



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 991 219 250
Organisasjonsform: Aksjeselskap
Foretaksnavn: I O S OFFSHORE HOLDING AS
Forretningsadresse: Finnestadgeilen 11
4029 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kjell Arne Egeland
Dato for fastsettelse av årsregnskapet: 28.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.09.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		29 000	
Sum kostnader		29 000	
Driftsresultat		-29 000	
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		48 388 712	
Annen renteinntekt		7 560	
Sum finansinntekter		48 396 272	
Annen rentekostnad		14 308 680	
Sum finanskostnader		14 308 680	
Netto finans		34 087 592	
Ordinært resultat før skattekostnad		34 058 592	0
Skattekostnad på ordinært resultat		7 502 936	
Ordinært resultat etter skattekostnad		26 555 656	0
Årsresultat		26 555 656	0
Overføringer og disponeringer			
Ordinært utbytte		25 000 000	
Overføringer til/fra annen egenkapital		1 555 656	
Sum overføringer og disponeringer		26 555 656	



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		4 811 738	
Sum immaterielle eiendeler		4 811 738	
Finansielle anleggsmidler			
Investering i datterselskap		380 568 414	
Sum finansielle anleggsmidler		380 568 414	
Sum anleggsmidler		385 380 152	0
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer		48 388 712	
Sum fordringer		48 388 712	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		3 344 535	
Sum bankinnskudd, kontanter og lignende		3 344 535	
Sum omløpsmidler		51 733 247	0
SUM EIENDELER		437 113 399	0
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		33 535 440	
Overkurs		79 184 650	
Annen innskutt egenkapital		100 000	
Sum innskutt egenkapital		112 820 090	



Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital		27 529 956	
Sum opptjent egenkapital		27 529 956	
Sum egenkapital		140 350 046	0
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld		250 000 000	
Sum annen langsiktig gjeld		250 000 000	
Sum langsiktig gjeld		250 000 000	0
Kortsiktig gjeld			
Betalbar skatt		7 502 936	
Utbytte		25 000 000	
Kortsiktig konserngjeld		14 260 417	
Sum kortsiktig gjeld		46 763 353	
Sum gjeld		296 763 353	0
SUM EGENKAPITAL OG GJELD		437 113 399	0



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 711758

Enheten

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Organisasjonsform: Aksjeselskap
Foretaksnavn: I O S OFFSHORE HOLDING AS
Forretningsadresse: Finnestadgeilen 11
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Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kjell Arne Egeland
Dato for fastsettelse av årsregnskapet: 28.06.2021

Grunnlag for avgivelse

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År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

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Brønnøysundregistrene, 16.09.2021



Organisasjonsnr: 991 219 250
I O S OFFSHORE HOLDING AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		29 000	
Sum kostnader		29 000	
Driftsresultat		-29 000	
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		48 388 712	
Annen renteinntekt		7 560	
Sum finansinntekter		48 396 272	
Annen rentekostnad		14 308 680	
Sum finanskostnader		14 308 680	
Netto finans		34 087 592	
Ordinært resultat før skattekostnad		34 058 592	0
Skattekostnad på ordinært resultat		7 502 936	
Ordinært resultat etter skattekostnad		26 555 656	0
Årsresultat		26 555 656	0
Overføringer og disponeringer			
Ordinært utbytte		25 000 000	
Overføringer til/fra annen egenkapital		1 555 656	
Sum overføringer og disponeringer		26 555 656	



Organisasjonsnr: 991 219 250
I O S OFFSHORE HOLDING AS

BALANSE

Beløp i: NOK Note 2020 2019

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Utsatt skattefordel 4 811 738
Sum immaterielle eiendeler 4 811 738

Finansielle anleggsmidler

Investerings i datterselskap 380 568 414
Sum finansielle anleggsmidler 380 568 414

Sum anleggsmidler 385 380 152 0

Omløpsmidler

Varer

Fordringer

Konsernfordringer 48 388 712
Sum fordringer 48 388 712

Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter og lignende 3 344 535
Sum bankinnskudd, kontanter og lignende 3 344 535

Sum omløpsmidler 51 733 247 0

SUM EIENDELER 437 113 399 0

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital 33 535 440
Overkurs 79 184 650
Annen innskutt egenkapital 100 000
Sum innskutt egenkapital 112 820 090

Opptjent egenkapital

Annen egenkapital 27 529 956
Sum opptjent egenkapital 27 529 956

Sum egenkapital 140 350 046 0

Gjeld



Langsiktig gjeld		
Annen langsiktig gjeld		
Langsiktig konserngjeld	250 000 000	
Sum annen langsiktig gjeld	250 000 000	
Sum langsiktig gjeld	250 000 000	0
Kortsiktig gjeld		
Betalbar skatt	7 502 936	
Utbytte	25 000 000	
Kortsiktig konserngjeld	14 260 417	
Sum kortsiktig gjeld	46 763 353	
Sum gjeld	296 763 353	0
SUM EGENKAPITAL OG GJELD	437 113 399	0



Organisasjonsnr: 991 219 250
I O S OFFSHORE HOLDING AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
0

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:

0.00

Konsernregnskapet inngår i konsolideringen til morselskap: Ja

<u>Navn</u>	<u>Forretningskontor</u>
Acteon Group Ltd	Ferryside, Ferry Road, Norwich NR1 1SW, England



IOS Offshore Holding AS

Styrets beretning for 2020

Virksomhetens art og hvor den drives

IOS Offshore Holding AS driver med salg og utleie av forøyningsutstyr gjennom datterselskapet InterMoor AS og andre tjenester til oljeindustrien i Norge gjennom datterselskapet Claxton Engineering Services AS. Selskapets virksomhet er rettet mot oljebransjen i Norge. Salg foregår med utgangspunkt i selskapets lokaler i Dusavik, Stavanger, i Sola og service utføres fra Dusavik og Sløvågen.

Selskapets aksjonær er Acteon Group Ltd med 100% eierandel.

Konsernregnskap utarbeides under Acteon Group Ltd og kan fås utdelt på adresse Acteon Group Ltd, Ferryside, Ferry Road, Norwich NR1 1SW, England.

IOS Offshore Holding AS har ikke hatt omsetning hverken i 2020 eller i 2019. Resultat før skatt var i 2020 på MNOK 34,1 mot MNOK 24,1 året før. Økningen i resultat før skatt skyldes et større bokført konsernbidrag 2020 fra InterMoor AS.

Egenkapital pr 31.12.20 etter disponering av årets resultat er MNOK 140,4 mens egenkapitalen var MNOK 138,8 pr 31.12.19.

Kontantstrømoppstilling

Det er tilført likvider i løpet av året med MNOK 2,8. Forskjellen mellom tilførte likvider og driftsresultatet MNOK - 0,03 er MNOK 2,77 og skriver seg fra finansposter, betalt skatt, og betalt utbytte.

Forskning og utvikling

Selskapet utfører forsknings- og utviklingsaktiviteter som en del av et prosjekt og tas som en kostnad ved gjennomføring, inkludert i selskapets datterselskaper.

Ansatte/styret

Selskapet har ingen ansatte.

Selskapet har en nøytral politikk i forhold til likestilling mellom kjønnene, men har ikke funnet det nødvendig å iverksette spesielle tiltak med hensyn til likestilling.

Fortsatt drift

Forutsetningen om fortsatt drift er til stede, og årsregnskapet for 2020 er satt opp under denne forutsetningen med referanse til regnskapslovens § 4-5.

Ytre miljø

Selskapets virksomhet påvirker ikke det ytre miljø.

Framtidig utvikling

Generelt vil det alltid være usikkerhet knyttet til vurderinger av fremtidige forhold. Selskapet vurderer aktivitetsnivået i Nordsjøen for 2021 som høyere i forhold til 2020. Framtidsutsiktene vurderes som forbedret.



Finansiell risiko

Etter styrets oppfatning er selskapets finansielle stilling god, både når det gjelder inntjening og soliditet. Selskapet har bokført konsernbidrag fra InterMoor AS med MNOK 48,4 og avsatt utbytte på MNOK 25,0 i årets regnskap. Egenkapitalen er dermed økt med MNOK 2,5 fra MNOK 65,9 til MNOK 68,4.

Markedsrisiko

Selskapets (og datterselskaperenes) marked er olje og gass virksomhet hovedsakelig letevirksomhet på norsk kontinentalsokkel, men også noe produksjonsboring. Følgelig kan store endringer i oljepris medføre endringer i aktivitetsnivå først og fremst for letevirksomhet. I tillegg har datterselskapene hatt aktivitet i Storbritannia. Vi forventer stabilt antall rigger og brønner i 2021 i forhold til 2020 for Norge og Storbritannia.

Fortøyningsløsning, utstyrmengde og varighet er også avhengig av vanndybde, havbunnsinstallasjon, fortøyningsanalyse, bunnforhold, rater for ankerhåndteringsfartøy og værforhold/årstid noe som igjen har betydning for nivå på leieinntekter.

Kreditt risiko

Kredittrisikoen er vurdert til moderat, inkludert for selskapets datterselskaper. Kundene er hovedsakelig oljeselskap og boreoperatører.

Likviditetsrisiko

Styret vurderer likviditetsrisikoen som lav, inkludert for selskapets datterselskaper. Investeringer i anleggsmidler er gjennomført i 2020 med egenfinansiering, mens datterselskapet InterMoor AS har plassert overskuddslikviditet som konsernintern kortsiktig fordring MNOK 14,3. Det er ikke gjort låneopptak hverken for selskapet eller i datterselskapene. Den finansielle stilling ved årslutt gir finansiell fleksibilitet.

Koronapandemien

Vi har ikke i nevneverdig grad blitt påvirket av koronapandemien.

Forhold etter regnskapsårets slutt

Det er ikke inntruffet forhold etter regnskapsårets slutt som har vesentlig betydning for vurdering av foretakets stilling og resultat.

Stavanger, 28. juni 2021

I styret for IOS Offshore Holding AS

Kevin Ovenden
Styreleder

Bernhard Bluggaier
Styremedlem/Daglig leder

David Smith
Styremedlem



IOS Offshore Holding AS

Årsregnskap 2020



Alle tall i hele kroner

IOS Offshore Holding AS

RESULTATREGNSKAP

	Note	2020	2019
Annen driftskostnad	6	(29 000)	(68 379)
Sum driftskostnad		(29 000)	(68 379)
Driftsresultat		(29 000)	(68 379)
Inntekt på investering i datterselskap	9	48 388 712	37 950 000
Annén.renteinntekt		7 560	7 668
Annén rentekostnad	9	(14 308 680)	(13 751 400)
Ordinært resultat før skattekostnad		34 058 592	24 137 889
Skatt på ordinært resultat	5	(7 502 936)	(5 310 336)
Årsresultat		26 555 656	18 827 553
Disponering av årsresultat			
Til utbytte		25 000 000	15 000 000
Avsatt til (dekket fra) annen egenkapital		1 555 656	3 827 553
Sum disponert (dekket)		26 555 656	18 827 553



Alle tall i hele kroner

IOS Offshore Holding AS

BALANSE PR. 31.12

EIENDELER	Note	2020	2019
ANLEGGSMIDLER			
Utsatt skattefordel	5	4 811 738	4 811 738
Sum utsatt skattefordel		4 811 738	4 811 738
Finansielle anleggsmidler			
Investeringer i datterselskap	2	380 568 414	380 568 414
Sum finansielle anleggsmidler		380 568 414	380 568 414
Sum anleggsmidler		385 380 152	385 380 152
OMLØPSMIDLER			
Fordringer			
Andre fordringer	8	48 388 712	37 961 410
Sum fordringer		48 388 712	37 961 410
Bankinnskudd, kontanter o.l.		3 344 535	508 084
Sum omløpsmidler		51 733 247	38 469 494
Sum eiendeler		437 113 399	423 849 646



IOS Offshore Holding AS
BALANSE PR. 31.12

Alle tall i hele kroner

EGENKAPITAL OG GJELD		2020	2019
EGENKAPITAL			
Innskutt egenkapital			
Aksjekapital	3, 4	33,535,440	18,535,440
Vedtatt, ikke registrert kapitalekning	3, 4	-	15,000,000
Overkursfond	3	79,184,650	79,184,650
Annen innskutt egenkapital	3	100,000	100,000
Sum innskutt egenkapital		112,820,090	112,820,090
Opptjent egenkapital			
Annen egenkapital	3	27,529,956	25,974,300
Sum opptjent egenkapital		27,529,956	25,974,300
Sum egenkapital		140,350,046	138,794,390
GJELD			
Langsiktig gjeld			
Langsiktig gjeld til konsernselskap	8	250,000,000	250,000,000
Sum langsiktig gjeld		250,000,000	250,000,000
Kortsiktig gjeld			
Leverandørgjeld		-	57,052
Gjeld til konsernselskap	8	14,260,417	13,750,000
Avsatt utbytte	8	25,000,000	15,000,000
Betalbar skatt	5	7,502,936	6,248,204
Sum kortsiktig gjeld		46,763,353	35,055,256
Sum gjeld		296,763,353	285,055,256
Sum egenkapital og gjeld		437,113,399	423,849,646

Stavanger, 28. June 2021

Kevin Ovenden
Styreleder

Bernhard Bruggeler
Styremedlem og daglig leder

David Smith
Styremedlem



Alle tall i hele kroner

IOS Offshore Holding AS

KONTANTSTRØMOPPSTILLING

	2020	2019
Kontantstrømmer fra operasjonelle aktiviteter		
Resultat før skattekostnad	34 058 592	24 137 889
Periodens betalte skatt	-6 248 204	-
Endring i kundefordringer, leverandørgjeld og gjeld til konsernselskap	(47 923 937)	-24 154 358
Netto kontantstrøm fra operasjonelle aktiviteter	(20 113 549)	(16 469)
Kontantstrømmer fra finansieringsaktiviteter		
Investering i datterselskap	-	-24 765 440
Økt aksjekapital ved kontantinnskudd	-	24 735 440
Mottatt utbytte og konsernbidrag	37 950 000	-
Betalt utbytte	-15 000 000	-
Netto kontantstrøm fra finansieringsaktiviteter	22 950 000	-30 000
Netto endring i kontanter og kontantekvivalenter	2 836 451	(46 469)
Beholdning av kontanter og kontantekvivalenter ved periodens begynnelse	508 084	554 553
Beholdning av kontanter og kontantekvivalenter ved periodens slutt	3 344 535	508 084



Note 1 Regnskapsprinsipper mv.

Alle tall i hele kroner

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk.

Virksomhetens art og hvor den drives

IOS Offshore Holding AS driver med investering i datterselskapet InterMoor AS. Selskapets virksomhet drives fra Stavanger. Selskapet eies 100% av Acteon Group Ltd. Morselskapet har forretningsadresse Ferryside, Ferry Road, Norwich NR1 1SW, England hvor konsernregnskap kan fås utdelt.

Klassifisering av balanseposter

Eiendeler bestemt til varig eie eller bruk klassifiseres som anleggsmidler. Fordringer klassifiseres som omløpsmidler hvis de skal tilbakebetales i løpet av ett år etter utbetalingstidspunktet. For gjeld legges analoge kriterier til grunn.

Generelle vurderingsprinsipper

Eiendeler vurderes til det laveste av anskaffelseskost og virkelig verdi.

Investering i og avkastning av investeringer i datterselskap

Selskapet bruker kostmetoden for investeringer i datterselskap.

Konsemdrag og utbytte fra datterselskap regnskapsføres i det samme året som datterselskapet avsetter det. Mottatte utdelinger regnskapsføres i utgangspunktet som inntekt, men føres som reduksjon av balanseført verdi hvis utdelingen overstiger opptjente resultater fra før oppkjøpstidspunktet.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt beregnes med aktuell skattesats på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt eventuelt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Oppføring av utsatt skattefordel på netto skattereduserende forskjeller som ikke er utlignet og underskudd til fremføring, begrunnes med antatt fremtidig inntjening. Utsatt skatt og skattefordel som kan balanseføres oppføres netto i balansen.

Note 2 Aksjer i andre selskaper

	Forretnings- kontor	Eierandel/ stemme- andel	Egenkapital 31.12.2019/2020	Balanseført verdi
Datterselskap				
InterMoor AS 31.12.2020	Stavanger	100 %	68 389 406	355 802 974
Claxton Engineering Services AS 31.12.2019*	Sola	100 %	16 543 052	24 765 440
SUM aksjer datterselskap				380 568 414

Datterselskap	Årsresultat	2020	2019
InterMoor AS	Årsresultat	40 264 482	31 688 086
Claxton Engineering Services AS *	Årsresultat 2019		-8 222 388

* Regnskapet for Claxton Engineering Services AS år 2020 er ikke avlagt. Derfor er tall fra siste offentlige regnskap brukt.

Note 3 Egenkapital

	Aksjekapital	Overkursfond	Annen innskutt EK	Annen egenkapital	Sum
Egenkapital 01.01.20	33 535 440	79 184 650	100 000	25 974 300	138 794 390
Årets resultat	-	-	-	26 555 656	26 555 656
Avsatt utbytte	-	-	-	(25 000 000)	(25 000 000)
Egenkapital pr. 31.12.20	33 535 440	79 184 650	100 000	27 529 956	140 350 046

Note 4 Aksjekapital og aksjonærinformasjon

Aksjekapitalen på kr 33 535 440 består av 33 535 440 aksjer à kr 1.

Selskapets aksjonærer pr. 31.12.20:

	Antall aksjer	Eierandel
Acteon Group Ltd	33 535 440	100 %
	33 535 440	100 %

IOS Offshore Holding AS, InterMoor AS og Claxton Engineering Services AS inngår i konsernregnskapet utarbeidet for Acteon Group Ltd med forretningskontor i Norwich England.



Note 5 Skatt

Alle tall i hele kroner

Beregning av utsatt skatt/utsatt skattefordel

	2020	2019
Midlertidige forskjeller		
Avskåret rentefradrag til fremføring	21 871 535	21 871 535
Netto midlertidige forskjeller	21 871 535	21 871 535
Grunnlag for utsatt skatt	21 871 535	21 871 535
Utsatt skatt 22%	4 811 738	4 811 738
Utsatt skatt i balansen	4 811 738	4 811 738

	2020	2019
Grunnlag for skattekostnad, endring i utsatt skatt og betalbar skatt		
Resultat før skattekostnad	34 058 592	24 137 889
Permanente forskjeller	45 664	-
Grunnlag for årets skattekostnad	34 104 256	24 137 889
Endring i midlertidige resultatforskjeller	-	4 263 037
Grunnlag for betalbar skatt i resultatregnskapet	34 104 256	28 400 926
Skattepliktig inntekt (grunnlag for betalbar skatt i balansen)	34 104 256	28 400 926

Fordeling av skattekostnaden

Betalbar skatt (22 % av gr.lag for betalbar skatt i resultatregnskapet)	7 502 936	6 248 204
Sum betalbar skatt	7 502 936	6 248 204
Endring i utsatt skatt	-	(937 868)
Skatte kostnad/(kredit) (22 % av grunnlag for årets skattekostnad)	7 502 936	5 310 336

Betalbar skatt i balansen

Betalbar skatt (22 % av gr.lag for betalbar skatt i resultatregnskapet)	7 502 936	6 248 204
Betalbar skatt i balansen	7 502 936	6 248 204

Note 6 Lønnskostnader, godtgjørelser m.v.

Selskapet har ingen ansatte.

Det er ikke kostnadsført lønn eller styrehonorar i 2020.

Daglig leder/styret kontrollerer ikke andeler i IOS Offshore Holding AS.

Det er ikke gitt lån/sikkerhetsstillelse til daglig leder, styreformann, styremedlemmer eller andre nærstående parter.

Det foreligger ikke avtaler til fordel for styrets leder.

Det er ingen lån/sikkerhetsstillelser som utgjør mer enn 5% av selskapets egenkapital.

Revisor	2020	2019
Lovpålagt revisjon	29 000	32 737
Annen bistand	-	35 642
Sum	29 000	68 379

Alle honorar er uten mva.



Note 7 Gjeld

Alle tall i hele kroner

<i>Balanseført verdi av pantsatte eiendeler</i>	2020	2019
Aksjer i datterselskap	380 568 414	380 568 414
Sum	380 568 414	380 568 414
Eiendelene er i tillegg stillet som sikkerhet for:	2020	2019
Gjeld til kredittinstitusjoner	2 878 943 472	3 166 109 840
Sum	2 878 943 472	3 166 109 840

Selskapets eiendeler er pantsatt under lånefasilitetsavtale mellom HSBC Bank plc og andre banker i sammenheng med morselskapet Acteon Group Ltd's låneopptak.

Note 8 Mellomværende med selskap i samme konsern m.v.

	2020	2019
Konsembidrag fra InterMoor AS	48 388 712	37 950 000
Kortsiktig gjeld til Acteon UK Financing II (NOK) Ltd	(14 260 416)	-13 750 000
Avsatt utbytte til Acteon Group Ltd	(25 000 000)	-15 000 000
Langsiktig gjeld til Acteon UK Financing II (NOK) Ltd	(250 000 000)	(250 000 000)
Sum	(240 871 704)	(240 800 000)

Langsiktig gjeld til Acteon UK Financing II (NOK) Ltd er rentebærende og belastet i henhold til låneavtale med 5,5% frem til 3.8.20 og 6% for resten av året i henhold til ny låneavtale for 5 års forlengelse av lånet. Påløpt rente for året har forfall siste virkedag i desember. Gjelden forfaller til betaling i sin helhet 3 august 2025.

Note 9 Transaksjoner med nærstående

Type transaksjon	Nærstående part	Tilknytning	2020
Konsembidrag mottatt	InterMoor AS	Datterselskap	48 388 712
Rentekostnad	Acteon UK Financing II (NOK) Ltd	Konsemselskap	14 260 416



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Til generalforsamlingen i IOS Offshore Holding AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert IOS Offshore Holding AS' årsregnskap som viser et overskudd på kr 26 555 657. Årsregnskapet består av balanse per 31. desember 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Frimo	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

Penneo Dokumentmøkket: WUGD7-B11CV-8BE6C-TCQPT-IE1ZY-EW7GG



Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betyggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og i samsvar med lov og forskrifter.



Revisors beretning - 2020
IOS Offshore Holding As

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokførings-skikk i Norge.

Stavanger, 28. juni 2021
KPMG AS

Monica Rosnes
Statsautorisert revisor
(elektronisk signert)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Monica Roth Rosnes

Partner

På vegne av: KPMG

Serienummer: 9578-5997-4-231508

IP: 80.232.xxx.xxx

2021-06-28 20:27:08Z



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Registered number 4231212

31 December 2020



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Strategic Report

The directors present their Strategic Report for the year ended 31 December 2020.

Principal activities

The Group's principal activities are the provision of products and services for the renewable energy, nearshore construction and oil and gas sectors.

Acteon provides specialist engineering, services and technology to companies which develop, own or operate marine infrastructure across the life of their assets. It provides specialist services into the technical supply chains of its customers to help them achieve their operational goals with efficient solutions, optimising both cost and carbon footprint but without compromising the quality of delivery.

Acteon has specialisms in a range of areas including data collection and survey techniques ahead of construction, the installation of foundation and anchoring technologies, the monitoring and management of assets and the decommissioning of assets.

Renewables

Acteon provides specialist engineering services to the offshore renewables sector, particularly in relation to the installation and management of offshore wind turbines. Acteon seeks to reduce costs for operators by optimising design and installation activities and improving scheduling and resource utilisation. It has the expertise to support the development of large structures in deep water, including both fixed and floating installations, and provide baseline environmental surveys which enable projects to establish appropriate controls for environmental protection.

Nearshore construction

Acteon provides nearshore construction services for marine facilities including bridges, jetties and coastal protection. Acteon also undertakes projects for utility companies to develop and manage near-coast infrastructure. These range from geophysical and geotechnical surveys and engineering services to pile-driving, foundations work and moorings. Its integrated solutions and domain knowledge help customers to reduce project footprints, increase efficiency, and lower the total cost of infrastructure construction and installation.

Oil and gas

Acteon supports the oil and gas industry by delivering cost efficiencies and project timeline savings on large and complex projects in all water depths. Its services in this market include pre-development and front-end-engineering, development drilling services, foundations, moorings, production asset installation, asset integrity monitoring and management, field life extension and decommissioning. Acteon has strong capabilities in the management of late-life assets and their integrity as well as decommissioning oil and gas assets when they reach the end of their life.

Integrated solutions

Acteon actively participates in the offshore industry's drive to reduce costs and increase operational efficiency. In order to be more efficient and to offer a broader more integrated range of services, Acteon operates a dedicated business unit known as Acteon Integrated Solutions (AIS). This unit undertakes integrated projects and integrated offerings within each industry Acteon serves to allow clients to overcome unresolved challenges, access a wider range of technologies and to contract in a more efficient manner.

Business model

Acteon is a leading provider of specialist marine energy and infrastructure engineering, services and technology. Its aim is to be the preferred engineering, services and technology partner enabling energy transition across the marine infrastructure industries and to deliver commercial and environmental benefits to its customers.

The Group's principal clients are international, national and independent energy and infrastructure companies and contractors operating in most of the major provinces in the world. As a trusted global partner, Acteon supports its clients by delivering the high levels of international compliance, outstanding quality, health, safety and environmental performance, a flexible, local workforce to support projects worldwide and market leadership in each area of activity.

The Group provides services to customers through a range of business models including service fee, rental, sales and consulting hours. Many contracts comprise a combination of these business and billing models.



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Strategic Report *(continued)*

Business model *(continued)*

The Group operates as eight strategic business units, the principal structures, skills and technologies of which are described below:

Foundations and Cables

Acteon provides specialist services and equipment to design and install piled, drilled and combination foundations for marine infrastructure, particularly offshore wind turbines and platforms including their grouting and any remediation work. This unit also provides services to transport, install and maintain flexible cables and high-voltage electrification services for marine energy assets including for offshore renewables and oil & gas installations.

Moorings and Anchors

Acteon is a global leader in mooring and anchor systems used to secure floating structures to the seabed. This includes complex permanent mooring systems such as those used in offshore floating wind structures or used to temporarily moor marine assets such as mobile drilling units or production units. Acteon specialises in complex mooring solutions across the life-cycle of marine infrastructure including installation and decommissioning. Such services are provided to the aquaculture, oil and gas and offshore-renewables sectors.

Drilling and Decommissioning

Acteon provides engineering and services for the installation and removal of wells and offshore infrastructure for the global oil and gas industry. This business unit provides (1) specialist services for the decommissioning of wells and structures, (2) services to support the drilling of new wells, (3) services to extend the life of infrastructure and (4) bespoke manufacturing of specialist equipment needed by the offshore energy sector.

Asset Integrity and Monitoring

Acteon is a global specialist in marine structural health monitoring: comprising two key capabilities, namely (1) digital monitoring systems that allow the tracking and visualisation of asset condition, including stress, strain, temperature and vibration, leading to engineered interventions or remediation, (2) the engineering design and implementation of corrosion protection systems, including corrosion inspection and remedial action. Acteon helps its customers to make timely integrity decisions and engineer solutions that maintain the integrity and safety of their assets.

Geo-Services

Acteon provides customers with geophysical, geospatial and geotechnical data, to understand seabed conditions and help de-risk marine projects. This unit provides site survey design, data collection, data interpretation and engineering insights relevant to geotechnical and geospatial site surveys. Such data is used to undertake upfront risk assessments, understand seabed geometries, movements and risks relevant to projects, to locate infrastructure, and to design seabed-foundations, amongst other key services.

Offshore Engineering

Acteon's Offshore Engineering segment is an expert marine engineering consultancy which specialises in the structural engineering design, monitoring and installation of highly dynamic marine structures such as risers, umbilicals, floating structures, floating turbines, mooring and anchor systems.

Electronics and tooling

Acteon is a global marine technology specialist which provides electronic and electro-mechanical parts and systems to the broad marine industries, including the integration and tooling of remotely operated vehicles (ROVs), autonomous underwater vehicles (AUVs) and autonomous surface vehicles (ASVs). Such systems are used for remote access, inspection and survey construction support. This unit provides specialist sensors and scanning systems and their integration for use on ROVs, AUVs and ASVs. It provides such services to the renewables, defence, shipping and oil & gas industries.

Energy Resourcing

Acteon supplies specialist technical human resources to the offshore energy industry on an international basis. The business unit identifies, recruits and screens specialist personnel and provides them to customers on a contract basis.

In addition to the eight business units, Acteon Group also operates as Acteon Integrated Solutions (AIS):

Acteon Integrated Solutions is a dedicated business unit that is able to integrate across the eight strategic business units in order to deliver more complex or integrated services to the group's customers.



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Strategic Report *(continued)*

Directors' duties under section 172 of the UK Companies Act 2006

The directors recognise their duty to act in a way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole in accordance with section 172 of the UK Companies Act 2006 and in doing so have regard (amongst other matters) to the:

- likely consequences of any decisions taken in the long-term success of the Group;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and other stakeholders;
- impact of the Group's operations on the community and the environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly between its members and stakeholders.

The directors' section 172 duties form part of Board discussions. The directors continue to have regard to the interests of the Group's key stakeholders and throughout the year its Board and senior management engage with key stakeholders on items relevant to them. We set out below our key stakeholder groups, their material issues and how the Group engages with and considers the interests of each stakeholder group.

Members and lenders

The Board recognises that it has a responsibility to keep members and lenders informed of the company's performance and strategy. The Board strives to ensure all members and lenders are fully informed of performance, recent events and strategic decisions impacting the business. This is achieved through:

- regular conference calls to discuss financial performance, strategy and potential investment opportunities;
- the supply of monthly and quarterly financial performance information, including forecast information;
- the Group's investment relations team being available to respond to questions raised during the year;
- holding an annual general meeting of shareholders; and
- an annual presentation to the Group's lending syndicate, enabling lenders to engage with and ask questions of the Board.

Employees

Employees are central to the long-term success of the Group. The health and safety and wellbeing of staff are of paramount importance. Acteon has a diverse employee base, with employees of many nationalities based in many countries and with varied skills and capabilities. The directors consider it important to engage with staff and consider their interests, understand their views, support their career development and provide appropriate remuneration. To achieve these objectives the Group:

- maintains a Health, Safety and Environmental (HSE) management system and culture to protect employees at work which is appropriate to the nature of the work the Group undertakes and which is regularly reviewed;
- operates a formal staff appraisal scheme based on individual goals, development and training requirements and performance, with regular reviews held throughout the year;
- operates a system for pay reviews that compensates personnel based on skills, a job grading structure, corresponding market rates and merit;
- manages a discretionary rewards scheme to recognise exceptional performance by employees;
- creates development opportunities based on ongoing career development discussions, individual performance and identified potential;
- undertakes employee surveys;
- offers regionally competitive health and wellness benefits programs to employees a fully independent and confidential external support helpline for employees to use in relation to both work-related and personal issues; and
- maintains a system to ensure equality of pay without bias.



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Strategic Report *(continued)*

Directors' duties under section 172 of the UK Companies Act 2006 *(continued)*

Customers and suppliers

The Group recognises that fostering strong and trusting business relationships with customers and suppliers is key to business success, which is why the Group and its operating companies seek to ensure that:

- customers and suppliers are treated in a fair and respectful manner, and all business is conducted in a fair, transparent and competitive manner, and in compliance with both the letter and the spirit of all competition laws;
- its compliance team is properly resourced and manages a comprehensive compliance programme;
- customer contracts are performed to the highest standard;
- customer service is delivered through the appropriate allocation of technology and skilled personnel;
- suppliers are carefully selected and appropriate due diligence is carried out before work is awarded;
- supplier contracts are fully complied with; and
- there is frequent and sufficient dialogue with customers and suppliers.

Operating in this way helps to develop and maintain credibility and trust across the Group's large and diverse customer and supplier base, which in turn helps ensure longevity of business relationships.

Local communities and the environment

The Group maintains a very structured process for protecting the environment. This consists of:

- maintaining a Health, Safety and Environmental (HSE) management system and culture which acts to minimise environmental impact from operations;
- compliance with all relevant legislation;
- reporting all actual or potential incidents which could lead to environmental damage;
- maintaining an incident response plan; and
- actively developing new technologies and processes that aim to reduce or minimise environmental impact, both of its own operations and those of its customers.

Acteon is committed to making a positive impact in the communities where we live and work. The Group supports local economies by:

- creating jobs and ensuring local labour laws are followed;
- ensuring local content requirements are fulfilled;
- developing and training local employees;
- working with local supply chains wherever possible; and
- identifying areas of community involvement where voluntary efforts can make a difference.

The Group is committed to establishing a sustainable Environmental Social and Governance (ESG) strategy that positively impacts the environment, its employees and the wider society. Acteon is uniquely placed to play a key role in the energy transition and the reduction of carbon emissions, in large part due to the expertise and technology it offers which can help bring down the cost of offshore renewable energy and reduce emissions.

The Group's ESG strategy is based upon the following principles:

- to align the Group's strategy and services with the need to develop lower carbon energy;
- to record, report and reduce harmful emissions from operations;
- to make a positive contribution to the communities within which it operates;
- ensuring "zero-harm" to the people who work for or with the Group;
- Operating within a business framework that ensures all decisions are made ethically and with integrity; and
- Reporting and communicating with key stakeholders honestly and transparently.



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Strategic Report *(continued)*

Business review and results

Acteon Group provides specialist services to the offshore energy and infrastructure sectors. The Group continued its focus on the energy transition and to seek to lead in the provision of solutions with environmental benefits. In particular, the Group continued to develop new markets in the offshore renewables sector, where many of its services have specific applications. Renewable and like markets accounted for c25% of group revenue in 2020 (up from c17% in 2019) and revenue relating to Oil and Gas reduced to c75%.

2020 was a challenging year with operational challenges for all activities as a result of the impact of the global Covid-19 pandemic. Activities across the group were affected by both operational and logistical delays as well as a marked fall-off in activity driven by a significant reduction in crude oil prices. Some customer activities were cancelled or postponed as a result.

However, the Group took action to curtail cost increases associated with previously planned growth, to reduce the existing cost base and where appropriate to utilise government furlough and other support schemes in territories where these were available. It also took action to reorganise into a simpler segment-based operational structure. The benefits of these cost-saving initiatives and the streamlined organisation had a marked positive effect on 2020 results and many will continue to benefit the Group as full year benefits are realised in 2021 and beyond.

As a result of the actions undertaken and the diversified nature of the Group's product and service offering, the Group's financial performance was resilient despite the challenges. Revenue decreased by 3.3% to £446m, with the full-year impact of the three mid-year 2019 acquisitions more than offset by a decline in 2020 activity as a whole. However adjusted earnings before interest, tax, depreciation and amortisation amounted to £60.5m, an increase of 19.4% over 2019.

Financial performance

The financial performance of the Group's operations for 2020 compared with 2019 reconciled to statutory measures of financial performance, can be summarised as follows:

	2020	2019	Increase/ (Decrease)
	£000	£000	%
Group revenue	446,316	461,740	(3.3%)
Adjusted earnings before interest, tax, depreciation and amortisation	60,480	50,650	19.4%
Depreciation and amortisation	(50,677)	(51,091)	
Adjusted profit/(loss) from operating activities before impairment losses and exceptional items	9,803	(441)	
Impairment losses	(2,079)	(50,379)	
Exceptional reorganisation/restructuring costs	(6,077)	-	
Government assistance from Covid-19 job retention schemes	2,467	-	
Profit/(loss) from operating activities	4,114	(50,820)	108.1%



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Strategic Report *(continued)*

Financial performance *(continued)*

	2020	2019	(Increase)/ Decrease
	£000	£000	%
Adjusted loss before exceptional items, impairment losses and income tax	(14,128)	(16,599)	14.9%
Impairment losses	(2,079)	(50,379)	
Exceptional reorganisation/restructuring costs	(6,077)	-	
Government assistance from Covid-19 job retention schemes	2,467	-	
Exceptional subsidiary acquisition credits	-	169	
Loss before income tax	(19,817)	(66,809)	70.3%

Key performance indicators

Further key performance indicators pertinent to the Group's continuing operations are shown below. These demonstrate the underlying operational performance (gross margin and EBITDA), along with the level of sustained investment in the Group's underlying revenue-generating resources (fixed assets and number of employees).

	2020	2019
Financial		
Gross margin % of revenues	25.5%	26.0%
Adjusted earnings before interest, tax, depreciation and amortisation (£000s)*	62,213	55,872
Net book value of property, plant and equipment (£000s)	132,942	142,411

* prior to certain costs totalling £1,733,000 (2019: £5,222,000) considered to be of a non-operating nature.

	2020	2019
Non-financial		
Average number of employees	1,951	1,904
Number of employees at the year-end	1,815	2,042

Principal risks and uncertainties

The Group's multinational operations and debt financing expose it to a variety of risks, including financial risks. The Group has in place risk management policies that seek to limit the adverse effects of these risks on the financial performance of the Group. The Board of Directors has overall responsibility for the creation and oversight of the Group's risk management framework. The Group's approach to financial risk management is disclosed in note 4.

The directors have taken steps to ensure that the day-to-day risks which face the Group, such as health and safety and commercial risks, are managed comprehensively by the management teams of its operating segments (with appropriate central oversight), by insurance covers which should mitigate the impact of risks turning into reality, and by the preparation and careful review of comprehensive monthly management financial reporting packages which can alert the board to developments in trading performance and cash position.



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Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Any business operates against a background of risks and uncertainties. The directors believe that the principal operational risks facing Acteon are:

- A reduction in activity levels in the offshore oil and gas exploration and production industry worldwide, as a result of various factors including, but not limited to, a fall in oil price and the broader energy transition.
- Lead times and availability of raw materials and components which are required in order for the Group to provide its products and services could deteriorate from their current levels.
- It could become more difficult to recruit and retain the highly qualified and experienced staff required in order for the Group to carry on its business.
- The considerable health and safety risks which are inherent to a business providing products and services for the renewable, nearshore construction and oil and gas sectors.
- Contracts and projects are frequently complex, and there are risks associated with their execution.
- Access to debt, bonding and credit financing facilities could become difficult.

Future developments

The Group is well-positioned to build on its current position and continue its drive to support the energy transition. The Group intends to continue its diversification into the offshore renewables and coastal construction sectors, whilst focussing on services in the oil and gas sector which support the integrity and maintenance of existing infrastructure; including the decommissioning of aged assets. It is increasingly able to offer innovative integrated service offerings combining the knowledge and skills across businesses within the Group. The reorganisation of the Group to a number of key business segments has been completed and Acteon will see the financial benefits of this going forward. The Group continues to have the support of its stakeholders and since the year-end has also extended the maturities of its debt facilities until 2024 and 2025 which enables the Group to continue to grow organically and, where appropriate, through further acquisitions

By order of the board

C G Trowell
Director

27 May 2021



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Directors' Report

The directors note that, as a result of the Strategic Report and Directors' Report regulations of 2013 (which are amendments to the Companies Act 2006), some of the matters which would previously have been contained within the Directors' Report must (along with certain other reporting) appear within the separate Strategic Report. This Directors' Report therefore contains the remaining information required by statute to be disclosed.

Research and development

The Group continues to believe in the importance of investing in innovation and in the development of its products and services, in order to achieve technical success and to improve project economics for clients. During the year Acteon has continued to invest in several research and development areas.

Proposed dividend

No dividend is to be recommended in respect of 2020 (2019: *£nil*).

Directors

The directors who served during the year were:

C G Trowell (appointed 1 June 2020)
K F Ovenden
R C Higham (resigned 1 June 2020)

The directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of this report. These took the form of Directors and Officers liability insurance.

Employees

The Group is committed to involving employees in the business through appropriate communication and consultation and does so through circulating internal newsletters and periodic briefing meetings.

Applications for employment by disabled persons are always fully considered, having regard to the aptitude and abilities of applicants. If employees become disabled every effort is made to ensure the continuation of their employment with the Group, including the provision of appropriate training. The Group intends that, as far as possible, the training, career development and promotion of a disabled person should be identical to that of a person who does not suffer from a disability.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2019: *£nil*).

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

C G Trowell
Director

27 May 2021



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Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the 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 International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 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 their 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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 controls as they determine are 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.



Independent auditor's report to the members of Acteon Group Limited

Opinion

We have audited the financial statements of Acteon Group Limited ("the company") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position (Balance Sheet), Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow, Company balance sheet and related notes, including the accounting policies in notes 3 and 34.

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 2020 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006;
- 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 and the 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 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 or the 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 or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 and the Board, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.



Independent auditor's report to the members of Acteon Group Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect *(continued)*

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue recognised over time is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as intangible and tangible asset impairment assumptions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unusual or unexpected accounts.

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 from inspection of the Group's regulatory and legal correspondence 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. 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.

For the corporation taxation contingent liability discussed in note 31 we assessed disclosures against our understanding from regulatory correspondence and used our taxation specialists to help us further assess the matter.

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.



Independent auditor's report to the members of Acteon Group Limited (continued)

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 9, 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.

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.

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Marischal Square
1 Broad Street
Aberdeen, AB10 1DD

28 May 2021

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Consolidated Income Statement for year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	6	446,316	461,740
Cost of sales		(332,536)	(341,867)
Gross profit		113,780	119,873
Other income	7	417	563
Impairment charges	15, 16	(2,079)	(50,379)
Exceptional administrative expenses	8	(3,610)	-
Other administrative expenses		(104,394)	(120,877)
Total administrative expenses		(110,083)	(171,256)
Profit/(loss) from operating activities		4,114	(50,820)
Negative goodwill on acquisitions	5	-	169
Finance income		2,428	7,030
Finance expense		(26,359)	(23,188)
Net finance expense	11	(23,931)	(16,158)
Loss before income tax		(19,817)	(66,809)
Income tax expense	12	(676)	(5,094)
Loss for the year		(20,493)	(71,903)
Attributable to:			
Equity holders of the parent		(20,283)	(70,714)
Non-controlling interests		(210)	(1,189)
Loss for the year		(20,493)	(71,903)

The notes on pages 18 to 66 are an integral part of these consolidated financial statements.

Movements in reserves are set out in the Consolidated Statement of Changes in Equity on page 16.



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Consolidated Statement of Comprehensive Income for year ended 31 December 2020

	Note	2020 £000	2019 £000
Loss for the year		(20,493)	(71,903)
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial losses	27	(277)	(340)
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign currency net investments		(1,862)	(11,869)
Other comprehensive loss recognised directly in equity		(2,139)	(12,209)
Total comprehensive loss for the year		(22,632)	(84,112)
Attributable to:			
Equity holders of the Company		(22,422)	(82,923)
Non-controlling interests		(210)	(1,189)
Total comprehensive loss for the year		(22,632)	(84,112)

The notes on pages 18 to 66 are an integral part of these consolidated financial statements.



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Consolidated Statement of Financial Position (Balance Sheet)

at 31 December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	14	132,942	142,411
Right-of-use assets	15	46,664	53,216
Intangible assets	16	197,244	212,729
Deferred income tax assets	17	8,430	5,588
Total non-current assets		385,280	413,944
Current assets			
Inventories	18	26,725	26,850
Contract costs	19	10,127	11,625
Trade and other receivables	20	83,890	100,187
Contract assets	21	20,751	39,089
Cash and cash equivalents		48,057	58,928
Total current assets		189,550	236,679
Total assets		574,830	650,623
Equity			
Share capital	22	46,659	46,659
Share premium	23	16,437	16,437
Foreign currency translation reserve	23	13,741	15,608
Other reserves	23	(4,991)	(4,991)
Retained earnings	23	77,865	98,425
Total equity attributable to equity holders of the Company		149,711	172,133
Non-controlling interests	24	12,914	13,124
Total equity		162,625	185,257
Non-current liabilities			
Loans and borrowings	25	246,823	273,176
Lease liabilities	26	44,157	47,601
Other creditors		630	167
Employee benefits	27	2,926	2,529
Deferred income tax liabilities	17	12,789	19,090
Total non-current liabilities		307,325	342,563
Current liabilities			
Lease liabilities	26	6,541	6,728
Trade and other payables	28	86,361	95,197
Contract liabilities	21	9,882	17,050
Current income tax liabilities		2,096	3,828
Total current liabilities		104,880	122,803
Total liabilities		412,205	465,366
Total equity and liabilities		574,830	650,623

These financial statements were approved by the Board of Directors on 27 May 2021 and were signed on its behalf by:


C G Trowell - Director


K F Ovenden - Director

The notes on pages 18 to 66 are an integral part of these consolidated financial statements.



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Consolidated Statement of Changes in Equity
for year ended 31 December 2020

	Share capital £000	Share premium £000	Foreign currency translation reserve (FCTR) £000	Other reserves £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2019	11,659	16,437	27,472	(4,991)	169,479	220,056	13,071	233,127
Loss for the year	-	-	-	-	(70,714)	(70,714)	(1,189)	(71,903)
Income and expense recognised directly in equity								
Defined benefit plan actuarial losses	-	-	-	-	(340)	(340)	-	(340)
Foreign currency translation difference	-	-	(11,869)	-	-	(11,869)	-	(11,869)
Total income and expense recognised directly in equity	-	-	(11,869)	-	(340)	(12,209)	-	(12,209)
Acquisitions in year (note 5)	-	-	-	-	-	-	1,242	1,242
Share issue in year (note 22)	35,000	-	-	-	-	35,000	-	35,000
Balance at 31 December 2019	46,659	16,437	15,603	(4,991)	98,425	172,133	13,124	185,257
Loss for the year	-	-	-	-	(20,283)	(20,283)	(210)	(20,493)
Income and expense recognised directly in equity								
Defined benefit plan actuarial losses	-	-	-	-	(277)	(277)	-	(277)
Foreign currency translation difference	-	-	(1,862)	-	-	(1,862)	-	(1,862)
Total income and expense recognised directly in equity	-	-	(1,862)	-	(277)	(2,139)	-	(2,139)
Balance at 31 December 2020	46,659	16,437	13,741	(4,991)	77,865	149,711	12,914	162,625

The notes on pages 18 to 66 are an integral part of these consolidated financial statements.



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Consolidated Statement of Cash Flow for year ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flow from operating activities			
Loss for the year		(20,493)	(71,903)
Adjustments for:			
Negative goodwill on acquisitions	5	-	(169)
Gain on non-payment of deferred consideration from acquisitions		-	(534)
Gain on sale of rental/non-rental property, plant and equipment		(4,407)	(1,364)
Depreciation and impairment of property, plant and equipment	14	28,290	28,270
Depreciation and impairment of right-of-use assets	15	9,979	7,496
Amortisation and impairment of intangible assets	16	14,487	65,704
Net finance expense	11	23,931	16,158
Total income tax expense	12	676	5,094
		<u>52,463</u>	<u>48,752</u>
Change in inventories		168	(4,973)
Change in contract costs		1,653	(3,524)
Change in trade and other receivables		13,124	(5,180)
Change in contract assets		17,682	(18,549)
Change in trade and other payables		(7,211)	2,186
Change in contract liabilities		(7,746)	11,484
Change in provisions and employee benefits		284	256
		<u>70,417</u>	<u>30,452</u>
Cash generated from operating activities			
Interest paid		(19,945)	(19,078)
Interest paid on lease liabilities		(2,901)	(2,340)
Income tax paid		(10,750)	(7,766)
		<u>36,821</u>	<u>1,268</u>
Net cash from operating activities			
Cash flows from investing activities			
Interest received		2,428	2,973
Proceeds from sale of property, plant and equipment		7,778	1,522
Acquisition of trades/subsidiaries, net of cash acquired	5	-	(57,400)
Purchase of property, plant and equipment	14	(21,480)	(15,303)
Purchase of intangible assets	16	(1,267)	(1,501)
		<u>(12,541)</u>	<u>(69,709)</u>
Net cash used in investing activities			
Cash flow from financing activities			
Receipt from share issue	22	-	35,000
Receipt of borrowings	25	15,000	52,410
Expenses paid in relation to borrowings	25	-	(5,092)
Repayment of borrowings	25	(41,070)	(25,000)
Repayment of lease liabilities		(7,016)	(5,948)
		<u>(33,086)</u>	<u>51,370</u>
Net cash (used)/generated in financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		58,928	77,857
Effect of exchange rate fluctuations on cash held		(2,065)	(1,858)
		<u>48,057</u>	<u>58,928</u>
Cash and cash equivalents at 31 December			

The notes on pages 18 to 66 are an integral part of these consolidated financial statements.



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Notes

(forming part of the financial statements)

1 Group and company accounts

Acteon Group Ltd is a company incorporated in England. The address of its registered office is Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW. The consolidated financial statements of the Group as at and for the year ended 31 December 2020 comprise the parent company and its subsidiaries (together referred to as “the Group”). The Group is primarily involved in the provision of industry-leading products and services for the renewables, nearshore construction and oil and gas sectors. The financial statements of the parent company are set out on pages 67 to 86.

2 Basis of preparation of financial statements

The consolidated financial statements consolidate those of the parent company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRS”). The Company has elected to prepare its parent company financial statements in accordance with UK GAAP, including FRS 101 *Reduced Disclosure Framework*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Adopted IFRS and were approved by the Board of Directors on 27 May 2021.

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and available-for-sale financial assets, which are stated at fair value. Any changes in fair value are reflected in the income statement.

The methods used to measure fair values are discussed further below.

(c) Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the Company’s functional currency. All financial information presented has been rounded to the nearest £1,000.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are reflected in the period in which the estimates are revised and in any future periods which are affected by those revisions.

Information relating to areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 5 – business combinations

Note 16 – measurement of the recoverable amounts relating to cash-generating units containing goodwill

Note 29 – valuation of financial instruments including the allowance for expected credit loss on trade receivables



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Notes (continued)

2 Basis of preparation of financial statements (continued)

(e) Going concern

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 1 to 7.

The Covid-19 pandemic continues to create short- to medium-term uncertainty for businesses worldwide. This creates the risk that energy companies will delay the timing of their investment programmes that might adversely impact Acteon's overall operations across that time horizon. Risk may also exist in the Group's ability to execute projects during the pandemic, depending on their nature and location.

In response, during the past twelve months, the Group has undertaken the necessary actions to optimise its trading performance and to protect its margins, profitability and cash flow. It has sought to retain its key capabilities and skills so that it is able to take advantage and capitalise on opportunities as demand returns. The Group operates in a wide range of markets and geographies, a factor that has provided resilience from short-term changes in any one business segment.

At 31 March 2021, the Group had £70m in cash. The Group's principal secured bank loan facility of up to £249m as disclosed in note 25, together with its £47m revolving credit facility have both been extended by two years subsequent to the year-end with the first debt maturity in November 2024. These facilities were fully drawn at 31 March 2021.

The principal financial covenants with which the Group is required to comply are ratios relating to EBITDA to Net Interest Payable and, Total Net Debt to EBITDA. Compliance is required to be tested at each quarter end.

The directors have prepared financial projections for the twelve months from the date of approval of these financial statements. On the basis of the forecast cash flow information within these projections, and taking into account significant but plausible downsides in the current trading environment, the directors consider that the Group will continue to operate with sufficient liquidity and in compliance with its bank covenants. The significant but plausible downside cash flows modelled assume deferrals or reductions in customer revenues across the forecast period, and would result in activity lower than that reported for 2020.

The directors believe that the Group is well placed to manage its business risks successfully and will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

3 Significant accounting policies

The accounting policies set out below have unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been aligned, where necessary, with the policies adopted by the Group.

(ii) Transactions and balances eliminated on consolidation

Intra-Group transactions and balances, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.



Notes (continued)

3 Significant accounting policies

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- Identifies the contract with the customer.
- Identifies the separable performance obligations in the contract.
- Determines the overall transaction (contract) price, allowing for estimates of variable consideration and the time value of money.
- Allocates the transaction price across the separable performance obligations on a pro-rata basis relative to stand-alone selling prices of each distinct good or service to be delivered, applying any overall discounts across the entire contract (or to specific performance obligations if more appropriate).
- Recognises revenue when, or as, each performance obligation is satisfied in a manner that reflects the transfer of control of the goods or services promised to the customer.

Where variable consideration exists within the transaction price it reflects any concessions provided to the customer such as discounts, rebates and refunds and other contingent events. Estimates of variable consideration are determined using the expected value method and are only recognised when their impacts on the transaction price are highly probable. If any uncertainty exists with respect to a potential refund of the variable consideration received this consideration is recognised as deferred revenue until the uncertainty is resolved.

(i) Sale of goods

How revenue is recognised from performance obligations for the sale of goods depends on whether or not those goods are customer-specific in nature. Where goods are customer-specific (for example, they are designed or manufactured for a particular project), there is no readily available alternative use for those goods and the Group has an enforceable right to payment for performance completed to date, revenue is recognised over time in accordance with the contract's progression (assessed on a cost input method) up to the point of delivery. Revenue in respect of the sale of non-customer-specific goods is recognised at the point in time when the customer obtains control of those goods, typically at the point of delivery.

(ii) Rendering of services

The Group recognises revenue for service performance obligations over time as those services are fulfilled. Revenue is based either on a fixed price or on an hourly/day rate. Where a fixed price is used the Group assesses the stage of fulfilment based on a cost input method. Where the rendering of services includes rental income which is not considered to be lease income, the rental income element is recognised on a straight-line basis over the contract period in accordance with quoted day rates. Where the contract for rental income meets the definition of a lease, revenue is also recognised on a straight-line basis over the contract period but is disclosed separately from revenue from contracts with customers.

(iii) Mobilisation and demobilisation services

Where contracts contain specific mobilisation and demobilisation services the Group evaluates whether these are separate performance obligations within the contract. Where these services are deemed to be separate performance obligations the corresponding revenue is accounted for separately and recognised at a point in time, normally when each service is fully completed. In other cases the associated revenue is considered to be an integral part of the contract and recognised in accordance with the performance of the contract as a whole.



Notes (continued)

3 Significant accounting policies (continued)

Revenue recognition (continued)

(iv) Contracts with a significant financing component

Where contracts contain a significant financing component and where the customer pays more than twelve months in advance of receiving the goods or services, the time-value of money is incorporated into the transaction price and an implicit interest expense is subsequently recorded within finance costs at the rate embedded within the contract. This treatment recognises the effective borrowing period by the Group for any such advance receipts up to the point at which the performance obligation is fulfilled and the revenue is recognised.

Where contracts have a significant financing component but the financing period is less than twelve months, the Group has elected to use the practical expedient permitted by paragraph 63 of IFRS 15 and not adjust the transaction price for this financing element.

Intangible fixed assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and is subject to an annual impairment review.

Goodwill arising on these acquisitions represents the difference between the fair value of the purchase consideration and the fair value of the Group's share of the identifiable net assets of the acquired entity. Directly attributable costs of executing the acquisitions are charged to the income statement in accordance with IFRS 3 (*revised*), *Business Combinations*.

Goodwill is not subject to amortisation but is reviewed for impairment at the end of the first full financial year following the acquisition and annually thereafter. It is also reviewed at other points if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is stated at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit in respect of which the goodwill arose. Impairment is determined by assessing the ability of the cash-generating units to generate future cash flows and comparison of the resulting values with the respective goodwill balances. Impairment losses in respect of goodwill are not reversed.

Negative goodwill on acquisitions is immediately recognised in the income statement.

Order books and customer lists

Order books and customer lists are recognised as intangible assets at their fair value on acquisition. The fair value is determined by discounting the future cash flows expected to be generated from them at an appropriate market-related discount rate. Amortisation is provided in order to write off the cost over the expected economic lives of the assets in equal instalments. The residual values are assumed to be nil.

Economic lives for intangible assets have been established as:

Order books	Typically less than one year
Customer lists	10 years

All intangible assets are reviewed annually for possible impairment, or more regularly if conditions exist that indicate a review is required.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, which is typically 3-5 years.



Notes (continued)

3 Significant accounting policies (continued)

Intangible fixed assets (continued)

Research and development

Expenditure on research activities is recognised in the income statement as the costs are incurred.

Expenditure on development activities is capitalised where: the process or final product is considered to be technically and commercially feasible; and, the Group intends, (and has the technical ability and sufficient resources) to complete the development; and, future economic benefits are probable; and, the expenditure attributable to the asset during its development can be measured reliably. Development activities involve a plan or design of the production of new or substantially improved products or processes.

Expenditure which is capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over estimated useful lives, typically ranging between 5-10 years.

Other development expenditure is recognised in the income statement as the costs are incurred.

Tangible fixed assets

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at the Group's IFRS transition date was determined by reference to its depreciated cost as at that date.

Cost comprises the purchase price or construction cost and any costs directly attributable to making the asset capable of operating as intended, in the intended location. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given in order to acquire the asset.

When elements of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals of property, plant and equipment, other than those held for rental to clients, are determined by comparing the proceeds from disposal with the corresponding carrying amounts and are recognised net within other income in the income statement. Where items are sold from the rental fleet, the sale proceeds are reflected in revenue and the remaining net book value is charged to cost of sales.

(ii) Depreciation

Depreciation is calculated on a straight-line basis to allocate the cost less residual values to the income statement over the estimated useful lives of each asset. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	30-50 years
Fixtures, fittings and computer equipment	2-10 years
Motor vehicles	2-4 years
Plant and equipment	3-15 years

Improvements to leasehold premises are depreciated over the expected lease period (in accordance with IFRS 16 *Leases*) to which the improvements relate.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.



Notes (continued)

3 Significant accounting policies (continued)

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price less all further costs of completion and disposal.

The Group makes provisions for impairment, where appropriate, based on an assessment of excess and obsolete inventories.

Costs in relation to partially complete projects are treated as contract costs to the extent that the revenue relating to those projects is unrecognised at the balance sheet date.

Contract costs

Contract costs represent the incremental costs of obtaining a contract and the costs incurred to fulfil it.

(i) Costs of obtaining a contract

Incremental costs of obtaining a contract with a customer are capitalised when it is expected that those costs are recoverable. The costs are subsequently amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that are incurred regardless of whether or not the contract is obtained, or costs which are not otherwise recoverable from the customer, are expensed immediately to the income statement. Incremental costs of obtaining a contract where the contract term is less than one year are also immediately expensed to the income statement.

(ii) Costs to fulfil customer contracts

Customer contract fulfilment costs are capitalised when all of the following are met:

- The costs relate directly to the contract.
- The costs generate or enhance resources that will be used to satisfy the contract's future performance obligations.
- The costs are expected to be recovered.

Capitalised customer contract fulfilment costs are charged to the income statement in line with the fulfilment of the specific performance obligation to which they relate.

Foreign currencies

(i) Transactions and balances

Transactions denominated in foreign currencies are translated and recorded at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at each balance sheet date. Gains and losses on retranslation are recognised in the income statement for the year.

(ii) Subsidiaries

The results and financial position of all subsidiaries that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities for each balance sheet presented are translated at rates ruling at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- resulting exchange differences are recognised directly in equity in a separate foreign currency translation reserve (FCTR) in the consolidated balance sheet.

When a foreign subsidiary is disposed of, the portion of the FCTR relating to that subsidiary is required to be included as part of the calculation of profit or loss on the sale.



Notes (continued)

3 Significant accounting policies (continued)

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement when they are due. The overwhelming majority of the Group's employees participate in plans of this nature.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group operates three defined benefit schemes as follows:

Two defined benefit schemes exist in respect of employees of its German subsidiary, MENCK GmbH, in which there are 183 participants. Of these, 5 participate in a final salary scheme and the remaining 178 participate in a scheme which provides very modest benefits: these are determined by length of service rather than being linked to salary.

A further defined benefit scheme, in respect of employees of its Norwegian subsidiary, InterMoor AS, in which there are 20 participants. Benefits are determined by salary levels and length of service.

Amounts charged to operating profit in relation to the schemes are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised in the income statement at the earlier of the recognition of related restructuring costs and termination benefits and when the plan amendment occurs. The net interest on the net defined benefit liability is shown in the income statement under finance expense.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Plan assets are valued at fair value and deducted from the pension scheme liabilities. Actuarial valuations are obtained at least triennially, with updates at intervening balance sheet dates. The resulting net defined benefit asset or liability is presented separately on the face of the balance sheet.

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity.

(iii) Short-term benefits

Short-term employee benefit obligations such as annual performance bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid as a short-term benefit if the Group has a present legal or constructive obligation to pay this benefit as a result of past service provided by the employee and the amount of the obligation can be measured reliably.



Notes (continued)

3 Significant accounting policies (continued)

Leasing

Following the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date) the Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date.

(i) Right-of-use assets

A right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any:

- lease payments made at or before the commencement date (or transition date if earlier);
- initial direct costs incurred;
- estimate of costs to dismantle, remove or restore the underlying asset or the site to which it is located; and
- lease incentives received.

A right-of-use asset is subsequently depreciated using the straight-line method from the commencement (or transition) date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those for property, plant and equipment. A right-of-use asset's value may be reduced where an impairment is necessary and may also be adjusted where a remeasurement of the lease liability is appropriate.

The Group reports its right-of-use assets separately in the statement of financial position.

(ii) Lease liabilities

A lease liability is initially measured at the present value of future lease payments on the commencement date (or transition date if earlier) having been discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the entity the lease is with, taking into account the risk profile of the asset and its location. Typically the Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability will comprise one or more of the following:

- fixed payments;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or the rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments with an optional renewal period where the Group is reasonably certain it will exercise its option to renew; and
- penalties for early termination of the lease unless the Group is reasonably certain it will allow its lease to run its committed term.

The lease liability is measured at amortised cost using the effective interest method. Lease liabilities are remeasured when there is a change in the expected future lease payments arising from a change in the adopted index or rate, or if the Group changes its assessment of whether either extension or termination options will be exercised.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Group reports its lease liabilities separately in the statement of financial position.

(iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense in the income statement on a straight-line basis over the lease term.



Notes (continued)

3 Significant accounting policies (continued)

Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, contract assets, cash and cash equivalents, loans and borrowings, lease liabilities and trade and other payables.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

Derivative financial instruments are recognised at fair value. Any gain or loss arising in arriving at fair value is recognised immediately in the income statement.

(iii) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it may be impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated discounted future cash flows. All impairment losses on financial assets measured at amortised cost are recognised in the income statement.

An impairment loss is only reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract costs and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill has an indefinite life and the recoverable amount is estimated at each reporting date.

The Group's approach to impairment testing in relation to goodwill and intangible assets is discussed in the Goodwill section above.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.



Notes (continued)

3 Significant accounting policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to, or recovered from, the taxation authorities. Taxable profit or loss differs from that reported in the income statement because it excludes items of income or expense that are taxable or deductible in later years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax liabilities and assets are measured on an undiscounted basis at the tax rates that are expected to apply when the liability is settled or the asset is realised, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Current and deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the income statement.

Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that their carrying value will be realised primarily through sale rather than through continuing use.

Such assets are measured at the lower of their carrying amount and fair value less cost of disposal. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the income statement. Once classified as held for sale, intangible assets and tangible fixed assets are not amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is represented as if the operation had been discontinued from the start of the comparative period.



Notes (continued)

3 Significant accounting policies (continued)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on management's knowledge of prices offered and accepted for comparable items.

(ii) Intangible assets

The fair value of order books and customer lists acquired in a business combination is established by applying the income approach to valuation. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use of those assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on historic cost adjusted to fair value, if applicable. However where its estimated selling price in the ordinary course of business less the estimated costs of completion and sale is lower than cost, that lower value is adopted.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of their expected future cash flows, discounted where appropriate.

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For leases, the market rate of interest is determined by reference to the imbedded rate within the lease agreement or an entity's incremental borrowing rate.

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs.

Net financing costs comprise interest payable on borrowings, interest receivable on cash and cash equivalents and amortisation of debt finance costs that are recognised in the income statement.

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and any other short-term highly liquid investments, less bank overdrafts.



Notes (continued)

3 Significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less any provision for expected credit losses.

The Group has applied the simplified approach to measuring the expected credit loss which uses a lifetime expected loss allowance. To measure the expected credit loss, trade receivables have been grouped together based on the number of days they are overdue.

Contract assets

Contract assets are recognised when the Group has satisfied its contractual performance obligations and has either not recognised a receivable to reflect its unconditional right to the corresponding consideration or where that consideration is not yet due. Contract assets are treated as financial assets for impairment purposes and therefore subject to impairment reviews on the same basis as trade and other receivables.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Contract liabilities

Contract liabilities are recognised when a customer pays consideration or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), prior to the Group transferring the goods to, or performing the services for, that customer. The liability represents the Group's responsibility to fulfil the contractual performance obligations for which it has already been paid.

New accounting standards adopted in the year

There were no newly adopted accounting standards in the year that had a material impact on the Group's consolidated financial statements.

Impact of future accounting standards

The Group has reviewed the accounting standards not yet adopted which become effective for periods commencing after 1 January 2020 and concluded that there are none which are expected to significantly impact the Group's existing accounting treatments or disclosures.

4 Financial risk management

The Group's international operations and debt financing expose it to a variety of financial risks. The Group has in place risk management policies that seek to limit the adverse effects of these risks on the financial performance of the Group. The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of individual Group entities (which are principally Sterling, US Dollars, Euros, Singapore Dollars and Norwegian Kroner). As the Group's presentation currency is Sterling, it is also subject to foreign exchange translation risk in respect of the results and underlying net assets of foreign operations. The Group mitigates its foreign currency risk to a large extent by operating a natural hedge against its major foreign currency risk which is the US Dollar. The impact on earnings of a weakening Dollar is mitigated by a reduction in the Sterling value of borrowings denominated in US Dollars, and vice versa.

Details of significant balances in foreign currencies and the exchange rates used to translate them into Sterling are shown in note 29.

There were no changes in the Group's approach to foreign exchange risk during the year.



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Notes (continued)

4 Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

The Group has interest rate risk arising from its long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk.

The Group has no significant interest-bearing assets other than cash and cash equivalents of a working capital nature. Therefore the Group's income and operating cash flows arising from such assets are substantially independent of changes in market interest rates.

The Group monitors its exposure to interest rate risk as part of its overall financial risk management. The Board of Directors regularly considers its policy in relation to interest rate hedging and takes action where appropriate to manage its cash flow interest rate risks (see note 29).

There were no changes in the Group's approach to cash flow and fair value interest rate risk during the year.

(iii) Credit risk

Financial instruments that potentially subject the Group to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents, primarily comprising of current account balances, are maintained with major financial institutions in each of the territories in which the Group operates. Cash balances held by non-UK operating companies in excess of those required for short-term funding needs are regularly remitted to UK bank accounts.

Sales are made on credit and result in short-term credit exposure on trade receivables. The Group's customers are principally major companies in the renewables, nearshore construction and oil and gas exploration and production sectors that have several years' transaction history with the Group. Credit risk from the ordinary course of trade activities is managed by the Group's subsidiaries on a customer and/or project basis.

The Group establishes an allowance for impairment that represents its estimated lifetime expected credit loss in respect of trade and other receivables. This includes allowances for specific loss elements that relate to individually significant exposures. The ageing of receivables is shown in note 29.

There were no changes in the Group's approach to credit risk during the year.

(iv) Liquidity risk

The Group maintains a blend of long-term and short-term committed facilities that are designed to ensure that it has sufficient available funds for operations and planned expansion and to meet its financial obligations as they fall due. At 31 December 2020 the Group had access to variable rate borrowings in the form of a £296m committed credit facility, of which £249m takes the form of term loans and £47m is a revolving credit facility. The Group is able to draw down on the revolving facility as needed. Interest rates are determined by reference to LIBOR.

During the year the Group introduced a treasury management system which utilises cash-pooling arrangements to enhance its liquidity.

There were no other changes in the Group's approach to liquidity risk during the year.

(v) Capital risk management

The objectives when managing capital (equity and bank borrowings) are to safeguard the Group's ability to continue as a going concern and:

- provide returns for shareholders;
- provide benefits for other stakeholders; and
- maintain an optimal capital structure to minimise the cost of capital.

The Group monitors its bank borrowings and conducts regular reviews of actual and projected performance against a suite of bank covenants.

There were no changes to the Group's approach to capital management in the year.

Notes (continued)

5 Acquisitions and disposals of subsidiaries and trades

The Group did not acquire or divest any subsidiaries or trades during the 2020 financial year.

Acquisitions 2019
(i) Benthic Geotech Pty Ltd

On 11 June 2019 the Group acquired a 100% shareholding in Benthic Geotech Pty Ltd for a total consideration of £44,336,000. Benthic Geotech Pty Ltd is the parent of a group of companies which provide sub-seabed data gathering services for engineering, geotechnical and scientific studies as well as geoscience and survey services worldwide. The principal rationale for this acquisition was to strengthen the Group's survey and monitoring service offerings within this specialist sector. Augmenting the Group's expertise in this area has improved and will continue to improve the integrated service offerings to clients, with group companies benefiting from an anticipated increase in the number of resulting new project opportunities and cross-selling activities for complementary services.

Between the acquisition date and 31 December 2019 Benthic generated revenues of £39,105,000 and a profit after tax of £1,453,000. Had the acquisition occurred on 1 January 2019 management estimates that revenues would have been £74,500,000 and the profit after tax for the period would have been £3,800,000.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre- acquisition carrying amounts £000	Fair value adjustments £000	Recognised values on acquisition £000
Property, plant and equipment	7,261	-	7,261
Right-of-use assets	1,699	-	1,699
Intangible assets	-	34,506	34,506
Inventories	3,600	-	3,600
Contract costs	1,647	-	1,647
Trade and other receivables	9,397	-	9,397
Cash in hand and at bank	8,331	-	8,331
Trade and other payables	(21,053)	-	(21,053)
Lease liabilities	(1,717)	-	(1,717)
Current and deferred income tax assets/(liabilities)	493	(8,971)	(8,478)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities acquired	9,658	25,535	35,193
	<hr/>	<hr/>	<hr/>
Goodwill on acquisition (non-taxable)			9,143
			<hr/>
Total cash consideration			44,336
Cash acquired			(8,331)
			<hr/>
Net cash outflow			36,005
			<hr/>

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. The value of assets and liabilities recognised on acquisition were their estimated fair value (note 3 outlines the methods used in determining fair values). In determining the fair value of the intangible assets acquired (customer lists, research and development and order books), the Group applied the income approach to ascertain the expected discounted cash flows to be derived from the use of the assets.

Goodwill arose on the acquisition as a result of several factors, including market access, the cross-selling opportunities created from it being part of the Group, the complementary nature and fit with the Group's existing services and the value associated with the technical expertise of its employees.

The Group incurred acquisition-related legal and due diligence costs totalling £849,000. These costs were included in other administrative expenses within the consolidated income statement.



Notes (continued)

5 Acquisitions and disposals of subsidiaries and trades (continued)

Acquisitions 2019 (continued)

(ii) TerraSond Limited

On 19 June 2019 the Group acquired an 80% shareholding in TerraSond Limited for a total consideration of £7,886,000. TerraSond Ltd is a company based in the US which provides hydrographic, marine geophysical and land survey services, mapping and charting services and cable and pipeline support surveys. The principal rationale for this acquisition, consistent with that for the Benthic acquisition, was to strengthen the Group's survey and monitoring service offerings within this specialist sector and to enhance the Group's integrated service offerings and cross-selling capabilities for complementary services.

Between the acquisition date and 31 December 2019 the company generated revenues of £17,529,000 and a loss after tax of £860,000. Had the acquisition occurred on 1 January 2019, management estimates that revenues would have been £26,950,000 and the loss after tax for the period would have been £2,250,000.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre- acquisition carrying amounts £000	Fair value adjustments £000	Recognised values on acquisition £000
Property, plant and equipment	3,064	-	3,064
Right-of-use assets	2,336	-	2,336
Intangible assets	727	8,666	9,393
Trade and other receivables	3,326	-	3,326
Contract assets	1,143	-	1,143
Cash in hand and bank overdraft	(3,271)	-	(3,271)
Trade and other payables	(5,424)	-	(5,424)
Lease liabilities	(2,361)	-	(2,361)
Current and deferred income tax liabilities	(174)	(1,820)	(1,994)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities acquired	(634)	6,846	6,212
	<hr/>	<hr/>	<hr/>
Less non-controlling interest			(1,242)
			<hr/>
Net assets acquired			4,970
Goodwill on acquisition (non-taxable)			2,916
			<hr/>
Total cash consideration			7,886
Net bank overdraft acquired			3,271
			<hr/>
Net cash outflow			11,157
			<hr/>

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. The value of assets and liabilities recognised on acquisition were their estimated fair value (note 3 outlines the methods used in determining fair values). In determining the fair value of the intangible assets acquired (customer lists and order books), the Group applied the income approach to ascertain the expected discounted cash flows to be derived from the use of the assets.

Goodwill arose on the acquisition as a result of several factors, including market access and increasing the Group's global footprint in the survey sector, the cross-selling opportunities created from it being part of the Group, the complementary nature and fit with the Group's existing services and the value associated with the technical expertise of its employees.

The Group incurred acquisition-related legal and due diligence costs totalling £769,000. These costs were included in other administrative expenses within the consolidated income statement.



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Notes (continued)

5 Acquisitions and disposals of subsidiaries and trades (continued)

Acquisition 2019 (continued)

(iii) Field Technology Services division (FTS) of Proserv

On 1 August 2019 the Group acquired the trade, tangibles fixed assets and inventory of the Field Technology Services division (FTS) of Proserv (a group of companies in which the Group's ultimate controlling party has an interest) for a total consideration of £9,494,000. FTS is based in the UK, US, Norway, Middle East and Singapore and provides various services including subsea cutting, friction stud welding and pipeline maintenance mainly for the oil and gas industry. The FTS business since acquisition has been fully integrated with one of the Group's existing operations, Claxton, and the principal objective for this acquisition was to add further specialist service offerings to the Group's decommissioning capabilities and to provide access to additional markets.

Between the acquisition date and 31 December 2019 the FTS division generated revenues of £7,900,000 and a loss after tax of £800,000. Had the acquisition occurred on 1 January 2019, management estimates that revenues would have been £19,200,000 and the loss after tax for the period would have been £2,350,000.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre- acquisition carrying amounts £000	Fair value adjustments £000	Recognised values on acquisition £000
Property, plant and equipment	9,267	(4,705)	4,562
Right-of-use assets	3,428	-	3,428
Intangible assets	-	3,862	3,862
Inventories	2,073	-	2,073
Trade and other payables	(85)	-	(85)
Lease liabilities	(3,428)	-	(3,428)
Current and deferred income tax liabilities	-	(749)	(749)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities acquired	11,255	(1,592)	9,663
	<hr/>	<hr/>	<hr/>
Negative goodwill on acquisition (non-taxable)			(169)
			<hr/>
Total cash consideration			9,494
Cash acquired			-
			<hr/>
Net cash outflow			9,494
			<hr/>

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. The value of assets and liabilities recognised on acquisition were their estimated fair value (note 3 outlines the methods used in determining fair values). In determining the fair value of the property, plant and equipment and intangible assets acquired (customer lists and order books), the Group applied the income approach to ascertain the expected discounted cash flows to be derived from the use of the assets.

The negative goodwill, which was immediately credited to the income statement, arose as a result of the fair value of assets acquired being greater than the consideration paid for them. The FTS business directly complements the Group's existing decommissioning capabilities and anticipated synergies in operations and expertise is expected to not only significantly improve the future performance of the business unit acquired but also the Group's decommissioning business as a whole. Increased project opportunities are expected to be derived by the Group as a result of having access to wider geographical markets.

The Group incurred acquisition-related legal and due diligence costs totalling £998,000. These costs were included in other administrative expenses within the consolidated income statement.



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Notes (continued)

5 Acquisitions and disposals of subsidiaries and trades (continued)

Acquisition 2019 (continued)

(iv) Deepwater Corrosion Services Inc

In respect of the acquisition of Deepwater Corrosion Services Inc in 2018, the Group settled £744,000 of the total deferred consideration of £1,187,000 during 2019. The remaining balance, due to a change in circumstance post acquisition, was no longer payable and therefore credited to the income statement.

6 Revenue

The following tables disaggregate the Group's revenue by its nature, geographical markets, major market segments and timing of recognition.

	2020 £000	2019 £000
Nature of revenue		
Sale of goods	88,174	61,139
Rendering of services	358,142	400,601
	<u>446,316</u>	<u>461,740</u>
Geographical markets		
Europe	122,978	154,684
Africa	19,584	52,112
North America	112,463	101,166
South America	47,388	46,134
Asia and Asia Pacific	106,709	75,054
Middle East/Caspian	37,194	32,590
	<u>446,316</u>	<u>461,740</u>
Major market segments*		
Foundations and cables	95,291	82,616
Moorings and anchors	74,264	107,491
Drilling and decommissioning	47,911	54,142
Asset integrity and monitoring	19,748	22,136
Geo-services	114,733	95,953
Offshore engineering	29,085	28,600
Electronics and tooling	28,986	33,578
Energy resourcing	36,298	37,224
	<u>446,316</u>	<u>461,740</u>
Timing of revenue recognition		
Products and services transferred at a point in time	105,806	86,682
Products and services transferred over time	340,510	375,058
	<u>446,316</u>	<u>461,740</u>

* The comparative information for major market segments has been restated to reflect the Group's new operating divisions.



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6 Revenue (continued)

Where the Group rents equipment to customers without the provision of other associated services, the equipment rental contract with the customer may meet the definition of a lease and be outside of the scope of IFRS 15 *Revenue from Contracts with Customers*. Such revenue (to the extent the lease definition is met) has not been presented separately from the Group's IFRS 15 revenue disclosures on the basis that a combined disclosure reflects a more consistent and relevant presentation of the Group's principal trading activities with its customers.

7 Other income

	2020 £000	2019 £000
Net gain on sale of non-rental property, plant and equipment	417	563

8 Expenses and auditor's remuneration

	2020 £000	2019 £000
<i>Loss before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off owned tangible fixed assets	28,290	28,270
Depreciation and other amounts written off right-of-use assets under IFRS 16	9,979	7,496
Amortisation of intangibles	13,580	15,325
Impairment relating to intangible fixed assets	907	50,379
Operating lease rentals from short-term leases and low-value assets	934	1,007
Research and development expenditure	1,214	1,186
Significant bad debt provisions in the year	-	3,703
Exceptional administrative expenses:		
Group reorganisation costs	6,077	-
Government job retention scheme grant income (note 10)	(2,467)	-

During the year the Group performed a strategic review of its business structure, the sectors it serves and the economic outlook of those sectors along with other potential complementary/related new markets and products. Following this review the Group implemented a reorganisation programme in the year, elements of which will continue into 2021. The costs of this reorganisation are disclosed as exceptional.

Operating lease commitments at the year-end for non-cancellable short-term and low value asset leases amounted to £172,000 (2019: £758,000), the majority of which is due within one year.

	2020 £000	2019 £000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	130	125
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	752	841
Taxation compliance services	852	701
Other tax advisory services	324	252
Corporate finance services	-	384
All other services	101	57



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Notes (continued)

9 Remuneration of directors

	2020	2019
	£000	£000
Directors' emoluments	806	661
Company contributions to money purchase pension schemes	13	14
Compensation for loss of office	500	-

The aggregate of emoluments of the highest paid director was £376,000 (2019: £367,000). No company pension contributions (2019: £nil) were made on his behalf to money purchase schemes in the year.

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	2	2

10 Personnel expenses and employee numbers

The average number of employees during each year was as follows:

	Number of employees	
	2020	2019
Directors of Acteon Group Limited	2	2
Technical and administration	1,949	1,902

The aggregate payroll costs (excluding any job retention scheme grant income) of the average number of employees were as follows:

	2020	2019
	£000	£000
Wages and salaries	113,540	118,588
Social security costs	11,066	10,528
Contributions to defined contribution plans	4,178	4,087
Expenses related to defined benefit plans	284	256

During the year the Group received income from government job retention scheme grants in a number of territories in relation to the Covid-19 pandemic of £2,467,000 (2019: £nil). This has been recognised in the income statement as a reduction to administrative expenses and disclosed as an exceptional item.



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11 Finance income and expense

Recognised in profit or loss

	2020 £000	2019 £000
Interest income on bank deposits	2,326	2,907
Foreign exchange gains	-	4,057
Other interest receivable	102	66
Finance income	2,428	7,030
Interest payable on bank borrowings	(18,958)	(19,634)
Foreign exchange losses	(2,471)	-
Amortisation of finance raising costs	(1,956)	(1,016)
Interest on net employee benefit obligations	(40)	(51)
Interest on lease liabilities under IFRS 16	(2,901)	(2,340)
Interest on financing arrangements with customers under IFRS 15	-	(38)
Other interest payable	(33)	(109)
Finance expense	(26,359)	(23,188)
Net finance expense recognised in profit or loss	(23,931)	(16,158)

	2020 £000	2019 £000
Recognised directly in equity		
Translation of foreign currency net investments	(1,862)	(11,869)
Finance expense recognised directly in equity, net of tax	(1,862)	(11,869)

All finance (expense)/income recognised directly in equity is attributable to holders of equity in the company. Translation gains and losses in respect of foreign currency net investments are recognised in the foreign currency translation reserve.



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Notes (continued)

12 Income tax

	2020 £000	2019 £000
Current tax expense		
Corporation tax on UK profits for year	(169)	2,297
Adjustment for prior periods	(1,991)	416
Foreign tax – current	8,276	7,946
Foreign tax – adjustments in respect of prior periods	3,382	218
	<u>9,498</u>	<u>10,877</u>
Deferred tax credit		
Reversal of temporary differences	(8,015)	(2,490)
Adjustments for prior periods	(807)	(3,293)
	<u>(8,822)</u>	<u>(5,783)</u>
Total income tax expense	<u>676</u>	<u>5,094</u>
Reconciliation of effective tax rate		
	2020 £000	2019 £000
Loss for the year	(20,493)	(71,903)
Total income tax expense	676	5,094
Loss excluding income tax	<u>(19,817)</u>	<u>(66,809)</u>
Income tax using the Group's domestic tax rate 19% (2019: 19%)	(3,765)	(12,694)
Movements in non-taxable provisions, and non-deductible expenses	(298)	11,886
Capital allowances on tangibles fixed assets in excess of depreciation	(941)	-
Non-taxable income relating to subsidiary disposal and negative goodwill recognition	-	(32)
Unrelieved foreign taxes and franchise taxes paid in the USA	1,734	1,977
Differences between local tax rates and UK standard rate	(576)	(993)
Adjustments relating to intra-group financing	-	211
Deferred tax assets relating to losses not recognised	4,246	7,398
Adjustment for prior periods	584	(2,659)
Effect of increase in UK tax rate on deferred tax balances	(308)	-
Total income tax expense	<u>676</u>	<u>5,094</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax balance as at 31 December 2019 was calculated based on that rate. In the 11 March 2020 Budget it was announced that the UK tax rate would remain at the current 19% and not, as previously announced, reduce to 17% from 1 April 2020. The UK deferred tax balance at 31 December 2020 has therefore now been measured using a rate of 19%.

Subsequent to the year-end it was announced in the 3 March 2021 Budget that the UK corporation tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future UK corporation tax charge. If this rate change had been substantively enacted at the current balance sheet date the impact on the Group's net deferred tax liability balance would have been an estimated decrease of £2,835,000.



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13 Profit/(loss) for the financial year

The profit dealt with in the accounts of the parent company was £19,251,000 (2019: £67,346,000 loss). The balance sheet of the parent company can be found on page 68.

14 Property, plant and equipment

	Land, buildings and leasehold improvements £000	Plant, equipment and fixtures and fittings £000	Assets under construction £000	Total £000
Cost or deemed cost				
Balance at 1 January 2019	40,033	343,585	2,587	386,205
Additions	97	13,839	2,253	16,189
Arising on acquisition	2,165	12,722	-	14,887
Transfer on completion	67	946	(1,013)	-
Disposals	(50)	(12,974)	-	(13,024)
Exchange movements	(651)	(12,273)	(2)	(12,926)
Balance at 31 December 2019	41,661	345,845	3,825	391,331
Additions	405	9,134	11,856	21,395
Transfer on completion	-	3,541	(3,541)	-
Disposals	(210)	(24,433)	-	(24,643)
Exchange movements	(1,702)	541	18	(1,143)
Balance at 31 December 2020	40,154	334,628	12,158	386,940
Depreciation and impairment losses				
Balance at 1 January 2019	12,041	230,024	-	242,065
Depreciation for the year	1,045	27,225	-	28,270
Disposals	(50)	(12,040)	-	(12,090)
Exchange movements	(185)	(9,140)	-	(9,325)
Balance at 31 December 2019	12,851	236,069	-	248,920
Depreciation for the year	1,319	26,971	-	28,290
Disposals	(193)	(21,808)	-	(22,001)
Exchange movements	(1,283)	72	-	(1,211)
Balance at 31 December 2020	12,694	241,304	-	253,998
Carrying amounts				
At 31 December 2019	28,810	109,776	3,825	142,411
At 31 December 2020	27,460	93,324	12,158	132,942



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14 Property, plant and equipment (continued)

The Group performed an impairment review of its asset values at both the current and prior year-ends. As a result of limited earnings continuing to be generated from assets within a Brazil-based subsidiary, it was deemed appropriate to maintain a full impairment of these assets. No further impairment losses have been identified in the current year.

The cumulative fixed asset impairment losses carried forward as at 31 December 2020 amounted to £2,861,000 (2019: £3,427,000). The movement in the year arose as a result of changes in foreign exchange rates reducing the value of the underlying impaired assets.

The net carrying amount of land, buildings and leasehold improvements comprises:

	2020 £000	2019 £000
Freehold land and buildings	12,782	13,045
Short leaseholds	11,970	13,019
Leasehold improvements	2,708	2,746
	<u>27,460</u>	<u>28,810</u>

Security

At each balance sheet date the majority of properties were subject to a fixed or floating charge as security for bank loans.

Cash flow

The gross additions (excluding those arising on acquisition) to property, plant and equipment of £21,395,000 (2019: £16,189,000) have been adjusted in relation to the value of capital creditors outstanding at 31 December to derive the amount for inclusion in the Statement of Cash Flow for the purchase of property, plant and equipment.

15 Right-of-use assets

	Short leasehold land and buildings £000	Plant, equipment and fixtures and fittings £000	Total £000
Cost			
Balance at 1 January 2019	40,845	1,263	42,108
Additions	11,925	1,074	12,999
Arising on acquisition	6,915	548	7,463
Disposals	-	(15)	(15)
Exchange movements	(1,824)	(50)	(1,874)
Balance at 31 December 2019	<u>57,861</u>	<u>2,820</u>	<u>60,681</u>
Additions	595	1,396	1,991
Movements from modifications of existing lease liabilities	4,004	44	4,048
Disposals	(1,310)	(85)	(1,395)
Exchange movements	(2,845)	(61)	(2,906)
Balance at 31 December 2020	<u>58,305</u>	<u>4,114</u>	<u>62,419</u>



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Notes (continued)

15 Right-of-use assets (continued)

	Short leasehold land and buildings £000	Plant, equipment and fixtures and fittings £000	Total £000
Depreciation and impairment losses			
Balance at 1 January 2019	-	-	-
Depreciation for the year	6,893	448	7,341
Impairment for the year	155	-	155
Disposals	-	(15)	(15)
Exchange movements	(12)	(4)	(16)
Balance at 31 December 2019	7,036	429	7,465
Depreciation for the year	7,698	1,109	8,807
Impairment for the year	1,172	-	1,172
Disposals	(1,310)	(85)	(1,395)
Exchange movements	(290)	(4)	(294)
Balance at 31 December 2020	14,306	1,449	15,755
At 31 December 2019	50,825	2,391	53,216
At 31 December 2020	43,999	2,665	46,664

The impairment during the year of £1,172,000 (2019: £155,000) resulted from an expectation that leased properties would be vacated prior to the end of their lease term.

16 Intangible assets

	Goodwill £000	Customer lists £000	Order books £000	Software £000	Development costs £000	Total £000
Cost						
Balance at 1 January 2019	190,801	109,617	11,122	9,733	5,283	326,556
Additions	-	-	-	1,087	324	1,411
Additions arising on acquisition	12,059	37,719	5,360	727	3,955	59,820
Exchange movements	(1,322)	-	-	(196)	(74)	(1,592)
Balance at 31 December 2019	201,538	147,336	16,482	11,351	9,488	386,195
Additions	-	-	-	775	492	1,267
Disposals	-	-	-	(213)	-	(213)
Exchange movements	(210)	(2,141)	-	(81)	(248)	(2,680)
Balance at 31 December 2020	201,328	145,195	16,482	11,832	9,732	384,569



Notes (continued)

16 Intangible assets (continued)

	Goodwill £000	Customer lists £000	Order books £000	Software £000	Development costs £000	Total £000
Amortisation and impairment						
Balance at 1 January 2019	12,115	76,140	10,371	7,551	1,760	107,937
Amortisation for the year	-	8,688	4,469	1,326	842	15,325
Impairment for the year	50,379	-	-	-	-	50,379
Exchange movements	-	-	-	(146)	(29)	(175)
Balance at 31 December 2019	62,494	84,828	14,840	8,731	2,573	173,466
Amortisation for the year	-	10,043	1,642	973	922	13,580
Impairment for the year	-	-	-	-	907	907
Disposals	-	-	-	(211)	-	(211)
Exchange movements	-	(310)	-	(81)	(26)	(417)
Balance at 31 December 2020	62,494	94,561	16,482	9,412	4,376	187,325
Carrying amounts						
At 31 December 2019	139,044	62,508	1,642	2,620	6,915	212,729
At 31 December 2020	138,834	50,634	-	2,420	5,356	197,244

Amortisation and impairment charge

Amortisation and impairment of intangible assets is included within administrative expenses in the income statement.

Customer lists represent the value associated with the customer base of subsidiaries acquired since 1 January 2006.

The principal carrying amount of customer lists at 31 December 2020 includes:

	2020 £000	2019 £000
UTECS NCS Survey Ltd – Amortisation period remaining of 5 months	155	527
Probe Oil Tools Ltd – Amortisation period remaining of 2 years 8 months	4,899	6,737
UTECS Group – Amortisation period remaining of 3 years 11 months	10,965	13,773
Viking companies – Amortisation period remaining of 6 years 11 months	743	1,004
Deepwater Group – Amortisation period remaining of 7 years 11 months	3,693	4,159
Benthic Group – Amortisation period remaining of 8 years 5 months	21,113	25,507
TerraSond Ltd – Amortisation period remaining of 8 years 5 months	6,676	7,465
Claxton FTS division – Amortisation period remaining of 8 years 7 months	2,334	2,740

Order books represent the value associated with incomplete customer orders at the date of acquisition in subsidiaries. The carrying amount at the 2019 year-end related to the Benthic Group.



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Notes (continued)

16 Intangible assets (continued)

Impairment testing for cash-generating units (CGUs) containing goodwill

Goodwill is allocated to operating units for the purpose of impairment testing and this represents the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2020 £000	2019 £000
<u>High capital intensity units</u>		
Seatronics Group	43,380	43,380
InterMoor Ltd	20,319	20,319
InterMoor AS	29,674	29,863
Probe Oil Tools Ltd	15,199	15,199
Aquatic Engineering & Construction Ltd ("Aquatic")	3,364	3,364
Benthic Group ("Benthic")	8,462	8,058
Other capital-intensive units	1,714	1,714
	<u>122,112</u>	<u>121,897</u>
<u>Low capital intensity units</u>		
Claxton Engineering Services Ltd	6,093	5,947
2H Group	5,804	5,804
TerraSond Ltd	2,449	2,679
Deepwater Group	1,761	1,956
Other low capital intensity units	615	761
	<u>16,722</u>	<u>17,147</u>
Total goodwill	<u>138,834</u>	<u>139,044</u>

Recoverable amounts for CGUs are based on value-in-use calculations. These calculations use pre-tax cash flow projections for a five/seven-year period, including financial budgets approved by the board covering a one-year period. Cash flows beyond the one-year period are extrapolated based on estimated long-term average growth rates (typically 3 to 6 per cent). Goodwill is considered to have an infinite life and the cash flows in year five/seven are used as a basis for calculating a terminal value. The terminal value is added to the value-in-use calculated for years one to five/seven. The growth rate in years two to five/seven does not exceed the anticipated long-term average growth rate for the market in which the CGU operates after taking account of the expected improvement in markets following the adverse impact from the Covid-19 pandemic, and its effect on current profitability levels. In all cases, a terminal growth value of 2% (2019: 2%) has been assumed. The key inputs to this calculation are shown below:

	As at 31 December 2020	As at 31 December 2019
Period on which management approved forecasts are based	1 Year	1 Year
Average growth rate applied for years two to five – Aquatic	23.5%	52.5%
Average growth rate applied for years two to five – Deepwater Group	14.0%	5.0%
Average growth rate applied for years two to five – Probe Oil Tools Ltd	12.0%	5.0%
Average growth rate applied for years two to five – InterMoor Ltd	11.5%	5.0%
Average growth rate applied for years two to seven – UTBC	11.0%	24.5%
Average growth rate applied for years two to five – other entities	0.0% - 5.0%	5.0%
Growth rate applied to terminal value calculation	2.0%	2.0%
Pre-tax discount rate	12.0%	12.0%



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16 Intangible assets (continued)

Impairment testing for CGUs containing goodwill (continued)

Whilst current market conditions do not support the average growth rates presented above for Aquatic, Deepwater, Probe, InterMoor Ltd and UTEC in the short term, it is anticipated that over the medium- to longer-term these rates are appropriate, reflecting the expected development in markets of these entities over the period covered by the projections.

The pre-tax discount rate applied to the cash flow projections has been derived by estimating the Group's tax-adjusted weighted average cost of capital. The rate adopted is broadly consistent with that of other market participants taken together.

Impairment reviews were performed at 31 December 2019 and 31 December 2020 by comparing the carrying value of goodwill and other intangible and tangible fixed assets with the estimated recoverable amount of each CGU. As part of the impairment reviews a sensitivity analysis was performed. On the basis of this review the directors concluded that there was no evidence of any further impairments being required as at 31 December 2020.

The directors note that although the 12% pre-tax discount rate used is appropriate, an increase of 1% to 13% would still not result in any impairment charges being recognised.

The cumulative impairment provisions within intangible assets are as follows:

	2020 £000	2019 £000
Goodwill	62,494	62,494
Customer lists	4,304	4,304
	<u>66,798</u>	<u>66,798</u>

There are no intangible assets, other than goodwill, with indefinite useful lives.



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17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are analysed as:

	Assets		Liabilities	
	2020 £000	2019 £000	2020 £000	2019 £000
Property, plant and equipment	(2,722)	-		2,911
Intangible assets	-	-	12,789	16,179
Retirement benefit obligations	(215)	(190)	-	-
Provisions/accruals	(168)	(341)	-	-
Tax losses carried forward	(5,189)	(4,579)	-	-
Other items	(136)	(478)	-	-
	<u>(8,430)</u>	<u>(5,588)</u>	<u>12,789</u>	<u>19,090</u>
Deferred tax (assets)/liabilities				
Net deferred tax liabilities			<u>4,359</u>	<u>13,502</u>

The Group has recognised deferred tax assets in respect of losses carried forward on the basis that they will be used to offset future taxable profits.

At 31 December 2020 deferred tax assets totalling £20,129,000 (2019: £21,365,000) relating to trading losses (including the restriction of corporate interest deductions) have not been recognised because the relevant entities are forecasting insufficient profits for them to be utilised.

Deferred tax impact of movements in temporary differences during the year – 2020

	Balance 1 January 2020 £000	Foreign exchange movement £000	Recognised in income statement £000	Adjustments for prior year £000	Acquired in business combinations £000	Balance 31 December 2020 £000
Property, plant and equipment	2,911	(15)	(4,608)	(1,010)	-	(2,722)
Intangible assets	16,179	(506)	(2,884)	-	-	12,789
Retirement benefit obligations	(190)	13	(38)	-	-	(215)
Provisions/accruals	(341)	12	161	-	-	(168)
Tax losses carried forward	(4,579)	158	(971)	203	-	(5,189)
Other items	(478)	17	325	-	-	(136)
	<u>13,502</u>	<u>(321)</u>	<u>(8,015)</u>	<u>(807)</u>	<u>-</u>	<u>4,359</u>



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17 Deferred tax assets and liabilities (continued)

Deferred tax impact of movements in temporary differences during the year – 2019

	Balance 1 January 2019 £000	Foreign exchange movement £000	Recognised in income statement £000	Adjustments for prior year £000	Acquired in business combinations £000	Balance 31 December 2019 £000
Property, plant and equipment	5,035	(765)	1,930	(3,469)	180	2,911
Intangible assets	7,702	-	(3,063)	-	11,540	16,179
Retirement benefit obligations	(186)	57	(61)	-	-	(190)
Provisions/accruals	(206)	31	(166)	-	-	(341)
Tax losses carried forward	(4,092)	623	(1,286)	176	-	(4,579)
Other items	(748)	114	156	-	-	(478)
	<u>7,505</u>	<u>60</u>	<u>(2,490)</u>	<u>(3,293)</u>	<u>11,720</u>	<u>13,502</u>

18 Inventories

	2020 £000	2019 £000
Raw materials and consumables	2,136	2,520
Work in progress	1,074	1,329
Finished goods	23,515	23,001
	<u>26,725</u>	<u>26,850</u>

In 2020 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to £10,598,000 (2019: £10,455,000).

19 Contract costs

	2020 £000	2019 £000
Costs to fulfil a contract	10,127	11,625
	<u>10,127</u>	<u>11,625</u>

The charge in the year to cost of sales relating to contract costs totalled £60,094,000 (2019: £41,311,000).



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20 Trade and other receivables

	2020	2019
	£000	£000
Trade receivables	63,557	79,462
Other debtors	8,250	11,992
Income tax receivables	5,801	2,579
Prepayments	6,282	6,154
	<u>83,890</u>	<u>100,187</u>

The Group's exposures to credit and currency risks and allowances for expected losses related to trade and other receivables are disclosed in note 29.

21 Contract balances and unsatisfied performance obligations

(a) Contract balances

	2020	2019
	£000	£000
Receivables which are included in Trade and other receivables (note 20)	63,557	79,462
Contract assets	20,751	39,089
Contract liabilities	(9,882)	(17,050)

In some contracts the Group receives payments from customers based on explicit billing schedules. Contract assets primarily relate to the Group's conditional right to consideration for completed performance obligations under those contracts. These are transferred to receivables once this right has become unconditional (typically on invoicing). Contract liabilities relate to payments received in advance of performing obligations under a contract and exist primarily in contracts where significant costs are expected to be incurred prior to the fulfilment of a performance obligation where revenue is to be recognised at a later point in time.

The changes in contract assets and contract liabilities during the year were as follows:

	2020
	£000
Contract assets	
Balance at 1 January 2020	39,089
Brought forward balances transferred to trade receivables	(37,798)
Conditional right to consideration outstanding at year-end (accrued income)	22,495
Offset against contract liability balances relating to the same contract	(2,885)
Exchange movements	(150)
Balance at 31 December 2020	<u>20,751</u>



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21 Contract balances and unsatisfied performance obligations (continued)

(a) Contract balances (continued)

	2020 £000
Contract liabilities	
Balance at 1 January 2020	17,050
Revenue recognised on amounts included in the balance at the beginning of the year	(17,050)
Payments received/invoices raised in advance of recognising revenue at the year-end	12,504
Offset against contract asset balances relating to the same contract	(2,885)
Exchange movements	263
	<u>9,882</u>
Balance at 31 December 2020	<u><u>9,882</u></u>

(b) Unsatisfied performance obligations

The aggregate amount of the transaction price (contracted revenue value) allocated to performance obligations (POs) that are unsatisfied (or partially unsatisfied) as at 31 December 2020 totals £205,918,000 (2019: £179,991,000). The Group expects these to be satisfied in:

31 December 2020	2021	2022	After	Total
	£000	£000	2022 £000	
Expected recognition of unsatisfied POs at the year-end	187,397	12,933	5,588	205,918
	<u>187,397</u>	<u>12,933</u>	<u>5,588</u>	<u>205,918</u>
31 December 2019	2020	2021	After	Total
	£000	£000	2021 £000	£000
Expected recognition of unsatisfied POs at the year-end	159,418	19,640	933	179,991
	<u>159,418</u>	<u>19,640</u>	<u>933</u>	<u>179,991</u>

22 Share capital

	Allotted, called up and fully paid	
	2020 £000	2019 £000
At 31 December 2019 and 31 December 2020		
4,665,929,237 Ordinary shares of £0.01 each	46,659	46,659
	<u>46,659</u>	<u>46,659</u>

During 2019 Acteon Group Limited issued 3,500,000,000 Ordinary shares of £0.01 each for cash at par value.

23 Capital and reserves

Share premium

Share premium represents the excess of the proceeds received from the issue of shares over the nominal value of those shares.



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23 Capital and reserves (continued)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other reserves

Other reserves represent a capital redemption reserve credit balance of £1,154,000 (2019: £1,154,000) and an ownership change reserve debit balance of £6,145,000 (2019: debit balance of £6,145,000).

The capital redemption reserve arose on the repurchase of own shares by the Company.

The ownership change reserve arose from the Group acquiring and disposing of shareholdings in existing group companies which did not result in a change in overall control. In accordance with IAS 27, *Consolidated and Separate Financial Statements*, any goodwill changes are posted to this reserve, rather than adjusting goodwill on initial acquisition by the Group.

Retained earnings

Retained earnings comprise cumulative undistributed earnings of the Group.

24 Non-controlling interests

	UTEC Group £000	Seatronics Group £000	Probe Oil Tools Limited £000	Other £000	Total £000
Balance at 1 January 2019	2,518	1,183	7,459	1,911	13,071
(Loss)/profit allocated to non-controlling interests in the year	(542)	70	259	(976)	(1,189)
On acquisition in the year (note 5)	-	-	-	1,242	1,242
Balance at 31 December 2019	1,976	1,253	7,718	2,177	13,124
(Loss)/profit allocated to non-controlling interests in the year	(531)	127	11	183	(210)
Balance at 31 December 2020	1,445	1,380	7,729	2,360	12,914



Notes (continued)

25 Loans and borrowings

Net debt

	1 January 2020 £000	Cash flows (* £000	Non-cash changes				31 December 2020 £000
			Foreign exchange £000	Debt issue cost amortisation / accrual change £000	New lease obligations £000	Repayment profile £000	
Non-current liabilities							
Secured bank loans	(273,176)	26,070	2,239	(1,956)	-	-	(246,823)
Current liabilities							
Secured bank loans	-	-	-	-	-	-	-
Total loans and borrowings	(273,176)	26,070	2,239	(1,956)	-	-	(246,823)
Lease liabilities (note 26)	(54,329)	7,016	2,191	-	(5,576)	-	(50,698)
Cash and cash equivalents	58,928	(8,806)	(2,065)	-	-	-	48,057
Net debt	(268,577)	24,280	2,365	(1,956)	(5,576)	-	(249,464)

	1 January 2019 £000	Cash flows (* £000	Non-cash changes				31 December 2019 £000
			Foreign exchange £000	Debt issue cost amortisation / accrual change £000	New lease obligations £000	Repayment profile £000	
Non-current liabilities							
Secured bank loans	(235,455)	(22,318)	3,295	(1,016)	-	(17,682)	(273,176)
Current liabilities							
Secured bank loans	(17,682)	-	-	-	-	17,682	-
Total loans and borrowings	(253,137)	(22,318)	3,295	(1,016)	-	-	(273,176)
Lease liabilities (note 26)	(41,538)	5,948	1,710	-	(20,449)	-	(54,329)
Cash and cash equivalents	77,857	(17,071)	(1,858)	-	-	-	58,928
Net debt	(216,818)	(33,441)	3,147	(1,016)	(20,449)	-	(268,577)

There was no repayment of the brought forward current liability in 2019 following a refinancing exercise which resulted in changes to the terms of the facilities in place. This is detailed in the terms and debt repayment schedule section below.

* Detailed breakdowns of these cash flows are disclosed within the Consolidated Statement of Cash Flow on page 17.



Notes (continued)

25 Loans and borrowings (continued)

Terms and debt repayment schedule

This note provides information relating to the contractual terms of the Group's interest-bearing loans and borrowings (excluding lease liabilities which are disclosed separately), which are measured at amortised cost. Further information relating to the Group's exposure to interest rate, foreign currency and liquidity risk is contained in note 29.

The principal terms relating to outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value 2020 £000	Carrying amount* 2020 £000	Face value 2019 £000	Carrying amount* 2019 £000
Secured bank loan	Sterling	Libor + Margin**	2022 2023	85,867 97,500	84,173 97,500	102,360 97,500	100,904 96,113
Secured bank loan	US Dollar	Libor + Margin**	2022 2023	14,675 50,765	14,385 50,765	24,683 52,575	24,332 51,827
Total interest-bearing liabilities				248,807	246,823	277,118	273,176

* The carrying amount of each loan is the face value less its unamortised debt issue costs.

** Margin is in the range of 4.0% to 5.75% depending on the Group's financial performance.

The bank loans are secured via fixed or floating charges over the majority of the Group's properties and other assets.

2019

During 2019 the Group restructured its secured bank borrowings resulting in an Amendment to the terms and an increase in loan capital. This had the effect of extending the maturities, removing one covenant and easing two others, as well as slightly increasing interest margins. The table above reflects these revised terms.

The directors considered both the quantitative and qualitative aspects of the Amendment and concluded that the resulting changes in the underlying borrowing tranches, ancillary facilities and key covenant definitions did not constitute a substantial modification to the financing arrangements. In accordance with IFRS 9 *Financial instruments* the costs and fees relating to the Amendment were offset against the carrying value of the loan liability and amortised over the remaining extended borrowing term.

2020

Subsequent to the current year-end a further Amendment to the terms of the secured bank loans was agreed which resulted in the easing of the financial covenants, modifications to the interest margins and the extension of maturities to November 2024 and 2025.



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26 Lease liabilities

The maturity of lease liabilities at the balance sheet date are as follows:

	2020	2019
	£000	£000
Within one year	6,541	6,728
Between one and two years	7,871	7,664
Between two and five years	11,408	13,366
After five years	24,878	26,571
	<u>50,698</u>	<u>54,329</u>

The majority of the Group's leases relate to land and buildings for office space, warehouse and yard facilities. These leases typically run on average for a period of 5 to 10 years although a small number exist where the term is significantly longer and some include options, exercisable by the Group and not by the lessor, to further extend. This is to ensure the Group has sufficient operational flexibility and security over its occupied business premises.

The Group also leases office equipment and vehicles all of which have fixed lease terms of between 2 and 5 years.

When assessing a lease liability's value (and its corresponding right-of-use asset) the Group considers at the lease commencement date (or on transition) whether it will with reasonable certainty exercise any extension options embedded in the lease. A reassessment is performed if there are significant events or changes in circumstances within the Group's control that suggests previous assumptions have changed. For those options that are deemed likely to be exercised they are included in the lease liability values as described in note 3.

As at 31 December 2020 the potential undiscounted future lease payments relating to extension options which are considered likely to lapse with reasonable certainty, and therefore not included in the lease liabilities value, amounted to £35,951,000 (2019: £43,656,000). The main leases this relates to at the current year end are:

	2020
	£000
Facility and extension periods after initial lease term	
Port facility, Brazil – 20-year extension from November 2031	15,580
Facilities in Morgan City, USA – 25-year extension from December 2024	9,405
Facilities in Houston, USA – 5/10 year extensions from December 2023/August 2026	5,331
Facility in Kristiansund and Sløvågen, Norway – 10/5 year extensions from June 2024/September 2026	2,646
	<u>32,962</u>

The Group also had potential early termination fees totalling £1,293,000 (2019 £1,579,000) at the year-end. These have not been included in the lease liabilities value as there is no expectation of the related leases being terminated before the end of the lease term.



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27 Employee benefits

Defined contribution schemes

The Group operates various defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds.

Defined benefit schemes

MENCK GmbH, a subsidiary of Acteon Group Ltd incorporated in Germany, operates two defined benefit pension schemes as described in note 3. Unlike UK pension schemes the pension obligations of the scheme are met via the assets of the company. There are no assets held separately by the scheme itself.

InterMoor AS, an indirectly owned subsidiary of Acteon Group Ltd incorporated in Norway, also operates a defined benefit scheme. The scheme's pension obligations are met via plan assets held separately in the form of an insurance policy. The company contributes annually into the policy, with the premiums being invested to provide assets sufficient to fund employees' accrued benefit entitlements on retirement.

Charges to the income statement

Total charges to operating profit/(loss) in the income statement in respect of the schemes operated by the Group were as follows:

	2020 £000	2019 £000
(i) In respect of the Group's defined contribution schemes		
- UK	2,445	2,415
- Overseas	1,733	1,672
	<u>4,178</u>	<u>4,087</u>
(ii) In respect of the Group's defined benefit schemes	284	256
	<u>284</u>	<u>256</u>

Disclosure relating to the Group's defined benefit obligations

	2020 £000	2019 £000
Total present value of unfunded obligations recognised as a liability - Menck GmbH	2,489	2,149
Total present value of funded obligations net of pension plan assets - InterMoor AS	437	380
	<u>2,926</u>	<u>2,529</u>



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27 Employee benefits (continued)

Movement in the present value of the defined benefit obligations

	InterMoor AS		Menck GmbH	
	2020 £000	2019 £000	2020 £000	2019 £000
Defined benefit obligations at 1 January	(2,662)	(2,539)	(2,149)	(1,973)
Benefits paid by the plan	30	30	86	82
Current service costs	(209)	(202)	(75)	(54)
Interest cost	(61)	(63)	(27)	(35)
Actuarial loss recognised in equity (see below)	(92)	(61)	(204)	(275)
Payment of payroll taxes on pension obligations	29	44	-	-
Exchange rate movements on retranslation	17	129	(120)	106
Defined benefit obligations at 31 December	(2,948)	(2,662)	(2,489)	(2,149)
Movement in fair value of plan assets				
Fair value of plan assets at 1 January	2,282	2,065	-	-
Interest income	48	47	-	-
Actuarial gain/(loss) on plan assets recognised in equity (see below)	19	(4)	-	-
Employer contributions	206	309	-	-
Benefits paid from the plan	(30)	(30)	-	-
Exchange rate movements on retranslation	(14)	(105)	-	-
Fair value of plan assets at 31 December	2,511	2,282	-	-
Deficit recognised at 31 December	(437)	(380)	(2,489)	(2,149)



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27 Employee benefits (continued)

Expense recognised in profit or loss

	InterMoor AS		Menck GmbH	
	2020 £000	2019 £000	2020 £000	2019 £000
Current service costs included in other administrative expenses	(209)	(202)	(75)	(54)
Interest on net obligation included in finance expense	(13)	(16)	(27)	(35)
Total	<u>(222)</u>	<u>(218)</u>	<u>(102)</u>	<u>(89)</u>

Actual return on plan assets

	InterMoor AS	
	2020 £000	2019 £000
Total	<u>67</u>	<u>43</u>

Actuarial gains and losses recognised directly in equity in the statement of recognised income and expense

	InterMoor AS		Menck GmbH	
	2020 £000	2019 £000	2020 £000	2019 £000
Cumulative loss at 1 January	(975)	(910)	(882)	(607)
Recognised during the period:				
Actuarial loss arising from financial assumptions	(73)	(65)	(204)	(275)
Cumulative loss at 31 December	<u>(1,048)</u>	<u>(975)</u>	<u>(1,086)</u>	<u>(882)</u>

There were no actuarial gains/(losses) arising from changes in demographic assumptions in the current or period year.

Fair value of plan assets

The approximate breakdown of the fair value of plan assets (expressed as percentages) was as follows:

	InterMoor AS	
	2020 %	2019 %
Equities	8	9
Corporate bonds	68	79
Property	10	10
Money market deposits	14	2
	<u>100</u>	<u>100</u>



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27 Employee benefits (continued)

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	InterMoor AS		Menck GmbH	
	2020	2019	2020	2019
	%	%	%	%
Discount rate	1.70	2.30	0.80	1.20
Interest rate on assets	1.70	2.30	-	-
Future salary increases	2.25	2.25	-	-
Staff turnover	-	-	6.00	6.00
Norwegian national insurance increases	2.00	2.00	-	-
Future pension increases	0.00	0.50	1.00	1.00

Sensitivity analysis

A 0.5 percent change in the principal actuarial assumptions above at the reporting date would have (increased)/decreased the defined benefit obligation at 31 December by the amounts shown below. This analysis assumes that all other assumptions remain constant.

2020	InterMoor AS		Menck GmbH	
	£000	£000	£000	£000
	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	333	(387)	217	(253)
Future salary increases	(176)	190	-	-
Staff turnover	-	-	2	(2)
Norwegian national insurance increases	50	(24)	-	-
Future pension increases	(225)	-	(159)	145

2019	InterMoor AS		Menck GmbH	
	£000	£000	£000	£000
	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	301	(349)	179	(208)
Future salary increases	(171)	171	-	-
Staff turnover	-	-	1	(1)
Norwegian national insurance increases	43	(31)	-	-
Future pension increases	(203)	184	(132)	120



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27 Employee benefits (continued)

Historical information – InterMoor AS funded pension scheme

	2020 £000	2018 £000	2018 £000	2017 £000	2016 £000
Present value of the defined benefit obligation	(2,948)	(2,662)	(2,539)	(2,293)	(1,979)
Fair value of the planned assets	2,511	2,282	2,065	1,910	1,851
Deficit in the plan	(437)	(380)	(474)	(383)	(128)
Experience gain/(loss) adjustments on plan liabilities	113	(116)	19	1	267
Experience gain/(loss) adjustments on plan assets	53	25	(28)	36	(27)

The plan obligations have a weighted average duration at the year-end of 21 years (2019: 21 years), and in 2021 the Group expects to pay contributions totalling £206,000 into the plan.

Historical information – Menck GmbH unfunded pension scheme

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Present value of the defined benefit obligation	(2,489)	(2,149)	(1,973)	(1,912)	(1,814)
Deficit in the plan	(2,489)	(2,149)	(1,973)	(1,912)	(1,814)
Experience loss adjustments on plan liabilities	(29)	(31)	(9)	(21)	(14)

The plan obligations have a weighted average duration at the year-end of 19 years (2019: 18 years). The scheme is an unfunded scheme and the Group expects to pay £90,000 in plan benefits during 2021. This will settle the liabilities to pensioners as they fall due.

28 Trade and other payables

	2020 £000	2019 £000
Trade payables	38,757	41,613
Other tax and social security	5,687	4,019
Other creditors	4,841	5,920
Accruals and deferred income	37,076	43,645
	86,361	95,197

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.



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29 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's approach to financial risk management is described in note 4.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2020	2019
	£000	£000
Trade and other receivables (excluding prepayments)	77,608	94,033
Contract assets	20,751	39,089
Cash and cash equivalents	48,057	58,928
	<u>146,416</u>	<u>192,050</u>

The carrying amounts of the Group's net trade receivables were denominated in the following principal currencies:

	Carrying amount	
	2020	2019
	000	000
Sterling	18,425	23,506
US Dollars	34,061	38,208
Euros	10,975	8,591
Norwegian Kroner	41,196	50,016
Singapore Dollars	7,402	17,486
	<u>112,064</u>	<u>137,807</u>



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29 Financial instruments (continued)

Allowance for expected credit losses

The Group contracts with customers under different credit terms.

The ageing of trade receivables and allowances for expected credit losses at the reporting date was:

	Expected credit loss rates		Gross 2020 £000	Gross 2019 £000	Allowance for expected credit losses	Allowance for expected credit losses
	2020 %	2019 %			2020 £000	2019 £000
0-30 days	0.1	0.2	34,871	40,803	(35)	(82)
31-60 days	0.2	0.2	15,969	22,369	(32)	(45)
61-90 days	3.2	4.0	6,167	11,339	(197)	(453)
91-120 days	50.0	55.0	3,719	6,006	(1,860)	(3,303)
Over 121 days	61.1	73.0	12,723	10,456	(7,768)	(7,628)
			73,449	90,973	(9,892)	(11,511)
Trade receivables net of allowance for expected credit losses					63,557	79,462

The expected credit loss rates are assessed at each year-end and adjusted to reflect the expected future market conditions in which the Group operates.

The directors are of the opinion that despite the market impact from the Covid-19 pandemic, the overall recoverability risk on the Group's trade receivables has reduced compared to 2019. As a consequence of the pandemic, companies typically have had to restructure and improve efficiencies to become more resilient. The Group has increased its focus on customer credit rating assessments and enhanced its credit control procedures and these factors coupled with more resilient markets across the later part of 2020 and into 2021 has led to the Group's assessed inherent risk of credit loss as at 31 December 2020 reducing across all debt aging profiles. The impact of the reduced assessed inherent risk is reflected in the expected credit loss percentage rates above.

The movement in the allowance for expected credit losses in respect of trade receivables during the year was as follows:

	2020 £000	2019 £000
Balance at 1 January	11,511	6,849
Expected credit loss allowance (utilised and/or reversed)/charged	(1,619)	4,662
Balance at 31 December	9,892	11,511

The expected credit loss allowance at 31 December 2020 that covers amounts on contracts known to have specific recoverability risk amounts to £7,143,000 (2019: £8,777,000).



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29 Financial instruments (continued)

Liquidity risk

The Group's policy on liquidity risk management is discussed in note 4.

The following are the contractual maturities of financial liabilities, including estimated interest payments and including the impact of netting agreements:

Non-derivative financial liabilities

2020	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Secured bank loans	246,823	278,676	7,008	7,008	113,614	151,046	-
Lease liabilities	50,698	71,520	4,572	4,573	10,500	16,919	34,956
Trade and other payables	86,991	86,991	86,361	-	126	87	417
	<u>384,512</u>	<u>437,187</u>	<u>97,941</u>	<u>11,581</u>	<u>124,240</u>	<u>168,052</u>	<u>35,373</u>
2019	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Secured bank loans	273,176	334,518	9,114	9,114	18,228	298,062	-
Lease liabilities	54,329	69,937	4,506	4,506	9,740	17,498	33,687
Trade and other payables	95,364	95,364	95,197	-	25	142	-
	<u>422,869</u>	<u>499,819</u>	<u>108,817</u>	<u>13,620</u>	<u>27,993</u>	<u>315,702</u>	<u>33,687</u>



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29 Financial instruments (continued)

Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

31 December 2020

Impact in 000s	USD	Euro	SGD	NOK
Trade receivables	34,061	10,975	7,402	41,196
Cash and cash equivalents	36,275	(1,184)	6,126	73,655
Secured bank loans	(89,326)	-	-	-
Trade payables	(18,178)	(7,761)	(2,399)	(22,897)
Gross balance sheet financial instrument exposure	<u>(37,168)</u>	<u>2,030</u>	<u>11,129</u>	<u>91,954</u>

31 December 2019

Impact in 000s	USD	Euro	SGD	NOK
Trade receivables	38,208	8,591	17,486	50,016
Cash and cash equivalents	33,096	8,620	11,504	44,101
Secured bank loans	(101,826)	-	-	-
Trade payables	(21,517)	(5,721)	(6,157)	(28,579)
Gross balance sheet financial instrument exposure	<u>(52,039)</u>	<u>11,490</u>	<u>22,833</u>	<u>65,538</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	2020	2019
	£	£	£	£
USD	1.2868	1.2779	1.365	1.3180
Euro	1.1242	1.1423	1.113	1.1750
SGD	1.7726	1.7421	1.804	1.7740
NOK	12.1228	11.2467	11.664	11.5900



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29 Financial instruments (continued)

Sensitivity analysis

A 5 percent strengthening of Sterling against the following currencies at 31 December would have increased/(decreased) equity and profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

Impact in £000	Balance sheet (Equity)	Income Statement (Profit after tax)
31 December 2020		
USD	162	681
Euro	(167)	(483)
SGD	(895)	(135)
NOK	17	(47)
31 December 2019		
USD	769	189
Euro	(1,561)	(243)
SGD	(931)	(32)
NOK	205	43

A 5 percent weakening of Sterling against the above currencies at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

Profile

	Carrying amount	
	2020	2019
	£000	£000
Variable rate instruments		
Financial liabilities at 31 December	246,823	273,176



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29 Financial instruments (continued)

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates during the reporting period and at the reporting date would have decreased equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Tax effects have been ignored. The analysis is performed on the same basis for 2019.

Impact in £000	Balance sheet (Equity)	Income Statement (Profit before tax)
31 December 2020		
Variable rate instruments	2,600	2,600
Cash flow sensitivity	<u>2,600</u>	<u>2,600</u>
31 December 2019		
Variable rate instruments	2,632	2,632
Cash flow sensitivity	<u>2,632</u>	<u>2,632</u>

A decrease of 100 basis points in interest rates during the reporting period and at the reporting date would have had an equal but opposite effect on the above amounts shown above, on the basis that all other variables remained constant.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2020		2019	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Trade and other receivables	83,890	83,890	100,187	100,187
Contract assets	20,751	20,751	39,089	39,089
Cash and cash equivalents	48,057	48,057	58,928	58,928
Secured bank loans	(246,823)	(247,349)	(273,176)	(275,927)
Lease liabilities	(50,698)	(50,698)	(54,329)	(54,329)
Trade and other payables*	(81,304)	(81,304)	(91,345)	(91,345)
	<u>(226,127)</u>	<u>(226,653)</u>	<u>(220,646)</u>	<u>(223,397)</u>

* Excludes other taxes and social security

The fair values of bank borrowings have been calculated by discounting expected future cash flows at prevailing interest rates.



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29 Financial instruments (continued)

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the rates applicable to the bank borrowings at the relevant balance sheet date, and were as follows:

	2020	2019
Bank loans and borrowings	5.6%	6.6%

30 Capital commitments

At 31 December 2020 the Group had entered into contracts to purchase property, plant and equipment totalling £5,490,000 (2019: £5,749,000) in respect of which delivery and settlement was expected to take place in the following financial year.

31 Contingent liabilities

In April 2019, the European Commission published its final decision on its State Aid investigation into the UK's 'Financing Company Partial Exemption' legislation and concluded that part of the legislation is in breach of EU State Aid rules. As with other UK-based international groups that have acted in accordance with the UK legislation in force at the time, the Group is affected by the finding and is monitoring developments.

The European Commission's conclusion as to whether the technical basis for the decision is correct is being contested by the UK government, which has appealed to the General Court of the European Union against the decision.

The Group's estimated maximum potential liability as at 31 December 2020 relating to this is £6,000,000. Based on its current assessment, the Group believes that no provision is required in respect of this issue at 31 December 2020 (2019: £nil). This is based on the Group's current assessment of the matter and the underlying uncertainty surrounding the final conclusion. No additional claim should accrue in future periods following (i) an amendment of the UK legislation affected by the EU Commission findings on 1 January 2019 to be in compliance with EU law, and (ii) the unwinding by the Group of the financing company arrangements in question.

Notwithstanding the appeal, the UK government is required to start collection proceedings and on 5 February 2021, the Group received State Aid charging notices (excluding interest) from HM Revenue and Customs which are to be settled. Any amounts which are settled subsequent to the year-end will be recorded as income tax receivable.

The Group may also, from time to time, be subject to other claims or proceedings in the normal course of business. The directors believe, based on the information currently available to them, that the likelihood of a material outflow of economic benefit arising in relation to such matters is remote.

32 Parent and ultimate controlling party

The Company's immediate parent undertaking is KKR Matterhorn Bidco Ltd, a company incorporated in Jersey.

The Company's ultimate parent undertaking is KKR Matterhorn Holdco Ltd, a company incorporated in Jersey, and the ultimate controlling party is KKR & Co. Inc., a company listed on the New York Stock Exchange.

The registered office address for both Jersey incorporated entities is 47 Esplanade, St Helier, Jersey, JE1 0BD.

KKR & Co. Inc.'s registered office address is c/o Maples Fiduciary Services (Delaware) Inc., 4001 Kennett Pike, Suite 302, County of New Castle, Wilmington, Delaware 19807, USA.



Notes (continued)

33 Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management comprises executive directors and members of the executive management team. In addition to their salaries, the Group also provides non-cash benefits and contributes to post-employment defined contribution plans on their behalf.

Key management personnel compensation comprised:

	2020	2019
	£000	£000
Short-term employee benefits	2,295	1,358
Post-employment benefits	65	29
	<u>2,360</u>	<u>1,387</u>
Total	<u>2,360</u>	<u>1,387</u>
Of which outstanding at the year-end:	<u>3</u>	<u>2</u>

	Number	
	2020	2019
Average number of key management personnel during the year	<u>8</u>	<u>5</u>

(ii) Key management personnel and director transactions

BHHM pension scheme

The Group had transactions with BHHM Pension Scheme, an entity associated by common shareholder (former Company director)/trustees as follows:

Rent charged by BHHM Pension Scheme amounted to £297,000 (2019: £297,000). The amount owing to BHHM Pension Scheme at 31 December 2020 was £112,000 (2019: £112,000).

Balanus Assets Ltd

The Group had transactions with Balanus Assets Ltd, an entity associated by a common shareholder (former Company director) as follows:

Rent charged by Balanus Assets Ltd amounted to £154,000 (2019: £154,000). The amount owing to Balanus Assets Ltd at 31 December 2020 was £nil (2019: £46,000).

Directors' interests

Directors of the Company had an equity interest in the Company of 0.3% (2019: 14.6%) at the balance sheet date.

(b) Post-employment benefit plans

The Group operates a post-employment benefit plan as detailed in note 27.

The Group contributed the following amounts to defined contribution plans and had amounts outstanding at 31 December each year as follows:

	Employer contributions		Outstanding at 31 December	
	2020	2019	2020	2019
	£000	£000	£000	£000
Defined contribution schemes	<u>4,178</u>	<u>4,087</u>	<u>431</u>	<u>434</u>



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33 Related parties (continued)

(c) Other related party transactions

	Transaction value		Balance outstanding	
	2020	2019	2020	2019
	£000	£000	£000	£000
Sales of goods and services				
Products and services provided to companies on a commercial arm's length basis where the ultimate controlling party has an interest.	797	280	-	66
Products and services provided to the Group's joint venture partner on a commercial arm's length basis.	28	2,665	-	1,368
Purchase of goods and services				
Products and services provided by companies on a commercial arm's length basis where the ultimate controlling party has an interest.	1,398	303	8	-
Products and services provided by the Group's joint venture partner on a commercial arm's length basis.	81	5	32	-

(d) Financial information relating to significant subsidiaries/entities with non-controlling interests

	UTECH Group		Seatronics Group		Probe Oil Tools Ltd	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Statement of Financial Position*						
Non-current assets	7,385	9,295	13,510	16,193	6,527	6,927
Current assets	33,510	35,427	48,796	42,896	36,050	33,667
Current liabilities	(9,196)	(7,796)	(6,098)	(6,099)	(3,350)	(2,750)
Non-current liabilities	(342)	(531)	(4,419)	(4,813)	(4,552)	(4,849)
Income Statement*						
Revenue	34,921	40,896	30,966	35,257	9,865	10,832
(Loss)/profit for the year	(3,945)	(6,230)	3,722	4,593	1,681	2,753

* In accordance with IFRS 12, *Disclosure of Interests in Other Entities*, all amounts disclosed are before any inter-company/group eliminations.



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Company balance sheet and notes
prepared under FRS 101



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Balance Sheet
at 31 December 2020

	<i>Note</i>	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	35		40		53
Right-of-use assets	36		90		317
Intangible assets	37		1,211		1,146
Investments	38		550,154		557,626
			<u>551,495</u>		<u>559,142</u>
Current assets					
Debtors	39	29,650		25,144	
Cash at bank and in hand		8,207		19,392	
		<u>37,857</u>		<u>44,536</u>	
Creditors: amounts falling due within one year	40	(111,718)		(118,909)	
Net current liabilities			(73,861)		(74,373)
Total assets less current liabilities			<u>477,634</u>		<u>484,769</u>
Creditors: amounts falling due after more than one year	41		(246,823)		(273,209)
Net assets			<u>230,811</u>		<u>211,560</u>
Capital and reserves					
Called up share capital	45		46,659		46,659
Share premium account			16,437		16,437
Capital redemption reserve			1,154		1,154
Profit and loss account			166,561		147,310
Shareholders' funds			<u>230,811</u>		<u>211,560</u>

These financial statements were approved by the board of directors on 27 May 2021 and were signed on its behalf by:

C G Trowell
Director

K F Ovenden
Director



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Statement of Changes in Equity
for year ended 31 December 2020

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	*Other reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	11,659	16,437	1,154	89,248	125,408	243,906
Share issue in the year	35,000	-	-	-	-	35,000
Loss for the year	-	-	-	-	(67,346)	(67,346)
Transfer to other reserves	-	-	-	(89,248)	89,248	-
Balance at 31 December 2019	46,659	16,437	1,154	-	147,310	211,560
Profit for the year	-	-	-	-	19,251	19,251
Balance at 31 December 2020	46,659	16,437	1,154	-	166,561	230,811

* The Other reserve amount brought forward as at 1 January 2019 of £89,248,000 arose as a result of dividends received and the revaluation (net of impairments) of certain investments in subsidiaries carried at fair value following a legal entity restructuring project prior to 1 January 2016, the Company's transition date to FRS 101.

Subsequently the investment held by the Company relating to this restructure has been fully impaired; the transfer to the Other reserve during 2019 represents the allocation of this cumulative impairment provision.

The amounts in the Other reserve are not distributable.



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Notes

(forming part of the financial statements)

34 Accounting policies

Acton Group Limited (the “Company”) is a company incorporated and domiciled in the UK.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form part of these approved financial statements.

These financial statements 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 International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRS”). The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible and intangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The consolidated financial statements of Acteon Group Limited include the disclosures as required under IFRS 7, *Financial Instruments: Disclosures* and IFRS 13, *Fair Value Measurements*, both relating to financial instruments. As a consequence, the Company has also taken the exemption under FRS 101 not to include the equivalent disclosures, apart from those which are relevant for financial instruments held at fair value and are not either held as part of a trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on these financial statements, or in relation to estimates with a significant risk of material adjustment in the next year, are discussed in note 38 in relation to impairment of investment values.

Measurement convention

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. When an element of a tangible fixed asset item has a different useful life, it is accounted for as a separate tangible fixed asset item.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each element of an item of tangible fixed asset.

The estimated useful lives are as follows:

Fixtures, fittings and computer equipment 3-5 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.



Notes (continued)

34 Accounting policies (continued)

Right-of-use assets

Right-of-use assets have arisen as a result of the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date).

A right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any:

- lease payments made at or before the commencement date (or transition date if earlier);
- initial direct costs incurred;
- estimate of costs to dismantle, remove or restore the underlying asset or the site to which it is located; and
- lease incentives received.

A right-of-use asset is subsequently depreciated using the straight-line method from the commencement (or transition) date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those for property, plant and equipment. A right-of-use asset's value may be reduced when an impairment is necessary and may also be adjusted where a remeasurement of the lease liability is appropriate.

The Company reports its right-of-use assets separately in the balance sheet.

Intangible fixed assets

Intangible fixed assets represents software and is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each intangible asset from the date they are available for use. This is currently assessed as 3 years.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, trade and other creditors, lease liabilities and loans and borrowings.

(i) Investments

Investments in subsidiaries are carried at deemed cost less impairment.

During the year as a result of a group reorganisation the trading net assets of certain subsidiaries were transferred to fellow subsidiary companies at book value. Since the cost of the Company's investments in these transferee companies reflected the underlying fair value of their net assets at the time of acquisition, the remaining values following the net asset transfers fell below the amount at which they were stated in the Company's accounting records.

The requirements of Schedule I of the Companies Act 2006 *The Large and Medium-sized Companies and Groups (Account and Reports) Regulations 2008* (SI2008 No. 410) are that the investment values should be written down accordingly with the reduction in value being charged as a loss in the Company's profit and loss account. However as these transactions were between wholly owned subsidiaries, the directors consider there has been no overall loss to the Company and reflecting such a charge in the profit and loss account would not give a true and fair view. Instead, to reflect the underlying substance of these transactions, this charge has been re-allocated to the investment values of the transferor companies. The effect of this departure was to increase the Company's profit for the year and value of investments by £2,293,000.

(ii) Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment provision for expected credit losses.

The Company has applied the simplification approach to measuring expected credit loss, which uses a lifetime expected loss allowance. To measure the expected credit loss, trade debtors have been grouped based on days overdue.

(iii) Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.



Notes (continued)

34 Accounting policies (continued)

Non-derivative financial instruments (continued)

(iv) Lease liabilities

Lease liabilities have arisen as a result of the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date).

A lease liability is initially measured at the present value of future lease payments on the commencement date (or transition date if earlier) having been discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the Company taking into account the risk profile of the asset and its location. Typically the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability will comprise one or more of the following:

- fixed payments;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or the rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments with an optional renewal period where the Company is reasonably certain it will exercise its option to renew; and
- penalties for early termination of the lease unless the Company is reasonably certain it will allow its lease to run its committed term.

The lease liability is measured at amortised cost using the effective interest method. Lease liabilities are remeasured when there is a change in the expected future lease payments arising from a change in the adopted index or rate, or if the Company changes its assessment of whether either extension or termination options will be exercised.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Company reports its lease liabilities within creditors in the balance sheet and disclosed separately within the accompanying notes.

(v) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32 *Financial Instruments: Presentation*, financial instruments issued by the Company are treated as equity only to the extent they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.



Notes (continued)

34 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, adjusted for any tax payable or receivable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account on a net basis.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its estimated recoverable amount.

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.



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Notes (continued)

34 Accounting policies (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense in the profit and loss account on a straight-line basis over the lease term.

New accounting standards adopted in the year

There were no newly adopted accounting standards in the year that had a material impact on the Company's financial statements.

Impact of future accounting standards

The Company has reviewed the accounting standards not yet adopted which become effective for periods commencing after 1 January 2020 and concluded that there are none which are expected to significantly impact the Company's existing accounting treatments or disclosures.

35 Tangible fixed assets

	Fixtures, fittings and computer equipment £000
Cost	
Balance at 1 January 2020	366
Additions	9
Disposals	(9)
	<hr/>
Balance at 31 December 2020	366
	<hr/>
Depreciation and impairment	
Balance at 1 January 2020	313
Depreciation charge for the year	20
Disposals	(7)
	<hr/>
Balance at 31 December 2020	326
	<hr/>
Net book value	
At 31 December 2020	40
	<hr/> <hr/>
At 31 December 2019	53
	<hr/> <hr/>



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Notes (continued)

36 Right-of-use assets

	Short leasehold buildings £000
Cost	
Balance at 1 January 2020	710
Movements from modifications of existing lease liabilities	183
	<hr/>
Balance at 31 December 2020	893
	<hr/>
Depreciation and impairment	
Balance at 1 January 2020	393
Depreciation charge for the year	410
	<hr/>
Balance at 31 December 2020	803
	<hr/>
Net book value	
At 31 December 2020	90
	<hr/> <hr/>
At 31 December 2019	317
	<hr/> <hr/>

37 Intangible fixed assets

	Software £000
Cost	
Balance at 1 January 2020	2,738
Additions	605
Disposals	(107)
	<hr/>
Balance at 31 December 2020	3,236
	<hr/>
Depreciation and impairment	
Balance at 1 January 2020	1,592
Depreciation charge for the year	540
Disposals	(107)
	<hr/>
Balance at 31 December 2020	2,025
	<hr/>
Net book value	
At 31 December 2020	1,211
	<hr/> <hr/>
At 31 December 2019	1,146
	<hr/> <hr/>

Included in the cost as at 31 December 2020 is £898,000 (2019: £527,000) relating to software currently under development. Amortisation will not commence until the development is complete.



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Notes (continued)

38 Fixed asset investments

	Shares in Subsidiary undertakings £000
Cost	
At 1 January 2020	1,070,678
Additions	26,057
Capital reductions	(1,331)
Disposals	(192,044)
	<hr/>
At 31 December 2020	903,360
	<hr/>
Impairment	
At 1 January 2020	513,052
Impairment charges in the year	32,973
Impairment reversals in the year	(775)
Disposals	(192,044)
	<hr/>
At 31 December 2020	353,206
	<hr/>
Net book value	
At 31 December 2020	550,154
	<hr/> <hr/>
At 31 December 2019	557,626
	<hr/> <hr/>

The additions in the year arose from a restructuring of existing Company investments in the group (£13,269,000), the incorporation of two new companies, Acteon West Africa Holding Limited and Acteon UK Financing V (SGD) Limited (totalling £6,395,000) and increases in the share capital of various existing subsidiaries (£6,393,000).

The adjustments to the impairment provision in the year resulted from movements in the value of the Company's direct and indirect investments in certain subsidiaries where their respective underlying net asset values or anticipated future trading prospects (based on value-in-use calculations) either improved from prior year expectations, leading to an impairment reversal, or have deteriorated and no longer supports the investment carrying value.

The disposals of fully impaired investments in the year related to two companies, which were made dormant following an internal restructuring in 2019, being struck-off the companies register.

In assessing value-in-use, pre-tax cash flow projections for a five/seven-year period, including financial budgets approved by the board covering a one-year period, have been used. Cash flows beyond the one-year period have been extrapolated based on estimated long-term average growth rates (typically 5 per cent) up to its level of maintainable earnings. The terminal value was then added to the value-in-use calculated. The growth rate in years two to five/seven does not exceed the anticipated long-term average growth rate for the market in which each company operates after taking account of the expected improvement in markets following the adverse impact from the Covid-19 pandemic, and its effect on current profitability levels.

The key inputs to these calculations are shown below:

Period on which management approved forecasts are based	1 Year
Average growth rate applied for years two to five (Aquatic Engineering & Construction Limited)	25%*
Average growth rate applied for years two to five/seven (all other entities)	0% to 14%
Growth rate applied to terminal value calculation	2%
Pre-tax discount rate	12%

* Aquatic's growth rate reflects the anticipated recovery from its recent period of weak performance.



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Notes (continued)

38 Fixed asset investments (continued)

The Company has the following investments in subsidiaries:

	Country of incorporation		Ownership interest % in ordinary shares	
			2020	2019
2H Offshore (Asia Pacific) Sdn Bhd	Malaysia	*	100	100
2H Offshore Engineering Limited	England		100	100
2H Offshore Engineering Pty Limited	Australia	*	100	100
2H Offshore Engineering Sdn Bhd ⁽¹⁾	Malaysia	*	30	30
2H Offshore Inc	USA	*	100	100
2H Offshore Projetos Limitada	Brazil	*	100	100
Acteon A1 Limited	England		100	100
Acteon Angola Limitada	Angola		100	100
Acteon Financing I Limited	Republic of Ireland		100	100
Acteon Financing III (EUR) Limited	Republic of Ireland		100	100
Acteon (Ghana) Holding Limited	Ghana	*	100	-
Acteon Group Properties Limited	England		100	100
Acteon Guyana Holding Limited	England		100	100
Acteon Guyana Inc	Guyana	*	100	100
Acteon Integrated Solutions Limited (formerly Acteon Field Life Service Limited)	England		100	100
Acteon Malaysia Holding Limited	England		100	100
Acteon Malaysia Operations Holding Sdn Bhd	Malaysia	*	100	100
Acteon Malaysia Operations Sdn Bhd	Malaysia	*	100	100
Acteon Middle East and Far East Investments Limited	England		100	100
Acteon Middle East FZE	UAE		100	100
Acteon Mozambique Holding Limited	England		100	100
Acteon Singapore Holdings Pte Limited	Singapore		100	100
Acteon Singapore Operations Pte Limited	Singapore		100	100
Acteon South American Investments Limited	England		100	100
Acteon UK Financing Limited	England		100	100
Acteon UK Financing II (NOK) Limited	England		100	100
Acteon UK Financing III (EUR) Limited	England		100	100
Acteon UK Financing IV (AUD) Limited	England		100	100
Acteon UK Financing V (SGD) Limited	England		100	-
Acteon US Holdings Inc	USA		100	100
Acteon West Africa Holding Limited	England		100	-
Aquatic Asia Pacific Pte Limited	Singapore	*	100	100
Aquatic Engineering & Construction Limited	Scotland		100	100
Benthic Admin Services (Cayman)	Cayman Island	*	100	100
Benthic Australasia Pty Limited	Australia	*	100	100
Benthic do Brasil Limitada	Brazil	*	100	100
Benthic Geotech Pty Limited	Australia	*	100	100
Benthic Investments International Limited	Republic of Ireland	*	100	100
Benthic Limited	England	*	100	100
Benthic (Singapore) Pte Limited	Singapore	*	100	100
Benthic USA LLC	USA	*	100	100
Bruce Anchor Limited	Scotland		85	85
Century InterMoor Holdings Limited ⁽¹⁾	England		48	48
Century InterMoor Limited ⁽¹⁾	Nigeria	*	49	49

* Denotes indirect ownership

⁽¹⁾ The Company has full control of these entities as a result of the underlying constitutional documents in place.



Notes (continued)

38 Fixed asset investments (continued)

The Company has the following investments in subsidiaries (continued):

	Country of incorporation		Ownership interest % in ordinary shares	
			2020	2019
Churchill Acquisition Pty Limited	Australia		100	100
Clarus Subsea Integrity Inc	USA	*	100	100
Claxton Engineering Services AS	Norway	*	100	100
Claxton Engineering Services Limited	England		100	100
Claxton Engineering Services Pte Limited	Singapore		100	100
Claxton Services Inc	USA	*	100	100
Conductor Installation Services Limited	England		100	100
Core Grouting Services Limited	England		100	100
Deepwater Australasia Pty Limited	Australia	*	90	90
Deepwater do Brasil Engenharia Limitada	Brazil	*	90	90
Deepwater BV	Netherlands	*	90	90
Deepwater Cooperatief AU	Netherlands	*	90	90
Deepwater Corrosion Services Inc	USA		90	90
Deepwater Norway AS	Norway	*	90	90
Deepwater EU Limited	England	*	90	90
Deepwater Manufacturing (USA) Inc	USA	*	90	90
EURWA Survey Limited	Scotland	*	94	94
Geoscan Group Limited	Scotland	*	97	97
InterAct PMII Inc	USA	*	100	100
InterMoor do Brasil Servicos Onshore e Offshore Limitada	Brazil	*	100	100
InterMoor EG, Sociedad Limitada	Equatorial Guinea	*	65	65
InterMoor Inc	USA	*	100	100
InterMoor Limited	Scotland		100	100
InterMoor Mediterranean for Petroleum Services SAE	Egypt		100	100
InterMoor Mexico S de RL de CV	Mexico		100	100
InterMoor Nigeria FZE	Nigeria	*	100	100
InterMoor AS	Norway	*	100	100
InterMoor Personnel Servicios S de RL de CV	Mexico		100	100
InterMoor Pte Limited	Singapore	*	100	100
InterMoor Pty Ltd	Australia		100	100
IOS Offshore Holding AS	Norway		100	100
J2 Subsea Inc	USA	*	100	100
J2 Subsea Limited	Scotland		80	80
Large Diameter Drilling Limited	England		100	100
LDD Australia Pty Limited	Australia	*	100	100
LM Handling Limited	England		100	100
Menck GmbH	Germany		100	100
Menck Pte Limited	Singapore	*	100	100
Probe Oil Tools Limited	England		80	80
PT Cape Resource Indonesia	Indonesia	*	85	85
PT UTEC Survey Indonesia	Indonesia	*	89	89
PT Viking Seatech Indonesia	Indonesia		95	95
Pulse Monitoramento Estrutural Limitada	Brazil	*	100	100
Pulse Structural Monitoring Inc	USA	*	100	100
Pulse Structural Monitoring Limited	England		100	100

* Denotes indirect ownership



Notes (continued)

38 Fixed asset investments (continued)

The Company has the following investments in subsidiaries (continued):

	Country of incorporation		Ownership interest % in ordinary shares	
			2020	2019
Seascan Limited	Scotland		97	97
Seatronics do Brasil Equipamentos Eletronicos Limitada	Brazil	*	97	97
Seatronics Inc	USA	*	97	97
Seatronics Limited	Scotland	*	97	97
Seatronics Pte Limited	Singapore	*	97	97
Subsea Riser Products Limited	England		100	100
Team Energy Resources Limited	England		100	100
Team Energy Resources Middle East LLC ⁽¹⁾	Qatar	*	49	49
TecAfrica Offshore Limited	Ghana	*	90	85
TerraSond Limited	USA	*	80	80
Utec Geomarine Limited	England	*	94	94
Utec International Limited	Scotland		94	94
Utec NCS Survey AS	Norway	*	94	94
Utec NCS Survey Limited	Scotland	*	94	94
Utec Star Net Geomatics Limited	Scotland	*	94	94
Utec Survey Asia Pte Limited	Singapore	*	94	94
Utec Survey Australia Pty Limited	Australia	*	94	94
Utec Survey Canada Limited	Canada	*	94	94
Utec Survey Inc	USA	*	94	94
Utec Survey South Africa Proprietary Limited	South Africa	*	94	94
Utec Survey West Africa Limited	England	*	94	94
UWG Limited	England		100	100

* Denotes indirect ownership

⁽¹⁾ The Company has full control of these entities as a result of the underlying constitutional documents in place.

The registered office addresses for these subsidiaries are as follows:

	Registered office address
2H Offshore (Asia Pacific) Sdn Bhd	- Lot 6.01, 6 th Floor Imbi Plaza, 28 Jalan Imbi, 55100 Kuala Lumpur
2H Offshore Engineering Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
2H Offshore Engineering Pty Limited	- Level 8, 1008 Hay Street, Perth, WA6000, Australia
2H Offshore Engineering Sdn Bhd	- Lot 6.01, 6 th Floor Imbi Plaza, 28 Jalan Imbi, 55100 Kuala Lumpur
2H Offshore Inc	- Corporation Service Company, 2711 Centerville Rd, Suite 400, Wilmington, New Castle, DE, 19808, USA
2H Offshore Projetos Limitada	- Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro/RJ, 20031-050, Brazil
Acteon A1 Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Angola Limitada	- Rua Américo Júlio de Carvalho, No. 182, 1st and 2nd Floor, Zone 2, Bairro Azul, Municipality of Ingombota, Luanda, Angola
Acteon Financing I Limited	- 8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland



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Notes (continued)

38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	Registered office address
Acteon Financing III (EUR) Limited	- 8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland
Acteon (Ghana) Holding Limited	- GL-126-5368, 4th Floor 1 Airport Square Plot, Near South Liberation Link, Accra, La Dade-Kotopon, Greater Accra, Ghana
Acteon Group Properties Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Guyana Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Guyana Inc	- 158 D Waterloo Street, North Cummingsburg, Geirgetown, Guyana
Acteon Integrated Solutions Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Malaysia Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Malaysia Operations Holding Sdn Bhd	- Level 22, Axiata Tower, No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia
Acteon Malaysia Operations Sdn Bhd	- Level 22, Axiata Tower, No. 9, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia
Acteon Middle East and Far East Investments Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Middle East FZE	- PO Box 262490, Jebel Ali Freezone, Gate 5, South Side, FZS1 AL05, Dubai, United Arab Emirates
Acteon Mozambique Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Singapore Holdings Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Acteon Singapore Operations Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Acteon South American Investments Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing II (NOK) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing III (EUR) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing IV (AUD) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing V (SGD) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon US Holdings Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Acteon West Africa Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Aquatic Asia Pacific Pte Limited	- 4 Robinson Road, #05-01 The House of Eden, Singapore, 048543
Aquatic Engineering & Construction Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Benthic Admin Services (Cayman)	- Maple Corporate Services Limited, Uglan House, South Church Street, Georgetown, Grand Cayman, KY1-1104, Cayman Islands
Benthic Australasia Pty Limited	- Brookfield Place, Level 11, 125 St Georges Terrace, Perth, Western Australia, 6000
Benthic do Brasil Limitada	- Rua Conselheiro Saraiva, No 28 11 andar-sala 1101 – Centro, Rio de Janeiro, 20091-030, Brazil.
Benthic Geotech Pty Limited	- Brookfield Place, Level 11, 125 St Georges Terrace, Perth, Western Australia, 6000
Benthic Investments International Limited	- 12 Merrion Square, Dublin 2 DO2H798, Republic of Ireland
Benthic Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Benthic (Singapore) Pte Limited	- 4 Robinson Road, #05-01 The House of Eden, Singapore, 048543
Benthic USA LLC	- 8 The Green, STE A Dover, DE 19901, USA
Bruce Anchor Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK



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Notes (continued)

38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	Registered office address
Century InterMoor Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Century InterMoor Limited	- Plot 21, Prince Adelowo Adedeji Str. (Off Admiralty Way) Lekki Phase 1, Lagos State, Nigeria
Churchill Acquisition Pty Limited	- C/o Company Matters Pty Ltd, Level 12, 680 George Street, Sydney, NSW 2000, Australia
Clarus Subsea Integrity Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Claxton Engineering Services AS	- Finnestadgeilen 11, 4029 Stavanger, Norway
Claxton Engineering Services Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Claxton Engineering Services Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Claxton Services Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Conductor Installation Services Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Core Grouting Services Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Deepwater Australasia Pty Limited	- Ground Floor, 1 Alvan Street, Subiaco WA 6008, Australia
Deepwater do Brasil Engenharia Limitada	- Avenida Presidente Vargas, 633, Sala 2021, Centro, Rio de Janeiro, CEP 20.071-905 JR, Brazil
Deepwater BV	- Prins Hendriklaan 26, 1075 BD, Amsterdam
Deepwater Cooperatief AU	- Prins Hendriklaan 26, 1075 BD, Amsterdam
Deepwater Corrosion Services Inc	- 13813 FM 529, Houston, TX 77041, USA
Deepwater Norway AS	- Neptunveien 6-7652, Verdal, Norway
Deepwater EU Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Deepwater Manufacturing (USA) Inc	- 13813 FM 529, Houston, TX 77041, USA
EURWA Survey Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Geoscan Group Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
InterAct PMTI Inc	- C T Corporation System, 818 W 7th St Suite 390 Los Angeles, CA 90017, USA
InterMoor do Brasil Servicos Onshore e Offshore Limitada	- Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro/RJ, 20031-050, Brazil
InterMoor EG, Sociedad Limitada	- Malabo, Republic of Equatorial Guinea
InterMoor Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
InterMoor Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
InterMoor Mediterranean for Petroleum Services SAE	- Area (B) - Dry Basin Area, South Raswa, Port Said Free Zone Area, Egypt
InterMoor Mexico S de RL de CV	- Florencia 57, 3rd floor, Colonia Juárez, Mexico City, Mexico
InterMoor Nigeria FZE	- 27A Olawale Cole Onitiri, Off Admiralty Road, Lekki Phase 1, Lagos State, Nigeria
InterMoor AS	- Finnestadgeilen 11, 4029 Stavanger, Norway
InterMoor Personnel Servicios S de RL de CV	- Florencia 57, 3rd floor, Colonia Juárez, Mexico City, Mexico
InterMoor Pte Limited	- 25 Loyang Crescent, Block 103, TOPS Avenue 1, #06-02 Loyang Offshore Supply Base, Singapore, 508988
InterMoor Pty Ltd	- Level 3, 140 St Georges Terrace, Perth, WA 6000, Australia



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38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	Registered office address
IOS Offshore Holding AS	- Finnestadgeilen 11, 4029 Stavenger, Norway
J2 Subsea Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
J2 Subsea Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Large Diameter Drilling Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
LDD Australia Pty Limited	- Level 8, 1008 Hay Street, Perth, WA 6000, Australia
LM Handling Limited	- Ferryside, Ferryside Road, Norwich, Norfolk, NR1 1SW, UK
Menck GmbH	- Industrial Area Moorkaten, Am Springmoor 5a, DE24568 Kaltenkirchen, Germany
Menck Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Probe Oil Tools Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
PT Cape Resource Indonesia	- Indonesia Stock Exchange Building Tower 1, 27 th Floor, Suite 2703, Jl. Jendral Sudirman Kav 52-53, Jakarta 12190, Indonesia
PT UTEC Survey Indonesia	- Menara Rajawali Lt. 7-1, Jl. Dr. Ide Anak Agung Gde Agung Lot. #5.1, Kawasan Mega Kuningan, Setiabudi, Jakarta Selatan – 12950, Indonesia
PT Viking Seatech Indonesia	- Sovereign Plaza 21 st Floor, Jl T.B. Simatupang Kav. 36, Jakarta, 12430, Indonesia
Pulse Monitoramento Estrutural Limitada	- Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro, RJ, 20031-050, Brazil
Pulse Structural Monitoring Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Pulse Structural Monitoring Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Seascan Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Seatronics do Brasil Equipamentos Eletronicos Limitada	- Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro/RJ, 20031-050, Brazil
Seatronics Inc	- Gary W Miller, 2925 Richmond Ave. 14th Floor, Houston Texas 77098, USA
Seatronics Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Seatronics Pte Limited	- 4 Robinson Road, #05-01 The House of Eden, Singapore, 048543
Subsea Riser Products Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Team Energy Resources Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Team Energy Resources Middle East LLC	- PO Box 23890, Souq Al Thuraiya, Office No 10, Salwa Road, Doha, Qatar
TecAfrica Offshore Limited	- NO.J.489/7, Cassia Street Teshie Nungua Estates, Accra, Greater Accra, Ghana
TerraSond Limited	- 1617S Industrial Way, Palmer, AK, 99465, USA
UTEC Geomarine Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
UTEC International Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
UTEC NCS Survey AS	- Tangen 14, 4072, Randaberg, Norway



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38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	Registered office address
Utec NCS Survey Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Utec Star Net Geomatics Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Utec Survey Asia Pte Limited	- 25 Loyang Crescent, Block 103, TOPS Avenue 1, #04-03, Loyang Offshore Supply Base, Singapore 508988
Utec Survey Australia Pty Limited	- C/O Fortuna Advisory Group, Suite 102, 110 Erindale Road, Balcatta, WA 6021, Australia
Utec Survey Canada Limited	- Suite 600, 815 - 8th Avenue SW, Calgary, Alberta, TP2 3P2, Canada
Utec Survey Inc	- Gary W Miller, 2925 Richmond Ave. 14th Floor, Houston Texas 77098, USA
Utec Survey South Africa Proprietary Limited	- 11 Buitengracht Street, Cape Town, 8001 / PO Box 695, Cape Town, 8000, South Africa
Utec Survey West Africa Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
UWG Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK

39 Debtors

	2020	2019
	£000	£000
Trade debtors	2	-
Amounts owed by group undertakings	23,541	21,521
Other debtors	4,346	1,953
Prepayments and accrued income	224	281
Deferred tax asset (see note 44)	1,537	1,389
	29,650	25,144
	29,650	25,144

40 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Lease liabilities (see note 42)	99	287
Trade creditors	2,742	933
Amounts owed to group undertakings	107,472	115,326
Taxation and social security	154	202
Other creditors	42	562
Accruals and deferred income	1,209	1,599
	111,718	118,909
	111,718	118,909

The contractual terms of the secured bank loans measured at amortised cost are shown in note 25.



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41 Creditors: amounts falling after more than one year

	2020 £000	2019 £000
Bank loans	246,823	273,176
Lease liabilities (see note 42)	-	33
	<u>246,823</u>	<u>273,209</u>

The contractual terms of the secured bank loans measured at amortised cost are shown in note 25.

42 Lease liabilities

The maturity of lease liabilities at the balance sheet date is as follows:

	2020 £000	2019 £000
Within one year	99	287
Between one and two years	-	33
	<u>99</u>	<u>320</u>

The Company leases property for its office space. These leases typically run for a period of between 2 and 5 years with a fixed rental charge.

43 Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current year was £354,000 (2019: £239,000).



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44 Deferred tax assets and liabilities

The movement in deferred tax during the year - 2020

	Balance 1 January 2020 £000	Recognised in income £000	Balance 31 December 2020 £000
Tangible fixed assets	105	(2)	103
Non-trade loan related interest	1,277	150	1,427
Other	7	-	7
	<u>1,389</u>	<u>148</u>	<u>1,537</u>

At 31 December 2020 a deferred tax asset relating to the restriction of corporate interest deductions of £2,158,000 (2019: £3,612,000) has not been recognised as insufficient profits are being forecast for the foreseeable future for it to be utilised.

The movement in deferred tax during the year - 2019

	Balance 1 January 2019 £000	Recognised in income £000	Balance 31 December 2019 £000
Tangible fixed assets	123	(18)	105
Non-trade loan related interest	1,277	-	1,277
Other	6	1	7
	<u>1,406</u>	<u>(17)</u>	<u>1,389</u>

45 Share capital

	Allotted, called up and fully paid	
	2020 £000	2019 £000
At 31 December 2019 and 31 December 2020 4,665,929,237 Ordinary shares of £0.01 each	<u>46,659</u>	<u>46,659</u>

46 Contingencies

The Company has a cross-guarantee with other Group companies in respect of Group borrowings.



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Notes (continued)

47 Related parties

During the year the Company transacted with non-wholly owned group companies in the ordinary course of business.

The income from and expenditure to those group companies were as follows:

Related party	Relationship	Transactions	2020 £000	2019 £000
Probe Oil Tools Limited	Subsidiary	Loan interest expense	(1,067)	(1,003)
Seascan Limited	Subsidiary	Loan interest expense	(815)	(382)
Team Energy Resources Middle East LLC	Subsidiary	Management fee income	549	-
TerraSond Limited	Subsidiary	Management fee income	800	-
Utec International Limited	Subsidiary	Loan interest expense	(486)	(676)
Utec Group of companies	Subsidiaries	Management fee income	628	700

The amounts owned to and by those group companies at the balance sheet date were as follows:

Related party	Relationship	Balance	2020 £000	2019 £000
Bruce Anchor Limited	Subsidiary	Loan debtor	1,683	1,682
Deepwater EU Limited	Subsidiary	Loan creditor	(921)	-
Eurwa Survey Limited	Subsidiary	Loan creditor	(610)	-
Probe Oil Tools Limited	Subsidiary	Loan creditor	(27,537)	(27,555)
Seascan Limited	Subsidiary	Loan creditor	(20,064)	(20,072)
Seatronics Inc	Subsidiary	Loan creditor	(747)	-
Seatronics Pte Ltd	Subsidiary	Loan creditor	(2,765)	-
Team Energy Resources Middle East LLC	Subsidiary	Loan creditor/debtor	(839)	1,615
Utec International Limited	Subsidiary	Loan creditor	(11,018)	(10,855)
Utec NCS Survey AS	Subsidiary	Loan creditor	(1,235)	-
Utec Survey Canada Limited	Subsidiary	Loan creditor	(814)	-
Utec Survey Inc	Subsidiary	Loan creditor	(2,315)	-

The Company was also charged rent by BHHM Pension scheme, an entity associated by common shareholders/trustees, amounting to £69,000 (2019: £69,000) and incurred professional fees of £570,000 (2019: £nil) from KKR Capital Markets Partners LLP an entity controlled by the Company's ultimate controlling party.