

List of Signatures

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Annual accounts 2021 - Smedvig Asset Allocation AS.pdf

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Annual Accounts 2021

Smedvig Asset Allocation AS

Org.nr. 988 318 574

SMEDVIG 



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Smedvig Asset Allocation AS

Annual Report 2021

The Company's business

Smedvig Asset Allocation AS was on the 17 October 2007 granted a license to render discretionary asset management and investment advisory services in accordance with the Norwegian Securities Trading Act Section 9-1 1st paragraph, ref Section 2-1 1st Paragraph No 4 and 5. The license to provide active management and investment advice was returned 6 July 2020. On the same day (6 July 2020), Smedvig Asset Allocation AS received a license from Finanstilsynet for the management of alternative investment funds pursuant to section 2-2, first paragraph, of the Act on the Management of Alternative Investment Funds. The Company is the appointed manager for Smedvig Funds plc.

The Company's registered office is in Stavanger.

Review of going concern

The annual accounts are based on a going concern assumption.

Work environment

At the turn of the year the Company had six employees, five full time and one student working part time. As the work environment is considered satisfactory, the Company has not implemented any specific measures to improve the working environment. Sickness absence in 2021 was 18 days, corresponding to 1,38 % of the total working hours. None of these were long-term absence. No injuries, material damages or accidents have occurred during 2021.

Gender diversity

The Company's Board of Directors consists of one female and three male Directors. Both Board and Management are committed to meet the public expectation to improve gender equality.

Natural environment

The Company's activities are not considered to have any negative impact on the natural environment.

Research and development

The Company does not conduct research and development.

The Annual Accounts

In the Board of Directors' opinion the Annual Accounts give a true and fair view of the Company's assets, debt, financial position and net income. The operating revenue for 2021 (2020) was NOK 35 438 286 (NOK 32 851 066). The Company's accounts show a profit before tax of NOK 17 979 794 (NOK 15 825 382) and a profit of NOK 13 484 685 (NOK 11 868 758).

As of 31 December 2021 the Company's subordinated capital was NOK 18 219 346.

The Company is well within the current regulations with regard to subordinated capital and capital adequacy.

The board members and the general manager are insured with an insurance sum of MNOK 5 for their possible liability to the company and third parties.



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Financial risk

In the Board of Directors' opinion, the Company is able to fulfill its financial obligations as they mature. The nature of the business means that the Company receives advance payments of investment management fees from funds under management. At the same time, the Company has a number of costs due for payment on a continuous basis. The Company's liquidity management shall, as far as possible, ensure that available liquidity is sufficient to meet the liabilities at maturity.

The Company does not invest in financial instruments, and is thus not exposed to market risk.

The Company has floating interest rate on bank deposits, and is subject to fluctuations in deposit rates.

Business risk

In the Board of Directors' opinion, the Company's risk profile is easy-to-understand and in line with the nature and scope of the business. The areas in which the Company is exposed to the largest risk are Investment Management, Compliance and Regulatory conditions. In the opinion of the Board, the Company has implemented the work processes, ICT solutions and risk mitigation measures that are necessary to carry out the Company's operations in a sound, secure and appropriate way.

The Company's future activities

In the Board's opinion the Company's financial position is good. The company has an authorization for management of alternative investment funds, and has entered into a long-term management agreement that ensures a good foundation for future operations.

The Company's operations and future activities are not impacted by Covid-19.

Appropriation of profits

The Board of Directors suggests that the profit, NOK 13 484 685, should be allocated as follows:

Dividends	NOK 10 000 000
Transfer to other equity	NOK 3 484 685

Stavanger, 07.03.2022
The board of Smedvig Asset Allocation AS

Odd Torland
Chairman of the board

Gudleik Njå
Member of the board

Stephan Lange Jervell
Member of the board

Marit Salte
Member of the board

John Thore Olsen
General Manager



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Smedvig Asset Allocation AS

Revenue statement

	Note	2021	2020
Operating income			
Revenues	2	35 438 286	32 851 066
Total Operating income		<u>35 438 286</u>	<u>32 851 066</u>
Operating expenses			
Personell expenses	3	8 525 205	8 616 474
Other expenses	3, 4	8 962 447	8 482 538
Total Operating expenses		<u>17 487 652</u>	<u>17 099 012</u>
Operating profit / (loss)		<u>17 950 634</u>	<u>15 752 054</u>
Financial income			
Interest income		72 875	132 597
Other financial income		44 365	33 187
Total Financial Income		<u>117 240</u>	<u>165 785</u>
Financial expenses			
Interest expenses		0	1 264
Other financial expenses		88 080	91 192
Total Financial expenses		<u>88 080</u>	<u>92 456</u>
Profit before taxes		<u>17 979 794</u>	<u>15 825 382</u>
Tax expenses	7	-4 495 109	-3 956 624
Profit for the year	6	<u>13 484 685</u>	<u>11 868 758</u>
Attributable to			
Ordinary dividend	6	10 000 000	10 000 000
(To) / from other equity	6	3 484 685	1 868 758
Total		<u>13 484 685</u>	<u>11 868 758</u>



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Smedvig Asset Allocation AS

Balance sheet

ASSETS	Note	2021	2020
Non-current assets			
Intangible assets			
Deferred tax assets	7	23 842	34 060
Total intangible assets		<u>23 842</u>	<u>34 060</u>
Total non-current assets		<u>23 842</u>	<u>34 060</u>
Current assets			
Debtors			
Accounts receivables	4, 10, 11	511 696	0
Other short-term receivables	10, 11	<u>1 180 407</u>	<u>641 104</u>
Total receivables		<u>1 692 102</u>	<u>641 104</u>
Cash and cash equivalents			
Cash and cash equivalents	8, 10, 11	<u>37 172 328</u>	<u>32 287 435</u>
Total cash and bank deposits		<u>37 172 328</u>	<u>32 287 435</u>
Total current assets		<u>38 864 430</u>	<u>32 928 539</u>
ASSETS		<u>38 888 272</u>	<u>32 962 599</u>



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Smedvig Asset Allocation AS

Balance sheet

EQUITY AND LIABILITIES	Note	2021	2020
Equity			
Paid-in capital			
Share capital	5, 6	1 000 000	1 000 000
Other paid-up equity	6	4 302 251	4 302 251
Total paid-up equity		<u>5 302 251</u>	<u>5 302 251</u>
Retained earnings			
Other equity	6	12 940 937	9 456 251
Total retained earnings		<u>12 940 937</u>	<u>9 456 251</u>
Total equity		<u>18 243 188</u>	<u>14 758 502</u>
Liabilities			
Short-term liabilities			
Trade payables	4, 10, 11	1 582 705	527 401
Tax payable	7, 10, 11	4 484 891	3 942 027
Public duties payable	10, 11	636 386	515 571
Dividends	6, 10	10 000 000	10 000 000
Other short-term liabilities	10, 11	3 941 102	3 219 098
Total short-term liabilities		<u>20 645 084</u>	<u>18 204 097</u>
Total liabilities		<u>20 645 084</u>	<u>18 204 097</u>
EQUITY AND LIABILITIES		<u>38 888 272</u>	<u>32 962 599</u>

Stavanger, 07.03.2022
The board of Smedvig Asset Allocation AS

Odd Torland
Chairman of the board

Gudleik Njå
Member of the board

Stephan Lange Jervell
Member of the board

Marit Salte
Member of the board

John Thore Olsen
General Manager



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Smedvig Asset Allocation AS

Statement of cash flow

	2021	2020
Cash flows from operating activities		
Net cash from the year's activities 1)	13 494 903	11 883 355
Change in accounts receivable	-511 696	0
Change in accounts payable	1 055 304	-637 789
Change in other short-term assets and liabilities	846 380	1 432 418
Net cash flows from operating activities	<u>14 884 892</u>	<u>12 677 983</u>
Cash flows from financing activities		
Dividend	-10 000 000	-10 000 000
Net cash flows from financing activities	<u>-10 000 000</u>	<u>-10 000 000</u>
Net change in cash and cash equivalents	<u>4 884 892</u>	<u>2 677 983</u>
Cash and cash equivalents at the beg. of the period	<u>32 287 435</u>	<u>29 609 451</u>
Cash and cash equivalents at the end of the period	<u>37 172 327</u>	<u>32 287 434</u>

1) This total is a result from:

Net profit or loss	13 484 685	11 868 758
Change in deferred tax	10 218	14 597
Net cash from the year's activities	<u>13 494 903</u>	<u>11 883 355</u>



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Note 1 Accounting Principles

The Annual Accounts, issued by the Board of Directors, must be read in connection with the Directors' Report and the Auditors' Report.

The Annual Accounts consist of Income Statement, Balance Sheet, and notes and is prepared in accordance with the Companies' Act, Accounting Act, and generally accepted accounting principles for small companies in Norway as of 31. December 2021.

Accounting Principles

The annual accounts are based on the basic principles of historic cost, comparability, congruence, and prudence, and the classification of assets and liabilities is in accordance with the Accounting Act's definition.

On application of accounting principles and presentation of transactions and other matters emphasis is made on economic substance, not only legal form. Conditional, probable, and quantifiable losses are expensed. The accounting principles are outlined below.

Revenue and cost recognition (matching)

Revenue is as a main rule recognized when earned. Costs are matched to and recognized together with the revenue to which the costs may be matched. Costs not directly matchable to revenue, are recognized when incurred.

Assets and Liabilities

Short term assets and debt is valued at the lower/higher of acquisition cost or fair value. Fair value is defined as assumed future sales price reduced by assumed sales costs. Other assets are classified as long term assets. Long term assets are valued at cost. Long term assets subject to wear and tear are depreciated or amortized. If the value is reduced and not expected to be reversed, the long term asset is impaired. Corresponding principles are applied for debt.

Deferred tax and tax cost

Deferred tax is calculated on the basis of temporary differences between accounting and tax values at the end of the fiscal year. The nominal tax rate is applied. Positive and negative differences are matched within the same time frame. A deferred tax asset exists if temporary differences will give tax deduction in the future. The year's tax cost consists of change of deferred tax/deferred tax asset and payable tax for the year.

Currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Note 2 Sales income

The Company has only one business area.



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Note 3 Personell expenses and other benefits

Personell expenses	2021	2020
Salaries and remunerations	6 171 586	6 366 371
Employment tax and financial tax	1 284 288	1 175 521
Pension costs	400 619	360 452
Other benefits	668 711	714 130
Total	8 525 205	8 616 474

In 2021 the Company employed 5,1 man-years.

Auditor	2021	2020
Audit fees expensed	90 983	64 969
Audit-related services	92 154	31 530

Note 4 Inter-company items between companies in the same group

The Company has signed an IT and a general management agreement with Smedvig AS.

	2021	2020
Other expenses:		
Management fees Smedvig AS	996 500	957 900
IT-services Smedvig AS	1 002 281	943 133
Rent to Løkkeveien 103 AS	789 440	1 014 808
Rent to Øvre Strandgate 124 AS	145 966	0
Rent to Smedvig Eiendom AS - company cabins	47 215	136 425
Accounts receivable / payable:		
Accounts receivable from Smedvig AS	148 962	0
Accounts receivable from Smedvig Eiendom AS	19 536	0
Accounts payable to Øvre Strandgate 124 AS	115 967	0
Accounts payable to Løkkeveien 103 AS	0	231 489
Accounts payable to Smedvig AS	402 380	125 390
Accounts payable to Smedvig Eiendom AS	47 215	0

Smedvig Eiendom AS, Løkkeveien 103 AS and Øvre Strandgate 124 AS is part of Smedvig AS Group which is 100% owned by companies controlled by members of the Smedvig family.



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Note 5 Shareholders

The share capital in Smedvig Asset Allocation AS as of 31.12 consists of the following share classes:

	Total	Face value	Entered
Ordinary shares	999 000	1,0	999 000
B-shares	1 000	1,0	1 000
Total	1 000 000		1 000 000

Ownership structure

Shareholders in % at year end:

	Ordinary	B-shares	Total	Owner interest
Smedvig & Co Ltd	999 000		999 000	99,900
Anna Margaret Smedvig		650	650	0,065
Julia Smedvig Hagland		150	150	0,015
Odd Torland		100	100	0,010
Marit Salte		50	50	0,005
John Thore Olsen		25	25	0,003
Peter Thomas Smedvig		25	25	0,003
Total number of shares	999 000	1 000	1 000 000	100,000

Shares and options owned by the Directors of the Board and the General Manager:

Name	Position	Ordinary	B-shares	Total
John Thore Olsen	General Manager	0	25	25
Marit Salte	Member of the board	0	50	50
Odd Torland	Chairman of the board	0	100	100
Total number of shares		0	175	175

Share class A has full voting and dividend rights. Share class B has no voting rights and limited dividend rights.

Note 6 Equity capital

	Share capital	Other paid-up equity	Other equity	Total equity
As at 01.01.2021	1 000 000	4 302 251	9 456 251	14 758 502
This year's change in equity:				
Profit for the year			13 484 685	13 484 685
Dividend			-10 000 000	-10 000 000
As at 31.12.2021	1 000 000	4 302 251	12 940 937	18 243 188



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Note 7 Tax

This year's tax expense	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	4 484 891	3 942 027
Changes in deferred tax assets	10 218	14 597
Tax expense on ordinary profit/loss	4 495 109	3 956 624
Taxable income:		
Ordinary result before tax	17 979 794	15 825 382
Permanent differences	640	1 112
Changes in temporary differences	-40 872	-58 389
Taxable income	17 939 562	15 768 106
Payable tax in the balance:		
Payable tax on this year's result	4 484 891	3 942 027
Total payable tax in the balance	4 484 891	3 942 027

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2021	2020	Difference
Tangible assets	-95 368	-136 240	-40 872
Total	-95 368	-136 240	-40 872
Basis for deferred tax assets	-95 368	-136 240	-40 872
Deferred tax assets (25 %)	-23 842	-34 060	-10 218

Note 8 Bank deposits

Bank deposits, cash etc. including tax deductions of NOK 316 023.



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Note 9 Capital Requirements

The Company is subject to subordinated capital requirements in accordance with the Regulations on alternative investment funds.

Subordinated capital consists of core capital (paid in equity and other reserves) and supplementary capital (subordinated loans). Smedvig Asset Allocation has no subordinated loans.

The Company has calculated capital requirements in accordance with AIF regulations.

Subordinated capital	AIF - 2021	AIF - 2020
Equity	18 243 188	14 758 502
Subordinated loans	0	0
Deduction for intangibles	-23 842	-34 060
Subordinated capital	18 219 346	14 724 442

Calculation of capital requirements	2021	2020
<i>Basis of calculation:</i>		
Assets under management (EUR)	1 181 667 785 €	815 150 761 €
Assets under management exceeding MEUR 250	931 667 785 €	565 150 761 €
<i>Capital requirement:</i>		
Start capital required (EUR)	125 000 €	125 000 €
0,02% of assets under management exceeding MEUR 250	186 334 €	113 030 €
Required subordinated capital (EUR)	311 334 €	238 030 €

	EUR	FX rate	NOK
Required subordinated capital in NOK as at 31.12.2021	311 334 €	9,9888	3 109 849

Fixed cost	2021	2020
Operating revenue	35 438 286	32 851 066
-profit before taxes	-17 979 794	-15 825 382
-variable employee cost	-1 016 724	-1 030 831
Total fixed cost	16 441 767	15 994 853
25 % of fixed cost	4 110 442	3 998 713

The Company has a license to manage alternative investment funds. In accordance with the Norwegian Alternative Investment Fund Act the Company is required to have subordinated capital which is at least a fourth of fixed cost or required capital.

The subordinated capital requirement was fulfilled as at 31.12.2021.



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Note 10 Maturity of receivables and payables

The tables indicate when receivables and payables are expected to mature.

	Within 1 mos	1 - 3 mos	3 - 12 mos	1 - 5 yr	Over 5 yr	Maturity not agreed
Accounts receivable	511 696	0	0	0	0	0
Other short term receivable	0	0	1 180 407	0	0	0
Bank deposits	316 023	0	0	0	0	36 856 305
Total assets	827 719	0	1 180 407	0	0	36 856 305

	Within 1 mos	1 - 3 mos	3 - 12 mos	1 - 5 yr	Over 5 yr	Maturity not agreed
Accounts payable	-1 582 705	0	0	0	0	0
Public duties payable	0	-636 386	0	0	0	0
Tax	0	0	-4 484 891	0	0	0
Dividend	0	-10 000 000	0	0	0	0
Other short term debt	0	0	-3 941 102	0	0	0
Total debt	-1 582 705	-10 636 386	-8 425 993	0	0	0

Net cash exposure on balance sheet items	-754 986	-10 636 386	-7 245 587	0	0	0
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The Company has no bad debt provision either this year or last year, nor is there expected any loss on the receivables.

Note 11 Period of fixed interest rates

The tables show the time until agreed/probable change of interest rate terms.

	Within 1 mos	1 - 3 mos	3 - 12 mos	1 - 5 yr	Over 5 yr	Without interest exposure
Accounts receivable	0	0	0	0	0	511 696
Other short term receivable	0	0	0	0	0	1 180 407
Bank deposits	0	37 172 328	0	0	0	0
Total assets	0	37 172 328	0	0	0	1 692 102

	Within 1 mos	1 - 3 mos	3 - 12 mos	1 - 5 yr	Over 5 yr	Without interest exposure
Accounts payable	0	0	0	0	0	-1 582 705
Public duties payable	0	0	0	0	0	-636 386
Other short term debt	0	0	0	0	0	-3 941 102
Total debt	0	0	0	0	0	-6 160 193

Net interest exposure on balance sheet items	0	37 172 328	0	0	0	-4 468 091
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Note 12 Financial market risk

The Company is able to fulfill its financial obligations as they mature. The nature of the business means that the Company receive advance payments of investment management fees from funds under management. At the same time, the Company has a number of costs due for payment on a continuous basis. The Company's liquidity management shall, as far as possible, ensure that available liquidity is sufficient to meet the liabilities at maturity.

The Company does not invest in financial instruments, and is thus not exposed to market risk.

Note 13 Liquidity risk

The Company has floating interest rate on bank deposits, and is subject to fluctuations in deposit rates.

Note 14 Key figures

	2021	2020
Asset under management (EUR)	1 181 667 785 €	815 150 761 €
Asset under management (NOK)	11 803 443 171	8 142 377 921
Profit for the year	13 484 685	11 868 758
Profit for the year in % of assets under management	0,11 %	0,15 %

Note 15 Other matters

COVID-19 Virus

The Company has assessed the situation as a result of the coronavirus and what consequences it may have for the Company.

The Company's operations in 2021 has not been affected. Additional risk assessments were carried out and discussed with the Company's board of Directors when COVID restrictions were implemented in 2020. During 2021 there has not been identified any need to implement additional risk-reducing measures beyond the use of a home office for the Company's employees.

For the year as a whole, it was a good year in the financial markets and the Company's revenues were higher than budgeted. The Company's liquidity and solvency have strengthened throughout the year. Given the Company's Investment Management Agreement, which ensures a minimum income independent of the movements in the financial markets, fluctuations in the financial markets have little effect on the Company's liquidity and solvency.



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