf by:


 S Greig
 Director

Apache UK Investment Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2021			
Profit for the year	349,070	(141,086)	207,984
Other comprehensive income	-	461,780	461,780
Total comprehensive income	-	-	-
At 31 December 2021	349,070	320,694	669,764

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2020			
Profit for the year	349,070	(144,865)	204,205
Other comprehensive income	-	3,779	3,779
Total comprehensive loss	-	-	-
At 31 December 2020	349,070	(141,086)	207,984

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

Apache UK Investment Limited ("the company") is a private company limited by share capital incorporated in the United Kingdom and domiciled in Scotland. The registered address of the company is 27/28 Eastcastle Street, London W1W 8DH.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

The Company has considered all new and amended International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), that are mandatorily effective for the year ending 31 December 2021. In the current year, the following new and revised standards and interpretations have been adopted. None of these have a material impact on the company's annual results.

- IFRS 4 Insurance Contracts - Deferral of IFRS 9
- IFRS 4 Insurance Contracts - Interest Rate Benchmark Reform Phase 2
- IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform Phase 2
- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform Phase 2
- IFRS 16 Leases - Interest Rate Benchmark Reform Phase 2
- IFRS 16 Leases - Covid19 Related Rent Concessions beyond 30 June 2021
- IAS 39 Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform Phase 2

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard ("FRS") 101 and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standards, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS").

The company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the company's ultimate parent and from where consolidated financial statements within which the company is included may be obtained.

The financial statements are presented in US Dollars, the functional currency of the company, and all values are rounded to the nearest thousand except where otherwise indicated.

The rate of exchange used for 31 December 2021 is £1:\$1.3533 (2020 - £1:\$1.3671).

Summary of disclosure exemptions

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

- (a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-38D, 111 and 134-136 of IAS 1;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of IFRS 7, Financial Instruments; Disclosure; and
- (h) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared under the going concern basis and the directors have reviewed the going concern period to 30 September 2023. Apache Corporation will continue to make such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment.

The directors have considered the liquidity and solvency of Apache Corporation and based on this assessment they believe the company will be able to continue in operational existence for the foreseeable future given the support provided by their operating parent company, Apache Corporation. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

As a wholly owned subsidiary of APA Corporation, the company has taken exemption from the requirement to prepare consolidated financial statements in accordance with Companies Act 2006 section 401.

Finance costs policy

Interest cost is recognised in the Statement of Profit or Loss as it accrues using the effective interest rate method.

Interest cost includes interest payable on intercompany loans.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tax

Tax is recognised in the Statement of Profit or Loss, except when a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value is also reviewed where there has been a previous impairment and changes in circumstances indicate the recoverable amount may be higher than the carrying value.

Dividends are recognised in income when the company's right to receive payment has been established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade receivables

Trade receivables are amounts due from another group company for goods provided or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. The accounting policy on Financial Instruments contains details of impairment of receivables.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Profit or Loss over the period of the relevant borrowing.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

The company recognises financial assets in the Statement of Financial Position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. After initial recognition, financial assets are measured at amortised cost, fair value through Other Comprehensive Income or fair value through the Statement of Profit or Loss.

Classification and measurement

The company's financial assets consist of receivables from other group companies and cash balances.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or the company transfers these rights or the company does not retain control of the financial asset.

Impairment of financial assets

Measurement of Expected Credit Losses

Impairment is based on an expected credit loss model. Under the expected credit loss model an allowance for losses is calculated based on a 12-month expected credit loss or a lifetime expected credit loss. The company has chosen to make allowance for expected losses on a lifetime basis.

For the current accounting period the financial assets are not impaired.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of investments in subsidiaries

Impairment exists when the carrying value of an asset exceeds its recoverable amount. The recoverable amount requires the use of estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amounts of assets.

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Auditors' remuneration

	2021 \$ 000	2020 \$ 000
Audit of the financial statements	<u>21</u>	<u>12</u>

All amounts are paid for on behalf of the company by another group undertaking.

5 Directors' remuneration

None of the directors received any fees or remuneration for services as directors of the company during the financial year.

All directors' contracts of employment are held with another group company. The directors also hold office in other group undertakings. Emoluments paid to directors by other group companies are disclosed within their financial statements.

There were no employees other than the directors.

6 Finance costs

	2021 \$ 000	2020 \$ 000
Interest on intercompany loans	<u>8,212</u>	<u>10,895</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Tax on profit/(loss) on ordinary activities

Tax charged/(credited) in the statement of profit or loss

	2021 \$ 000	2020 \$ 000
Current taxation		
UK corporation tax	-	-
	-	-

The tax for the year is the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	2021 \$ 000	2020 \$ 000
Profit before tax	461,780	3,779
Corporation tax at standard rate	87,738	718
Non-deductible income and expenditure	(86,281)	-
Dividends from UK companies	(3,024)	(2,792)
Amounts group relieved for nil consideration	1,567	2,074
Total tax charge/(credit)	-	-

The notes on pages 13 to 24 form an integral part of these financial statements.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Investments

Subsidiaries	\$ 000
Cost	
At 1 January 2021 and 31 December 2021	<u>1,247,598</u>
Provision for impairment of investment	
At 1 January 2021	454,110
Impairment written-back	<u>(454,110)</u>
At 31 December 2021	<u>-</u>
Carrying amount	
At 31 December 2021	<u><u>1,247,598</u></u>
At 31 December 2020	<u><u>793,488</u></u>

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Principal place of business and country of incorporation	Proportion of ownership interest and voting rights held	
			2021	2020
Apache Beryl I Limited	Direct sale of crude oil & gas	United Kingdom Cayman Islands	100%	100%

The registered office of ABIL is Paget-Brown Trust Company Ltd, Boundary Hall, PO Box 1111, Cricket Square, George Town, Grand Cayman, Cayman Islands, KY1 1102.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Investments (continued)

Impairment review

A review is carried out at each reporting date for any indication that the carrying value of the company's investment in ABIL may be impaired. If there are indicators of impairment, the company compares the carrying value of its investment in ABIL with the recoverable amount of ABIL.

The recoverable amount is determined based on ABIL's net assets as at the reporting date and any excess of projected future cashflows from its operations above the net book value of its oil and gas assets as at the reporting date.

The key assumptions used in determining the projected future cashflows are:

- Reserve and resource volumes form the basis of the production profiles within the discounted cash flow model. The data generated for each cash generating unit takes into consideration the development plans approved by senior management and reasonable assumptions that an external party would apply in appraising the assets.
- Commodity prices are in line with the company's long term view.
- Sterling denominated revenues and costs are translated using foreign exchange rates consistent with a long-term planning view.
- The discount rate reflects the estimated weighted average cost of capital rate. In 2021 a 10.7% pre-tax real discount rate was applied.
- Tax rates are consistent with rates and laws that have been enacted or substantially enacted by the reporting date.

Following a review of the carrying value of the investment in ABIL, the directors have concluded that no impairment is required for 2021.

At 31 December 2021, the recoverable amount of ABIL was higher than the carrying value of the company's investment in ABIL. As a result of this review, management has recognised the reversal of impairment charges recorded in previous years of \$454,110,000.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Trade and other receivables

	2021	2020
	\$ 000	\$ 000
Receivables from group undertakings	<u>3,572</u>	<u>12,820</u>

The carrying value of the trade and other receivables classified as financial instrument loans and receivables equates to the fair value of those assets.

10 Creditors: Amounts falling due within one year

	31 December 2021	31 December 2020
	\$ 000	\$ 000
Amounts due to group undertakings	<u>581,419</u>	<u>598,336</u>

The carrying value of the trade and other payables classified as financial instruments approximates the fair value of those liabilities.

Included in Amounts due to group undertakings are intercompany loans of \$565,768,819 currently bearing interest at a rate of 0.33%. This loan matures in 2031 but is repayable on demand.

11 Called up share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	\$ 000	No. 000	\$ 000
Ordinary shares of £1 each	<u>223,208</u>	<u>349,070</u>	<u>223,208</u>	<u>349,070</u>

12 Related party transactions

As the company was a wholly owned subsidiary of Apache UK Corporation LDC as at 31 December 2021, it has taken advantage of the exception given by paragraph 8 of the Financial Reporting Standard No 101 which allows exemption from disclosure of related party transactions with other group companies.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Parent and ultimate parent undertaking

The company is a wholly owned subsidiary of Apache UK Corporation LDC, a company registered in the Cayman Islands.

The ultimate parent is APA Corporation, which is registered in the United States of America.

The name of the parent undertaking of the group in whose consolidated financial statements the company's financial statements are consolidated is APA Corporation.

The most senior parent entity producing publicly available financial statements is APA Corporation. These financial statements are available upon request from One Post Oak Central, 2000 Post Oak Boulevard, Suite 100, Houston, Texas - 77056-4400, USA.

14 Non adjusting events after the financial period

On April 29, 2022, APA Corporation entered into two syndicated credit agreements for general corporate purposes that replaced and refinanced Apache Corporation's 2018 syndicated credit agreement (the Former Facility).

One new agreement is denominated in US Dollars (the USD Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of US\$1.8 billion (including a letter of credit subfacility of up to US\$750 million, of which US\$150 million currently is committed). APA Corporation may increase commitments up to an aggregate US\$2.3 billion by adding new lenders or obtaining the consent of any increasing existing lenders. The facility matures in April 2027, subject to APA Corporation's two, one-year extension options.

The second new agreement is denominated in pounds sterling (the GBP Agreement) and provides for an unsecured five-year revolving credit facility, with aggregate commitments of £1.5 billion for loans and letters of credit. This facility matures in April 2027, subject to APA Corporation's two, one-year extension options.

In connection with APA Corporation's entry into the USD Agreement and the GBP Agreement (each, a New Agreement), Apache Corporation terminated US\$4.0 billion of commitments under the Former Facility. Apache Corporation has guaranteed obligations under each New Agreement effective until the aggregate principal amount of indebtedness under senior notes and debentures outstanding under Apache Corporation's existing indentures is less than US\$1.0 billion.

Borrowers under each New Agreement may include APA Corporation and certain subsidiaries organised under the laws of, resident of, or domiciled in, the United States, Canada, England and Wales, the United Kingdom, or the Cayman Islands. Apache Corporation may borrow under the USD Agreement up to an aggregate principal amount of US\$300 million outstanding at any given time.

Apache UK Investment Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Non adjusting events after the financial period (continued)

Letters of credit are available under each New Agreement for credit support needs of APA Corporation and its subsidiaries, including in respect of North Sea decommissioning obligations. Letters of credit under each New Agreement may be denominated in US dollars, pounds sterling, Canadian dollars, and any other foreign currency consented to by an issuing bank.

As of April 29, 2022, an aggregate US\$680 million in borrowings under the Former Facility were deemed borrowings by APA Corporation outstanding under the USD Agreement. As of April 29, 2022, (i) a letter of credit for US\$20 million originally issued under the Former Facility is deemed issued and outstanding under the USD Agreement and (ii) letters of credit aggregating £748 million originally issued under the Former Facility are deemed issued and outstanding under the GBP Agreement.

Borrowers under each New Agreement may borrow, prepay, and reborrow loans and obtain letters of credit, and APA Corporation may obtain letters of credit for the account of its subsidiaries, in each case subject to representations and warranties, covenants, and events of default substantially similar to those in the Former Facility. The New Agreements do not permit lenders to accelerate maturity or refuse to lend based on unspecified material adverse changes and do not have borrowing restrictions or prepayment obligations in the event of a decline in credit ratings.

On 26 May 2022, the UK Government announced the introduction of an Energy Profits Levy ('EPL') on the profits earned from the production of oil and gas in the UK with effect from that date. The EPL enabling legislation, the Energy (Oil and Gas) Profits Levy Act 2022, was substantively enacted on 11 July 2022. The EPL is charged at the rate of 25% on taxable profits in addition to ring fence Corporation Tax of 30% and the Supplementary Charge of 10%. The EPL tax is a temporary measure and as enacted will cease to apply on 31 December 2025.

This change is not expected to have a material impact on the company as the company is not expected to generate profits in the future that could be subject to EPL.