Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap 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:	26.08.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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, 27.07.2025

Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		50 539	
Sum kostnader		**50 539**	
Driftsresultat		**-50 539**	
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		47 147 376	
Renteinntekt fra foretak i samme konsern		143 750	
Annen renteinntekt		104 444	
Sum finansinntekter		**47 395 570**	
Rentekostnad til foretak i samme konsern		15 000 000	
Annen rentekostnad		111 574	
Sum finanskostnader		**15 111 574**	
Netto finans		**32 283 996**	
Ordinært resultat før skattekostnad		**32 233 457**	**0**
Skattekostnad på ordinært resultat		7 114 873	
Ordinært resultat etter skattekostnad		**25 118 584**	**0**
Årsresultat		**25 118 584**	**0**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		25 118 584	
Sum overføringer og disponeringer		**25 118 584**	

Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		4 811 738	
Sum immaterielle eiendeler		**4 811 738**	
Finansielle anleggsmidler			
Investering i datterselskap		355 802 974	
Sum finansielle anleggsmidler		**355 802 974**	
Sum anleggsmidler		**360 614 712**	**0**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		68 291 126	
Sum fordringer		**68 291 126**	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		447 839	
Sum bankinnskudd, kontanter og lignende		**447 839**	
Sum omløpsmidler		**68 738 965**	**0**
SUM EIENDELER		**429 353 677**	**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	2023	2022
Opptjent egenkapital			
Annen egenkapital		59 416 532	
Sum opptjent egenkapital		**59 416 532**	
Sum egenkapital		**172 236 622**	**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		7 114 873	
Kortsiktig konserngjeld		2 182	
Sum kortsiktig gjeld		**7 117 055**	
Sum gjeld		**257 117 055**	**0**
SUM EGENKAPITAL OG GJELD		**429 353 677**	**0**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer:	2024 759369

Enheten

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

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Konsernregnskap lagt ved:	Ja

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Regler for små foretak benyttet:	Ja
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Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Kjell Arne Egeland
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Brønnøysundregistrene, 23.12.2024

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 991 219 250
I O S OFFSHORE HOLDING AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
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Overføringer til/fra annen egenkapital		25 118 584	
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Organisasjonsnr: 991 219 250
I O S OFFSHORE HOLDING AS

BALANSE

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
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Annen egenkapital		59 416 532	
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Sum egenkapital		**172 236 622**	**0**
Gjeld			

Langsiktig gjeld		
Annen langsiktig gjeld		
Langsiktig konserngjeld	250 000 000	
Sum annen langsiktig gjeld	**250 000 000**	
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Sum gjeld	**257 117 055**	**0**
SUM EGENKAPITAL OG GJELD	**429 353 677**	**0**

Organisasjonsnr: 991 219 250
I O S OFFSHORE HOLDING AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
0.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

IOS Offshore Holding AS

Board of Directors' report 2023

Business and location
The principal business activities of IOS Offshore Holding AS, provided through its subsidiary companies InterMoor AS and Claxton Engineering Services AS, is the sale and rental of mooring equipment and other services to the oil and gas industry. The activity is on the Norwegian continental shelf. The company also provides sales and service to offshore wind and to offshore fish farms. Equipment sales are generated from the subsidiaries of the company's facilities at Stavanger and Sola, whereas service activities are generated from facilities in Stavanger and Sløvågen.

The shareholder and parent company of IOS Offshore Holding AS at the year-end was Acteon Group Ltd, which owns 100% of the shares.

Consolidated financial statements are prepared by Acteon Group Limited and are available from Ferryside, Ferry Road, Norwich, NR1 1SW, England.

IOS Offshore Holding AS had no turnover in either 2023 or 2022. Profit before taxation in 2023 was MNOK 32.2 compared to MNOK 40.4 in the previous year. The change in results was due to the company receiving a lower group contribution in 2023 of MNOK 47.1 compared to MNOK 55.4m in 2022.

Equity as at 31.12.2023 of IOS Offshore Holding AS was MNOK 172.2 compared to MNOK 147.1 as at 31.12.2022.

Cash flow statement
Cash outflow from operations during the year amounted to MNOK (4.6). The difference between the cash outflow and operating loss of MNOK (0.05) is MNOK (4.1). This relates to interest items, tax payment and changes in intercompany balances.

Research and development
When the Company (including its subsidiary companies) performs any research and development it is part of an overall project, and the cost is expensed.

Employees/board
The Company had no employees.

The Company has a neutral policy in relation to equality of opportunity and treatment between genders. The company has in place Directors liability insurance with a total coverage of £20m through its parent company.

Going concern
It has been assumed the Company is a going concern and the 2023 financial statements have been drawn up under this assumption with reference to the act of accounting § 4-5.

Environment
The Company's (and its subsidiaries) operations do not harmfully influence the environment.

Future development
There is always some uncertainty when evaluating future markets. The company has evaluated the level of activity on the Norwegian continental shelf for 2024 and expects higher activity compared to 2023. In the long term the market is expected to continue to improve.

Financial risk
The Board believes the Company's financial position is good, for both profit and financial strength.

The Company recognized accrued income from a group contribution from InterMoor AS of MNOK 47.1. The equity increased by MNOK 25.1 from MNOK 147.1 to MNOK 172.2.

Market risk
The company's main market is the oil and gas industry on the Norwegian continental shelf, both production drilling and exploration drilling. Consequently, the world's demand for oil and gas and substantial changes in the oil price can lead to changes in activity levels, primarily in exploration drilling activities. It is expected there will be an increased number of rigs and wells in 2024 compared to 2023 in Norway.

Mooring solutions, quantity of equipment and duration is also dependent on water depth, sea-bed infrastructure, mooring analysis, sea-bed conditions, rates for anchor handling vessels and weather/time of year, all of which will influence the level of rental revenues.

Credit risk
The credit risk of the Company (including its subsidiaries) is estimated to be low. The main customer base is represented by oil and drilling companies which are financially strong.

Liquidity risk
The Board evaluates the liquidity risk of the Company (including its subsidiaries) to be low. Investments in fixed assets during 2023 have been funded by its own finance. The surplus liquid capital of its subsidiary company, InterMoor AS, has been placed within the group as a short-term receivable of MNOK 74.0 and no company has any external financing. The financial position therefore at the year-end allows for financial flexibility.

Post year end events
No events have happened since the year-end that would have a material effect on the Company's 2023 reported profit and loss account and balance sheet.

However, since the year-end the Company's parent company, Acteon Group Limited, has been sold and now under new ownership, and as part of that acquisition, certain changes have been implemented with respect to the overall group structure including the establishment of a new overall UK parent entity and the introduction of new intermediary holding companies. The existing subsidiaries have been repositioned within that new structure under these new intermediary holding companies.

The Company is now, following this post year-end restructure, a 100% owned subsidiary of Acteon Group Operations (UK) Limited, a company incorporated in the United Kingdom, with its registered office being at Ferryside, Ferry Road, Norwich, NR1 1SW, England.

Stavanger, 23.8. 2024

In the Board for IOS Offshore Holding AS

Brice Bouffard Chairman of the Board and Managing Director	David Smith Board member

IOS Offshore Holding AS
Financial statements 2023

All figures in 1 NOK

IOS Offshore Holding AS

PROFIT & LOSS ACCOUNT

	Note	2023	2022
Other operating expenses	2	(50,539)	(51,538)
Total Operating expenses		**(50,539)**	**(51,538)**
Operating loss		**(50,539)**	**(51,538)**
Income on investment in subsidiary	3	47,147,376	55,397,126
Other interest income	3	248,194	83,591
Other interest cost	3	(15,111,574)	(15,001,700)
Profit before tax		**32,233,457**	**40,427,479**
Tax charge on profit	4	(7,114,873)	(8,894,046)
Net profit for the year		**25,118,584**	**31,533,433**
Transfer of profit			
Allocated to other equity		25,118,584	31,533,433
Total		**25,118,584**	**31,533,433**

All figures in 1 NOK

IOS Offshore Holding AS

BALANCE SHEET AS AT 31.12

ASSETS	Note	2023	2022
FIXED ASSETS			
Deferred tax	4	4,811,738	4,811,738
Total deferred tax		**4,811,738**	**4,811,738**
Financial fixed assets			
Investment in subsidiaries	5	355,802,974	355,802,974
Total financial fixed assets		**355,802,974**	**355,802,974**
Total Fixed Assets		**360,614,712**	**360,614,712**
CURRENT ASSETS			
Receivables			
Other receivables	6	68,291,126	55,397,126
Total receivables		**68,291,126**	**55,397,126**
Bank deposit, cash		**447,839**	**5,000,246**
Total current assets		**68,738,965**	**60,397,372**
Total assets		**429,353,677**	**421,012,084**

All figures in 1 NOK

IOS Offshore Holding AS

BALANCE SHEET AS AT 31.12

EQUITY AND LIABILITIES	Note	2023	2022
EQUITY			
Paid in capital			
Share capital	7, 8	33,535,440	33,535,440
Share premium account	7	79,184,650	79,184,650
Other paid in capital	7	100,000	100,000
Total paid in capital		**112,820,090**	**112,820,090**
Earned capital			
Other equity	7	59,416,532	34,297,948
Total earned equity		**59,416,532**	**34,297,948**
Total equity		**172,236,622**	**147,118,038**
LIABILITIES			
Long term liabilities			
Long term debt to group companies	6	250,000,000	250,000,000
Total long term liability		**250,000,000**	**250,000,000**
Current liabilities			
Accounts payable - intercompany	6	2,182	15,000,000
Taxes payable	4	7,114,873	8,894,046
Total current liabilities		**7,117,055**	**23,894,046**
Total liabilities		**257,117,055**	**273,894,046**
TOTAL EQUITY AND LIABILITIES		**429,353,677**	**421,012,084**

Stavanger, 23.8. 2024

Brice Bouffard
Chairman of the Board and
Managing Director

David Smith
Director

All figures in 1 NOK

IOS Offshore Holding AS

CASH FLOW STATEMENT

	2023	2022
Cash flow from operating activities		
Profit before tax	32,233,457	40,427,479
Taxes paid	(8,894,046)	-
Change in accounts receivables, accounts payable and intercompany payables	(27,891,818)	(40,385,307)
Net liquidity change	**(4,552,407)**	**42,172**
Net change in cash and cash equivalents	(4,552,407)	42,172
Cash and cash equivalents at the beginning of the year	5,000,246	4,958,074
Cash and cash equivalents at the end of the year	**447,839**	**5,000,246**

All figures in 1 NOK

IOS Offshore Holding AS

Notes to the accounts for 2023

Note 1 Accounting principles

The financial statements have been prepared in accordance with generally accepted accounting principles.

Business and location
The principal business activity of IOS Offshore Holding AS is that of an investment holding company.
The company's activity is based in Stavanger. The company at the year-end was owned 100% by Acteon Group Ltd.
Consolidated accounts are prepared by Acteon Group Ltd and are available from its business address; Ferryside, Ferry Road, Norwich, NR1 1SW, England.

Subsequent to the year-end, following a group restructure the Company is now a wholly owed subsidiairy of a new intermediary holding company, Acteon Group Operations (UK) Limited. Further detail is disclosured within note 10.

Classification of balances
Assets intended for permanent ownership or use are classified as fixed assets. Receivables are classified as current assets if settlement is expected within one year after the transaction date. The same criteria has also been applied when classifying liabilities.

General valuation principles
Assets are valued at the lower of cost and fair value.

Investments in and returns on investments in subsidiaries
The company uses the cost method for investments in subsidiaries. The cost value is reviewed at each year end and reduced for any impairment. Movements in impairments are recognised in the profit and loss account after operating profit or loss.

Group relief and dividends from subsidiaries are recorded in the same year the subsidiary accrues it. Received distributions are initially recorded as income, but if the distribution exceeds the earned profit before acquisition, the excess is recorded as a reduction of value in the balance sheet.

Tax
The tax expense in the profit and loss account comprises of both the periods tax payable and change in deferred tax. Deferred tax is calculated using the actual tax rate on the temporary differences between accounting and tax values and any taxable loss carried forward at the year end. Positive and negative temporary differences with the same time frame are netted against each other. Deferred tax assets including tax losses carried forward are only recognised if they can be justified as being recoverable by reference to anticipated future earnings. Deferred tax and deferred tax assets which can be recognised are reported net in the balance sheet.

Note 2 Salary cost, compensations etc

The company had no employees.
There were no costs for salaries or director emoluments in 2023 or 2022.

Auditor	**2023**	**2022**
Statutory audit fee	35,138	44,200
Total	**35,138**	**44,200**

All fees are excluding VAT

Note 3 Transactions with related parties

Type of transaction	**Related company**	**Relationship**	**2023**
Group contribution received	InterMoor AS	Subsidiary company	47,147,376
Interest income	Acteon Group Ltd	Parent company	143,750
Interest cost	Acteon UK Financing II (NOK) Ltd	Subsidiary company	15,000,000

Note 4 Tax

	2023	2022
Ordinary profit before tax	32,233,457	40,427,479
Permanent differences	-47,040,502	-55,397,126
Received group contribution	47,147,376	55,397,126
Basis for payable tax before loss brought forward	32,340,331	40,427,479
Basis for payable tax before group contribution	32,340,331	40,427,479
Basis for payable tax after group contribution	32,340,331	40,427,479
Basis for payable tax	32,340,331	40,427,479
Profit according to tax return post 260	32,340,331	40,427,479
Difference	-	-
Tax rate	22 %	22 %
Payable tax on this year profit	7,114,873	8,894,045
Payable tax on this year profit	7,114,873	8,894,045
Total tax cost	7,114,873	8,894,046
Difference	-	-1
Basis for payable tax before group contribution	-3,257,550	-3,293,322
Effect of group contribution	10,372,423	12,187,368
Sum payable tax	7,114,873	8,894,046
Control against payable tax in the balance sheet	7,114,873	8,894,046

Note 5 Shares in other companies

	Business office	Share/ vote share	Equity 31.12.2023	Carrying value
Subsidiary				
InterMoor AS 31.12.2023	Stavanger	100 %	66,101,487	355,802,974
Claxton Engineering Services AS 31.12.2022	Sola	100 %	9,936,450	-
Total carrying value in subsidiaries				**355,802,974**

Subsidiary		**2023**	**2022**
InterMoor AS	Net profit	64,091,396	77,650,062
Claxton Engineering Services AS *	Net (loss)	(32,902,122)	(32,902,122)

* Year 2022 is the latest available accounts

Note 6 Inter-company balances

	Other receivables/(payables) 2023	2022
Group relief from InterMoor AS - Other receivables	47,147,376	55,397,126
Acteon Group Ltd - Other receivables	21,143,750	-
Acteon Group Ltd - IC Accounts Payable	(2,182)	-
Accounts payable to Acteon UK Financing II (NOK) Ltd	-	(15,000,000)
Long term debt to Acteon UK Financing II (NOK) Ltd	(250,000,000)	(250,000,000)
Total	**(181,711,056)**	**(209,602,874)**

Acteon Group Ltd - Other receivables are accrued interest and short term loan. The loan with Acteon Group Ltd is interest bearing and charged in line with agreed terms of the loan agreement. The interest rate is in line with lenders interest on bank deposit plus a minor markup. Interest is received on a quarterly basis. Depending on liquidity needs the debts is either increased or paid down. At the beginning of the year the balance was NOK 0,-.

The long term debt to Acteon UK Financing II (NOK) Ltd is interest bearing and charged in line with agreed terms of 6.0% Interest accrued for the year is payable on the last day in December. The debt is repayable in full on 3rd August 2025.

Note 7 Equity

	Share capital	Share premium account	Other paid in capital	Other equity	TOTAL
Equity as at 01.01.23	33,535,440	79,184,650	100,000	34,297,948	147,118,038
Net profit for the year	-	-	-	25,118,584	25,118,584
Equity as at 31.12.23	**33,535,440**	**79,184,650**	**100,000**	**59,416,532**	**172,236,622**

All figures in 1 NOK

Note 8 Share capital and shareholder information

The company's share capital is nok 33,535,440, divided into 33,535,440 shares of nok 1 each.

The company's shareholders as of 31.12.23:

	Number of shares	Ownership share
Acteon Group Ltd	33,535,440	100 %
	33,535,440	100 %

IOS Offshore Holding AS, InterMoor AS and Claxton Engineering Services AS are included in the consolidated financial statements of Acteon Group Ltd who's registered office is in Norwich, England.

All figures in 1 NOK

Note 9 Receivables and debt

Carrying value of secured assets	**2023**	**2022**
Shares in subsidiary	355,802,974	355,802,974
Total	**355,802,974**	**355,802,974**

The above assets are also pledged as security for:	**2023**	**2022**
Liabilities to credit institutions	3,634,508,150	3,356,068,918
Total	**3,634,508,150**	**3,356,068,918**

The Company's assets are pledged under a loan facilities agreement with HSBC Bank plc and other banks in relation to the borrowings of its parent company, Acteon Group Ltd.

Note 10 Post balance sheet events

Since the year-end Acteon Group Limited has been sold and now under new ownership, and as part of that acquisition, certain changes have been implemented with respect to the overall group structure including the establishment of a new overall UK parent entity and the introduction of new intermediary holding companies. The existing subsidiaries have been repositioned within that new structure under these new intermediary holding companies.

The Company is now, following this post year-end restructure, a wholly owned subsidiary undertaking of Acteon Group Operations (UK) Limited, a company incorporated in the United Kingdom.

KPMG AS
Forusparken 2
P.O. Box 57
N-4064 Stavanger

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of IOS Offshore Holding

Independent Auditor's Report

Opinion

We have audited the financial statements of IOS Offshore Holding (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable

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the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 26.08.2024
KPMG AS

Monica Rosnes

Monica Rosnes
State Authorised Public Accountant

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
14.02.2023	27.01.2023	Lars Waaltorp
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no	ES/OHH	90833418
Org.nr	Vår referanse	Postadresse
974761076	2023/5074313	Postboks 9200 Grønland 0134 OSLO

KPMG LAW ADVOKATFIRMA AS
P.O. Box 57
4064 STAVANGER

Att. Oda Hapnes

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for I O S Offshore Holding AS, org.nr. 991 219 250

Vi viser til deres brev av 27. januar 2023 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for I O S Offshore Holding AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering I O S Offshore Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn
I O S Offshore Holding AS er eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Selskapet driver virksomhet innen oljeservicebransjen. Virksomheten foregår hovedsakelig i Norge, og kundene er både norske og utenlandske. Selskapet har utenlandske styremedlemmer.

Skattekontorets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> "Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waaltorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Acteon Group Limited

Annual report and financial statements

Registered number 4231212

31 December 2023

Contents

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2023.

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 drive efficiency and to offer a broader more integrated range of services, Acteon, through its business divisions, supports and undertakes integrated projects and integrated offerings within each industry, and 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 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.

Strategic Report *(continued)*

Business model *(continued)*

The Group moved to a divisional structure in the previous year establishing three divisions, (1) Data and Robotics, (2) Engineering, Moorings and Foundations and (3) Energy Services. In total they contain ten strategic business units, the principal structures, skills and technologies of which are described below:

Data and Robotics division

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.

Electronics and Tooling

Acteon is a global marine technology specialist which provides electronic and electro-mechanical parts and systems to the broader 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.

Structural Monitoring

Acteon is a global specialist in marine structural health monitoring and provides digital monitoring systems to track and visualise asset conditions, (including stress, strain, temperature and vibration), providing the ability for timely engineered interventions or remediation.

Engineering, Moorings and Foundations division

Advanced Systems Engineering

Acteon's Advanced Systems Engineering segment is an expert marine engineering consultancy business 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.

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.

Marine Foundations

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.

Energy Services division

Cutting 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.

Flex-Lay and Retrieval
Acteon 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.

Strategic Report *(continued)*

Business model *(continued)*

Energy Services division *(continued)*

Corrosion Management

Acteon has specialised expertise in the engineering, design and implementation of corrosion protection systems, including corrosion inspection and remedial action, assisting customers make timely decisions and develop engineering solutions that maintain the integrity and safety of their assets.

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.

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 Group'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; 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;

Strategic Report *(continued)*

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

Employees *(continued)*

- 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 regular employee engagement via surveys, townhall meetings, webinars, etc.;
- offers regionally competitive health and wellness benefits programs to employees including 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.

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.

Strategic Report *(continued)*

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

Local communities and the environment *(continued)*

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 positioned 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.

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.

In 2023 c28% (*2022: c22%*) of group revenue was delivered from renewables and other non-oil and gas activities, c17% *(2022: c18%)* from greenfield oil and gas activities and c55% (*2022: c60%*) from later-life and decommissioning oil and gas activities.

Revenue and earnings grew in 2023 with activity improving and demand increasing for the Group's products and services within the energy sector. This followed an operationally challenging period where some customer activities were cancelled or postponed as a result of the global Covid-19 pandemic. A landscape of increased market activity across the energy sector together with reasonably stable oil prices helped the Group to continue to grow and it enters 2024 with a strong pipeline of work build up for 2024 delivery. Additionally, the cost synergies arising from the simplified organisational structure introduced during 2022 also had a beneficial impact in 2023. Continued efforts to further consolidate are expected to continue into 2024 and beyond.

As a result of the actions undertaken, capturing opportunities in the energy market as demand increased, together with the diversified nature of the Group's product and service offering, the Group's underlying financial performance continued its strong upwards trajectory; revenue increased by 30.7% to £695.5m, and adjusted earnings before interest, tax, depreciation and amortisation amounted to £88.4m (see page 6), an increase of 15.6% over 2022. Operating profit excluding exceptional items, as disclosed below, increased by 52.2% to £46.8m (*2022: £30.7m*).

On the strong platform of the improved underlying trading in the year, the Group recognised a non-cash write-off of accumulated work-in-progress, together with a further loss provision on an onerous contract, resulting in the overall reported profit from operating activities in the year being suppressed at £12.6m (*2022: £25.2m*).

Strategic Report *(continued)*

Financial performance

The financial performance of the Group's operations for 2023 compared with 2022 reconciled to statutory measures of financial performance, can be summarised as follows:

	2023	2022	**Increase/ (Decrease)**
	£000	£000	**%**
Group revenue	**695,522**	532,170	30.7%
Adjusted earnings before interest, tax, depreciation and amortisation	**88,358**	76,410	15.6%
Depreciation and amortisation	**(41,604)**	(45,690)	
Adjusted profit from operating activities before exceptional items	**46,754**	30,720	52.2%
Exceptional items			
Impairment losses	**(1,725)**	(2,500)	
Loss from the performance of a specific significant contract*	**(22,550)**	-	
Provision for litigation, legal costs and penalties**	**(8,719)**	-	
Severance related payments	**(889)**	(1,100)	
Professional services in relation to external investor opportunities	**(297)**	(2,180)	
Government assistance from Covid-19 job retention schemes	-	240	
Profit from operating activities	**12,574**	25,180	(50.1%)

* In the current year, the Group continued with a significant contract to design, manufacture, supply and operate a market-first foundation drilling rig for an offshore windfarm project in Europe. As a result of customer specification changes, coupled with design challenges due to the ground-breaking technology involved, expected estimated costs to fulfil the contract escalated leading to a renegotiated contract, more reimbursable and day rate in nature being agreed with the customer, to limit the risk of it becoming a loss-making contract. This contract is currently on-going at the year-end with completion not anticipated until late 2024 at the earliest.

At the current time, material elements of the contract are still to be performed, but due to on-going technical challenges in the manufacturing of the drilling rig and general delays in the project during the year, the overall contract is now being forecast as onerous, and an overall loss is expected. In addition, there are potential contingent liabilities on the contract related to defects, with any exposure capped to a maximum of £15m, as well as potential costs in relation to warranties. The total anticipated loss from operating activities on this contract has been recognised in the year in accordance with IAS37 *Provisions, contingent liabilities and contingent assets.*

The impact of this contract on the Group's performance in the current and prior year is presented as an exceptional item because of its size and incidence.

** During the year the Group faced an unforeseen adverse ruling in a US trial by jury in relation to a trading dispute. It was ruled that the Group had breached certain sections within its Master Services Agreement with the customer and there was tortious interference as a result of actions which allegedly restricted the customer's prospective economic relationships.

This ruling has been appealed against under a Rule 50 Motion. At the 2023 year-end and at the date of signing, the judge's decision on this appeal is still outstanding, but it is anticipated that an element of the original ruling will be overturned.

The impact of this in the current year is presented as an exceptional item because of its size and incidence.

Strategic Report *(continued)*

Financial performance *(continued)*

	2023	2022	Increase/ (Decrease)
	£000	£000	**%**
Profit/(loss) before exceptional items and income tax	**14,418**	(7,679)	287.8%
Exceptional items			
Impairment losses	**(1,725)**	(2,500)	
Activities from the performance of a specific significant contract	**(22,550)**	-	
Provision for litigation, legal costs and penalties	**(8,719)**	-	
Severance related payments	**(889)**	(1,100)	
Professional services in relation to external investor opportunities	**(297)**	(2,180)	
Government assistance from Covid-19 job retention schemes	-	240	
Loss before income tax	**(19,762)**	(13,219)	(49.5%)

Key performance indicators

Further key performance indicators pertinent to the Group's continuing operations, consistent with how management monitors the business, are shown below. These demonstrate the underlying operational performance (gross margin and adjusted earnings before interest, tax, depreciation and amortisation), along with the level of sustained investment in the Group's underlying revenue-generating resources (property, plant and equipment and number of employees).

	2023	2022
Financial		
Gross margin % on total revenues	**16.6%**	22.5%
Gross margin % on pre-exceptional revenues	**22.4%**	23.7%
Adjusted earnings before interest, tax, depreciation and amortisation (£000s)*	**89,429**	77,646
Net book value of property, plant and equipment (£000s)	**130,258**	132,421

* prior to certain costs relating to internal restructuring activities totalling £1,071,000 *(2022: £1,236,000)* considered to be non-operating in nature and hence excluded by management in benchmarking underlying business performance.

	2023	2022
Non-financial		
Average number of employees	**2,381**	2,178
Number of employees at the year-end	**2,471**	2,215

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.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

The Group's legal, compliance, commercial and tax functions provide additional support and training to the Group's operating businesses, including in respect of those risks which may arise from international trading (including trading in high-risk jurisdictions), such as sanctions, use of agents, anti-bribery and taxation risks.

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.
- Recruitment and retention of highly qualified and experienced staff required in order for the Group to carry on its business.
- Inherent health and safety risks in 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.
- A tightening in the debt, bonding and credit financing markets.
- The impact of higher interest rates on the cost of borrowing and related bank covenants.
- Increased cyber threats to business operations and data security.
- Impacts related to climate change (see climate-related financial disclosures section below).

The Group currently has no operations, or exposures resulting from activities, in Russia or Ukraine.

Going concern

The political unrest caused by the current conflicts in Ukraine and Middle East continues to create uncertainties for businesses worldwide, leading to the risk that current and prospective clients may delay the timing of their investment programmes which, in turn, could adversely impact Acteon's overall operations across that time horizon. Risk may also exist in the Group's ability to execute certain projects, depending on their nature and location. The Group also experienced further cost pressures from high inflation and increased interest rates which are anticipated to remain high for the foreseeable future.

In response, during the past twelve months, the Group continued to undertake appropriate actions to optimise its trading performance and to protect its margins, profitability and cash flow. It sought to retain its key capabilities and skills in order to take advantage of, and capitalise on, opportunities, with customer demand continuing to escalate in 2023 and which is expected to continue into 2024 and beyond. The Group operates across a wide range of markets and geographies and delivers an extensive range of products and services, factors that provide resilience against adverse short-term impacts in any one business segment.

Since the year-end, following a change in ownership and group re-organisation, Acteon Group Limited is now owed by a new UK parent entity, Project Santis Alpha Bidco Limited. As part of the acquisition the debt was fully refinanced with new facilities received by Project Santis Omega Bidco Limited, a newly incorporated sister company. Project Santis Omega Bidco Limited utilised a portion of those facilities to purchase from Acteon Group Limited the majority of the trading entities within the group, with Acteon Group Limited using the majority of the consideration to settle the debt held by the Company in full. As a consequence of the reorganisation, Acteon Group Limited heads up a new sub-group, separate from the core refinanced element, that includes a number of companies of which only one is trading. Post re-organisation the Company and its remaining subsidiaries are able to meet their day to day working capital requirements from operational cash flows, together with an additional intercompany receivable from Project Santis Omega Bidco Limited.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing these financial statements, which indicate that this new sub-group will generate sufficient cashflows to meets it on-going obligations during the going concern assessment period. The directors have also prepared financial projections which show a severe yet plausible downside scenario, where material potential contractual liabilities could arise. In this situation the Group would require additional funding in order to settle those obligations as they fell due. These circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. For further detail please refer to note 2(e).

Strategic Report *(continued)*

Climate-related financial disclosures

Operating in an environmentally sustainable way and with a minimal carbon footprint is at the core of the Group's work, recognising that operating a sustainable business involves responsible decision-making that benefits both stakeholders and the environment.

In 2023, the Group took significant steps to mitigate the potential impacts associated with climate change, by setting Greenhouse Gas Emissions (GHG) reduction targets and implementing energy-efficiency measures across its operations. Acteon supports the UK's commitment to reduce the impacts of climate change by limiting global warming to 1.5°C, as set out by the Paris Agreement, and is proud to publish its Climate-Related Financial Disclosure (CFD) for the first time in this financial year. The Group is committed to making further progress to assess and mitigate the risks of climate change annually.

Non-Financial Sustainability Information Statement

This section of the Strategic Report constitutes the Group's non-financial and sustainability information statement, produced to comply with Sections 414CA and 414CB of the Companies Act. In 2023, the Group in compliant with the reporting disclosures required of the CFD in 2024; noting the omission of targets and KPIs due to the process the Board are undertaking to refine and finalise their key metrics.

The non-financial information is contained within the various sections of the Strategic Report and is cross-referenced below as follows; Environmental matters (page 9 to 18), the Group's employees (pages 3 to 4), Social matters (pages 4 to 5), Respect for human rights (pages 3 to 4) and Anti-Corruption and Bribery matters (page 8).

Governance

Acteon's groupwide governance ensures the Group's decision-making meets the needs of its customers, whilst guaranteeing the success of the business. The Group, following a change in ownership in 2024, may implement a change to the current Governance structure. Any new Board members and senior management will be trained in climate-related matters and the 2024 CFD report will detail progress along with changes made to the current structure.

Board's responsibility

In 2023, the Group commenced implementing internal governance procedures to address climate change risks and opportunities. In 2023, the KKR Matterhorn Bidco Limited (Bid-Co) Board met eight times. As the Group's principal shareholders have changed post year-end, the Bid-Co Board members, or their equivalent, are likely to also change in 2024. The responsibility for overseeing and managing climate change during 2023 was delegated to the Executive Management Committee (EMC), which includes all three members of the Acteon Group Limited (AGL) Board. Figure 1 on page 10 provides an overview of how climate-related responsibilities are split at Acteon.

(i) Bid-Co Board

The Bid-Co Board in 2023 continued to promote the success of the Group, considering the interests of all its stakeholders, and focused on acting responsibly when considering the Group's strategic priorities. This will continue in 2024 under the Group's new ownership and the new Bid-Co equivalent Board.

(ii) AGL Board

The AGL Board considers climate-related issues when guiding business strategy and actions. They are also members of the EMC and are therefore involved in key climate-related discussions and decisions. In 2023, the Board met four times.

Their remuneration is not currently determined or linked to ESG performance.

(iii) Executive Management Committee (EMC)

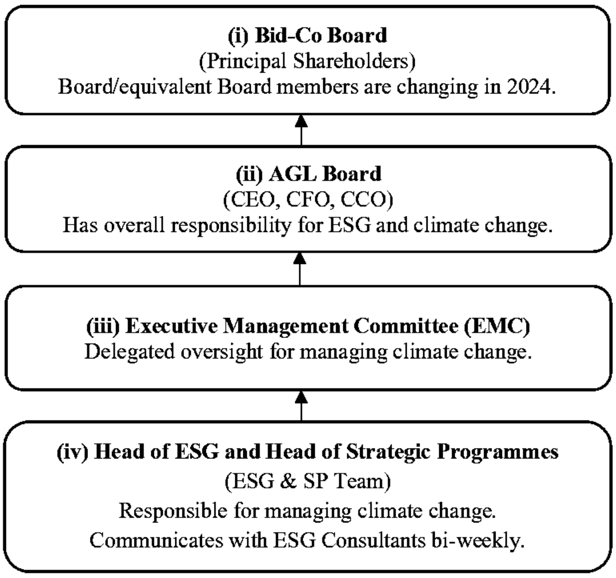
The management of climate-related risks began to be integrated into the existing sustainability governance and ESG strategy in 2023. The responsibility of defining Acteon's strategy and policies is that of the EMC, under the directive of the Group Chief Executive. The Group Chief Financial Officer and the Group Chief Commercial Officer are also members of the EMC. In 2023, the EMC met on a weekly basis and provided updates to the Bid-Co Board on climate change related matters at least once in 2023. This is expected to continue in 2024.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Board's responsibility *(continued)*

Figure 1: *Climate Change management process for 2023.*



(iii) Executive Management Committee (EMC) *(continued)*

The EMC has overall responsibility for monitoring climate-related risks and opportunities. Climate change will present challenges, which could impact the Group's ability to deliver its strategy. Climate-related risks and opportunities will therefore be considered during strategic decision-making by the EMC where appropriate. For example in 2023 the installation of solar panels were approved in the Singapore sites. During the year the EMC took steps to understand how to improve the resilience of the business to climate change by conducting climate scenario analysis on its 12 key locations.

To support the EMC in fulfilling its responsibilities, a climate-capacity-building session was provided in December 2023, facilitated by third-party ESG consultants. This session covered TCFD and its recommendations, the climate-related risks and opportunities identified, the Group's approach to emission calculations, ESG progress and key next steps. Climate change is not currently a standard agenda item at either AGL Board or EMC meetings. However, climate change will be discussed at least annually in 2024, along with broader climate change issues such as the implementation of energy-efficiency measures and the exploration of low-emission technologies. A climate change capacity-building session will be provided for the new equivalent Bid-Co Board by the Group's third-party ESG specialists in 2024.

(iv) Head of ESG and Head of the Strategic Programmes Team

In 2023, the Head of ESG and The Head of the Strategic Programmes Team met twice a month with third-party ESG consultants to begin integrating TCFD recommendations into the Group's business structure and strategy. In October and November 2023, three Climate Risk Management Workshops were held to provide further training on global warming and to assess the impact of climate change on the business. These workshops were attended by members of the EMC, the Head of ESG, the Head of the Strategic Programmes Team and various additional stakeholders from across the business.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Board's responsibility *(continued)*

ESG Committee *(for 2024 onwards)*

In 2021 the Group established an internal ESG Committee which in 2024 it will take full responsibility for the management of ESG, including climate risks and opportunities and updating the EMC on key matters. The ESG Committee will meet on a quarterly basis in 2024 with the first meeting occurring in Q2, and will provide updates to the EMC on climate change matters on a quarterly basis.

Risk Management

Climate risk management process

The AGL Board acknowledges its responsibility for the Group's management of climate risks. Management has worked to integrate an awareness of climate change into existing processes to form a climate-risk-management framework. This is outlined below.

Step 1: Identification of risks

A data collection process was launched in 2023 to identify the climate-related risks which were applicable to the Group. Internal stakeholders were engaged to perform a review of current processes and operations and specialist sustainability consultants facilitated education sessions on TCFD and climate change, with current Companies Act guidance being considered throughout the process. Eighteen climate-related risks were identified, six of which were deemed to be material to the business. One opportunity was also identified. Climate scenario analysis will be conducted annually to ensure these assessments are maintained.

Step 2: Evaluation of risks

Using climate scenario analysis, each risk was assessed, with different timescales and global warming forecasts being considered, leading to risk classifications of 1 to 5 for both likelihood and impact, with 5 being the highest. Risks with both an impact score of 4 or 5 and a likelihood score of 4 or 5 were deemed to have a high potential impact on the business and will have mitigation measures prioritised. The results of this analysis were presented at the climate risk workshops which were attended by representatives from operations, ESG, finance and the EMC. Risks were categorised as 'transition' or 'physical' in nature. The analysis identified the Group's most significant physical risk to be in relation to storms and typhoons, and the most significant transition risk to be the costs associated with the transition to lower emissions technology and changing customer behaviours.

Step 3: Management of risks

After assessing each risk, potential management strategies have been discussed with the Head of ESG, Head of the Strategic Programs Team, and members of the EMC, with the objective of implementing the most effective framework and actions for each relevant risk. Throughout the process, internal stakeholders across the business were engaged to identify information about existing mitigation processes. A 'climate lens' was applied where possible to existing mitigation strategies across all parts of the business.

New management processes will be introduced where appropriate, focusing on the risks shown in tables 1 and 2. Hurricanes have previously restricted operations for example at Port Fourchon in Louisiana. Whilst this risk is difficult to mitigate, facilities where applicable, have been built in line with relevant extreme weather specifications to minimise the damage from such events. In cases of flooding and other localised events, Acteon will support employees working from home if required and will continually assess the situation.

The Group has developed a climate risk register, which will be maintained internally by the Head of ESG and Head of Strategic Programmes and reviewed at least annually. Acteon has an existing risk management process, and this will be further developed in 2024 with the new Bid-Co Board or equivalent, incorporating climate change and ESG into this process.

In its first year of reporting under the CFD the focus was on identifying and understanding the Group's climate risks. A further understanding of the potential impacts of a carbon tax, the feasibility of calculating a carbon price will be developed in 2024 and the possibility of having climate change as a principal risk will also be assessed.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Strategy

Identifying and assessing the climate-related risks which may directly affect the business over time allows the Group to actively work to mitigate any potential impacts they may have. A successful transition to a low-carbon economy will enable Acteon to identify and capitalise on climate-related opportunities. Navigating this transition successfully should see an increase in demand for the Group's products and services.

In accordance with CFD guidance, climate scenario analysis on operations was conducted at a group level during 2023 to support the assessment of Acteon's climate-related risks and opportunities. Climate scenarios are future projections of climate under differing warming pathways. To create these climate scenarios, several climate models and internationally established frameworks were used. These included the International Energy Agency's World Energy Models ("WEM"), the Shared Socioeconomic Pathways ("SSPs"): Climate Natural Catastrophe Damage Model, CORDEX regional climate forecasts, and Integrated Assessment Models ("IAM").

Climate scenarios make projections on hypothetical futures and as such contain a degree of uncertainty. In performing Acteon's climate scenario analysis, the Group considered the following additional factors in line with CFD guidance:

- Physical and transition risks of climate change. Transition risks are those risks related to moving towards a decarbonised economy. These include potential issues to policy and legal, technology, market and reputational matters. Physical risks may have a physical impact on a business, such as flooding, temperature rises, and water stress.

- Different time horizons to consider whether risks are likely to occur in the short-term (2023-2027), medium-term (2028-2037) or long-term (2038-2052). The impacts of climate change extend beyond traditional business planning horizons. Since the UK and the Group have net zero targets for 2050 the long-term horizon has been aligned with this target.

- Different warming pathways, dependent on differing global responses to the climate change threat of <2 °C, 2-3 °C and >3 °C by 2100. TCFD recommends that a below 2 °C and above 2 °C scenario are used. Since the impact of physical risks vary above 2 °C, a 2-3 °C and an above 3 °C scenario have been used to provide greater insight.

Analysis outcome

Through Acteon's climate scenario analysis described above, eighteen climate-related risks and one opportunity that potentially impact the business in the short- (2023-2027) to long- (2038-2052) term timeframes, were identified. Physical risks were analysed by location with transition risks being valid for all business operations. Six of these risks were deemed to be material (tables 1 and 2) and will therefore be prioritised with mitigation measures assessed and implemented.

Acteon will consider the impact of climate-related issues on the financial planning and performance of the business from 2024, its second year producing a CFD report. The directors believe that overall the Group's business model is resilient to the scenarios analysed. With the mitigation plans in the risk considerations below and investment over time in adaptive measures, significant physical risks can be adequately managed.

Transition risks

Transition risks pose a potential threat to the Group which are likely to increase as climate change continues. Acteon acknowledges that the severity of each risk varies with each of the three scenario warming pathways. Transition risks are the highest in the "below 2°C" scenario due to the increase in climate-related policies, legislation and recommendations.

Physical risks

A large part of the Group's operations and services are sea-based or coastal where weather conditions can be volatile. Storms and typhoons were identified as having a potential material impact on the business. Understanding how physical risks, such as rising sea levels, may impact the business allows the Group to invest in research and development to mitigate climatic impacts and remain competitive. Physical risks would be the highest in the greater than 3°C scenario as warming exacerbates risks.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Strategy *(continued)*

Opportunities

Acteon is an innovative business that provides renewable technology and services. Climate change is expected to provide opportunities for the Group to continue to develop its service offerings for increased revenue. As climate becomes an important factor for customers and end-consumers, demand for the Group's renewable services and products are expected to grow (table 3). The Group will continue to be transparent about all aspects of ESG and CFD to ensure it is best placed to capitalise on any increased demand. Decreasing reliance on less sustainable energy generation, through further incorporation of low-emission technology, should reduce operating expenditure and further increase profitability.

Table 1: *The Group's Transition Risks.*

Risk	Scenario	Time horizon	Financial impact and rating	Explanation	Mitigation
				Policy and legal	
Enhanced emissions reporting and other reporting obligations	<2°C 2-3°C	Short – Medium Term (2023 - 2037)	Increased direct costs. **Likelihood: 4** **Impact: 4**	• As the world aims to transition to a decarbonized economy, enhanced regulation may be introduced. **Actual risk:** • Acteon is impacted by Government regulations introduced to reduce energy use and emissions (SECR and CFD). • Other regulations may come into force which could impact Acteon, for example, Corporate Sustainability Reporting Directive (CSRD). **Potential risk:** • The EU plans to promote a ban on the use of climate claims like "climate neutral" based solely on offsetting, and the use of green labels that are not from an approved sustainability scheme. Acteon will need to have any green labels approved, potentially requiring expenditure.	• Acteon has allocated internal resources and engaged with a third-party specialist, to ensure compliance with current and emerging regulations. • To mitigate the potential impact of a domestic carbon tax, Acteon is working to reduce its carbon footprint wherever possible.
				Market	
Changing customer behaviour	<2°C 2-3°C	Medium Term (2028 - 2037)	Decreased revenue due to reduced demand for products and services. **Likelihood: 5** **Impact: 5**	• Acteon's business is sensitive to customers' spending patterns in the renewables and natural gas sectors. **Potential impact:** • The increased demand for cheap renewable power and customers' efforts to lower their own carbon emissions could impact demand for renewables and the length of power purchase agreements as customers want more flexibility, resulting in increasing uncertainty in the market. Failure to effectively predict and respond to changes, could affect the Group's sales and financial performance.	• Acteon's offering is split between customers in the renewables and oil and gas sectors, which allows the business to be adaptive to changes in customer behaviour and demand. • Acteon will produce annual CFD and ESG reports and continue to monitor customer trends and preferences.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Strategy *(continued)*

Table 1: *The Group's Transition Risks (continued)*

Risk	Scenario	Time horizon	Financial impact and rating	Explanation	Mitigation
				Market *(continued)*	
Increased cost of energy and raw materials	<2°C 2-3°C	Medium Term (2028 - 2037)	Increased operating costs. **Likelihood: 4** **Impact: 4**	• Increases in costs could adversely impact Acteon's profitability. In 2023 inflation and interest rates have increased the cost to build renewable power plants, with wind farms associated with a ~40% increase in construction costs. This could impact the economic feasibility of these wind farms. **Potential risk:** • EU's new CBAM (Carbon Border Adjustment Mechanism) tax on imports of raw materials (aluminium and iron), will be implemented in 2026 and further products are expected to be introduced annually. This could impact Acteon's supply chain in the medium-term as well as lead to an increase in costs of new projects. The future borrowing rates on any future refinancing packages could also increase. A similar system is expected in the UK in 2027, potentially leading to cost inflation for Acteon. • A risk of a UK carbon tax is likely under these climate scenarios. If implemented, this will capture Acteon's Scope 1 and Scope 2 GHG emissions.	• In 2023 586 PV modules were installed in Singapore, providing forecast 399,000 kWh (guaranteed minimum 375,000 kWh). • Acteon has installed electric vehicle (EV) charging points across some of its offices in the UK and Singapore with the help of local government subsidies. • An employee EV leasing programme is also currently being investigated for potential implementation. • Acteon will continue to investigate the feasibility of implementing additional low-emission technology. • Carbon pricing will be considered in 2024 which will help in reducing the impact of this risk.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Strategy *(continued)*

Table 1: *The Group's Transition Risks (continued)*

Risk	**Scenario**	**Time horizon**	**Financial impact and rating**	**Explanation**	**Mitigation**
				Technology	
Substitute existing products and services with lower emission alternatives	<2°C 2-3°C	Short – Medium Term (2023 - 2037)	Increased operating expenses. **Likelihood: 4** **Impact: 4**	• Customer preferences could change as people consider the environment when making purchasing decisions. **Potential risk:** • The costs to ensure the Group's products are sustainable are likely to increase as Acteon may need to invest further in technology and resources. Shifting to more efficient technology and sustainable products may require a write-off or the early retirement of existing assets at a financial cost to the business.	• Acteon is committed to providing low-emission technology. • Acteon has begun transitioning to LED lighting. LED lighting upgrades were completed across 3 sites in 2023, with more installations planned over the next two years. • Acteon, wherever possible, is replacing gas and diesel forklifts with electric when current leases expire. • Mooring systems provided by Acteon reduce the use of thrusters to ensure structures stay in the correct position and, in turn, reduce fuel consumption. • Acteon is developing remote technology and services in order to reduce the number of personnel deployed offshore, significantly reducing helicopter travel.
Costs to transition to lower emissions technology	<2°C 2-3°C	Short – Medium Term (2023 - 2037)	Increased operating costs. **Likelihood: 5** **Impact: 5**	• More sustainable technology is likely to come onto the market over the coming years. **Actual risk:** • Acteon has and will experience an additional cost associated with the need for complex yet sustainable technology, for example replacing vehicles with hybrid and electric and the development of a Marine Noise Reduction Unit designed to reduce sound emissions from hammer operations in the ocean. **Potential risk:** • Adopting or deploying new practices or processes will come at a cost to the business. Such changes are expected to occur gradually over time. • As the Group aims to reduce its carbon emissions, investing in lower-emission technology may be necessary, resulting in increased costs.	• Acteon was the first company in Singapore to introduce electric pick-up trucks in 2023, demonstrating its commitment to reducing its carbon footprint. • Working in partnership with customers, Acteon provides the best available technologies and services to maximise asset integrity insights and asset life, while optimising cost and lowering environmental impact. • The use of Autonomous Surface Vehicles, remote survey control and data processing technologies for geophysical surveys, helps to reduce associated travel costs and carbon emissions significantly, and to reduce marine fuel use and emissions.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Strategy *(continued)*

Table 2: *The Group's Physical Risks.*

Risk area	Risk	Scenario	Time horizon	Financial impact and rating	Explanation	Mitigation
Acute	**Storms and typhoons**	>3°C	Medium – Long Term (2028 - 2052)	Increased operating and repair costs. **Likelihood: 4** **Impact: 5**	• Southeast Asian countries are projected to be heavily impacted by climate change, with an increasing number and intensity of extreme weather events. • A typhoon can last a few days which could result in closure of ports and disruption to shipping schedules, resulting in project delays. Typhoons can be more extreme during an El Nino year, for example across the Eastern Pacific and Asian regions. **Actual risk:** • Typhoons and storms have impacted the Gulf of Mexico, where a number of Acteon's operations are located. For example at its Port Fourchon site in Louisiana, hurricanes have previously restricted operations there.	• Acteon will continue to monitor the risk on key sites. In 2024 Acteon will also assess the impact on key suppliers and the supply chain. • Facilities have, where applicable, been built in line with relevant extreme weather specifications to minimise the damage from such events. • The Group will continue to conduct climate scenario analysis annually to further understand which sites are at risk from storms and typhoons so that mitigation plans can be formulated.

Table 3: *Climate-related opportunities identified in 2023.*

Opportunity type	Opportunity driver	Scenario	Time horizon	Description	Description of opportunity response
Low emission technology	Transition to low-emission technology	<2°C 2-3°C	Short – Medium Term (2023 - 2037)	• The IEA predicts that by 2050, 90% of the power market will be from renewable sources. The transition to a low-carbon economy therefore provides growth opportunities for Acteon's services in the renewable energy sector. • The UK government is taking steps to secure the transition to renewable sources through increased auction prices and CFD (contract for differences). This sends a strong signal that the government remains committed to supporting the development of the market despite the recent supply and monetary challenges.	• Acteon is exploring new markets and preparing comprehensive business development plans to ensure growth opportunities are identified and capitalise upon. • In the current year nearly 30% of the Group's revenue was from non-oil and gas activities, of which 22% was from renewable energy.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Metrics and targets

Acteon is committed to reaching net-zero in Scope 1, 2 and 3 by 2050 at the latest, in line with UK and EU governments, by reducing absolute emissions by 90% and offsetting the remaining 10% in a net-zero year. In 2024 the aim is to set a range of near-term and net-zero targets and KPIs which will be approved at board level. The Group's current climate mitigation measures shown in tables 1 and 2 will also help reduce emissions. Acteon will continue to report on its environmental performance annually.

Greenhouse Gas Emissions

The Carbon Balance Sheet below (table 4) contains the Group's GHG emissions inventory for 2022. Emissions are reported using an operational control approach, as defined by the GHG Protocol. All emissions have been calculated following the GHG Protocol's Corporate Accounting and Reporting Standard and the guidelines of ISO 14064-1.

Scope 1 emissions are from natural gas and other fuels used at Acteon's sites and by its assets, plus fuels used by its vehicle fleet. Scope 2 emissions come from electricity used at the Group's operating sites. Scope 3 emissions are associated with its value chain. Categories 9, 10 and 14 were not applicable to the Group. Acteon pays for the transportation of all products, does not sell any unfinished products or have any franchises. Categories 8, 11, 12, 13 and 15 were and are applicable to Acteon, however due to data gaps, it has not been possible to fully quantify these emissions in this financial year. The Group is actively working to improve data collection and plans to report on these categories in future years. As this is the first year of collecting emissions data, only 2022 Scope 3 emissions have been quantified at this time. The 2023 Scope 3 emissions will be reported in the 2024 annual report. The data for Scope 1, 2 and 3 emissions were provided to the Group's ESG consultants for calculation, but no formal assurance has been provided. Market-based Scope 2 emissions have been calculated using residual grid emissions of the country where the asset is situated.

Table 4: *Group's Global Carbon Balance Sheet.*

	2022 Emissions (tCO_2e)
Scope 1	**26,431**
Scope 2 (location-based)	**8,025**
Scope 2 (Market-based)	**10,348**
Scope 3	**263,320**
1. Purchased Goods & Services	170,616
2. Capital Goods	9,022
3. Fuel-related Emissions	6,904
4. Upstream Transportation and Distribution	38,051
5. Waste Generated in Operations	5,780
6. Business Travel	16,695
7. Employee Commuting	16,252
8. Upstream Leased Assets	Applicable but not quantified
9. Downstream Transportation and Distribution	Not Applicable
10. Processing of Sold Products	Not Applicable
11. Use of Sold Products	Applicable but not quantified
12. End-of-life Treatment of Sold Products	Applicable but not quantified
13. Downstream Leased Assets	Applicable but not quantified
14. Franchises	Not Applicable
15. Investments	Applicable but not quantified
Total (market-based)	**300,099**

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Additional environmental initiatives

(i) Biodiversity

Acteon largely operates subsea, a habitat for many species including large marine wildlife. Acteon supplies its customers with equipment that actively mitigates a large part of the negative impact its operations have on biodiversity. For example Menck, one of Acteon's brands, has developed and operates a Marine Noise Reduction Unit that has reduced sound emissions of its hammer operations by up to 65%. An assessment will be made on the feasibility of monitoring the Group's impact on biodiversity in 2024 to enable the setting of relevant targets.

(ii) Waste

This is Acteon's first year implementing the recommendations of the CFD and the Group currently does not have waste reduction targets. Work in 2023 began to collate a total expenditure figure on waste services and in 2024 the feasibility of monitoring waste production will be assessed, and a waste reduction target will subsequently be determined and set.

(iii) Water

Currently some areas of the business measure water consumption. The feasibility of measuring and managing water consumption across the whole Group will be reviewed in 2024 with a view of setting water consumption reduction targets where possible.

Future developments

Since the year-end the Group has been sold and is now operating under new ownership. As part of this acquisition, certain changes have been implemented with respect to the Group's structure including the establishment of a new overall UK parent entity and the introduction of new intermediary holding companies. The existing subsidiaries within the Group have been repositioned within that new structure, under these new intermediary holding companies.

As a consequence, Acteon Group Limited, in 2024 will no longer be the parent company of the majority of the existing subsidiaries (even though they remain part of the wider group), and it will not be required to prepare statutory consolidated accounts after the 31 December 2023 year-end.

With the Group's existing borrowing facility already having been refinanced post-year-end (see note 25) together with the receipt of a cash injection from its new owners via the issue of new shares, the group is able to more fully strategically evaluate its trading outlook and future plans from a position of enhanced liquidity and reduced leverage.

With significant growth within the green/renewable energy sector expected to accelerate in the near future, the intention is to reposition the group to be able to take full advantage of more opportunities within renewables, for which it is already uniquely placed to serve with its portfolio of products, services and engineering skill sets.

This transition to further serve the renewables energy sector is expected to protect and considerably improve the group's medium- to longer-term prospects for growth and to enable it to establish itself as a major contractor within this rapidly expanding industry.

The group, under its new ownership and structure is therefore well placed to augment and develop its capabilities supported by targeted investment in its fixed asset base and workforce to position itself for future growth and continue its drive to support the energy transition.

By order of the board

B M Bouffard
Director

29 May 2024

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 2023 *(2022: £nil)*.

Directors

The directors who served during the year and up to the date of this report are as follows:

B M Bouffard (appointed 14 March 2024)
J A Connolly (appointed 20 March 2024)
B Bruggaier (resigned 21 March 2024)
D M Zuydam (appointed 5 April 2023 and resigned on 21 March 2024)
B Parsons (appointed 9 May 2023 and resigned on 21 March 2024)
K Murdoch (resigned 5 April 2023)

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 *(2022: £nil)*.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced requirements for large unquoted UK companies to disclosure their annual energy use, greenhouse gas emissions and energy efficiency actions.

Acteon's natural gas, transport fuel and electricity usage are included below. Due to poor data availability, all Scope 1 and 2 data has been estimated based on the floor area of all sites and Chartered Institution of Building Services Engineers (CIBSE) estimates. The Group plans to improve its data collection in this area in the next two years.

Methodology

The Group's energy usage and greenhouse gas emissions, (Scope 1 and 2 consumption and CO2e emissions data), has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

UK Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for the reporting year ended 31 December 2023. Country-specific electricity emissions factors have been used to calculate the electricity emissions of global operations.

Directors' Report *(continued)*

Greenhouse gas emissions, energy consumption and energy efficiency action *(continued)*

The following tables detail the Group's global energy consumption, emissions in Tonnes CO_2e (tCO_2e), and emission intensity.

Global Energy Consumption (MWh)

Utility and Scope	UK (MWh) (2023)	Global (MWh) (2023)	UK (MWh) (2022)	Global (MWh) (2022)
Scope 1 total	**37,955**	**103,603**	**37,408**	**103,674**
Gaseous & other fuels	31,796	103,603	31,209	103,674
Transport	6,159	0 (incl in UK)	6,199	0 (incl in UK)
Scope 2 total	**7,215**	**21,317**	**7,412**	**21,624**
Grid-supplied electricity	7,215	21,317	7,412	21,624
Total	**45,170**	**124,920**	**44,820**	**125,298**
	170,090		**170,118**	

Global emissions (tCO_2e)

Utility and Scope	UK (tCO_2e) (2023)	Global (tCO_2e) (2023)	UK (tCO_2e) (2022)	Global (tCO_2e) (2022)
Scope 1 total	**7,475.41**	**19,062.49**	**7,384.99**	**19,046.01**
Gaseous & other fuels	6,019.08	19,062.49	5,902.01	19,046.01
Transport	1,456.33	0 (incl in UK)	1,482.98	0 (incl in UK)
Scope 2 total	**1,494.11**	**6,694.74**	**1,433.34**	**6,591.46**
Grid-supplied electricity	1,494.11	6,694.74	1,433.34	6,591.46
Total	**8,969.52**	**25,757.23**	**8,818.33**	**25,637.47**
	34,726.75		**34,455.80**	

Global emissions intensity

Intensity Metrics	**Location-based (tCO_2e)**	
	2023	**2022**
Total Turnover (£m)	696.52	532.17
All Scopes tCO2e per Turnover (£m)	49.86	64.75
YoY Percentage Change	**23.0% reduction**	

Directors' Report *(continued)*

Greenhouse gas emissions, energy consumption and energy efficiency action *(continued)*

Energy Efficiency Actions

The Group has undertaken a number of carbon reduction initiatives during the year, examples being:

- Acteon was the first company to switch from propane or diesel forklift trucks to electric forklifts in Singapore. This has reduced fuels emissions.
- The Group began a phased rollout of LEDs, with upgrades completed at three sites in 2023. This will reduce electricity consumption for lighting.
- 586 photovoltaic solar modules were installed in Singapore, providing an estimated 375,000 kWh of carbon-free electricity.
- Electric vehicle chargers have been installed in the UK, with further units installed in Singapore with the help from local government subsidies. This will reduce the Group's Scope 1 transport emissions and emissions from employee commuting.

Further expansion of these measures are expected in 2024, with the continued rollout of LED lighting, potential for additional electric charging points being installed in other site locations, and assessing the feasibility of introducing an employee electric vehicle leasing programme. The Group will also continue to evaluate other additional low-emissions technology that could be introduced not only to its own sites, but to equipment and processes that could also potentially benefit its customers and suppliers.

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

B M Bouffard
Director

29 May 2024

Statement of directors' responsibilities in respect of the Annual 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 UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of 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 UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal 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 2023 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 2023 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which indicates that following a change of ownership and group re-organisation, Acteon Group Limited heads up a new sub-group that includes only one trading entity in which material potential contractual liabilities could arise. These events and conditions, along with the other matters explained in note 2, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 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;
- Considering remuneration incentive schemes and performance targets for management and directors; and
- Using analytical procedures to identify any unusual or unexpected relationships.

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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 the Group level.

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 group management may be in a position to make inappropriate accounting entries;
- the risk that revenue from fixed price long term contracts that remain in progress at year-end is recorded inaccurately and other revenue streams recognised at year end are recorded in the wrong accounting period.

We also identified a fraud risk related to completeness of expenses and liabilities identified and recorded at year end in response to perceived effects of reporting poor financial results on significant pending transactions and possible pressures to meet profit targets.

We did not identify any additional fraud risks.

We also performed procedures including:

- identifying journal entries and other adjustments to test for all components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account pairings for revenue, cash and loans;
- for revenue from fixed price long term contracts that remain in progress at year end, for all components with long term contracts, obtaining a sample of contracts and supporting documentation to assess whether inputs towards satisfying the performance obligation relative to the total expected inputs are measured appropriately, and for other revenue, for all components, obtaining a sample of invoices and related documentation around the year end to assess whether the associated revenue has been recorded in the appropriate period; and
- for completeness of expenses and liabilities identified and recorded at year end, for all full scope components, obtaining a sample of invoices and related documentation around the year end to assess whether the associated expense has been recorded in the appropriate period.

Identifying and responding to risks of material misstatement related to 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 discussions 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. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

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.

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

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: GDPR, health and safety, fraud, anti-bribery and anti-corruption, sanctions compliance, environmental protection legislation, contract legislation, competition legislation, market abuse regulation, overseas legislation and employment legislation, recognising the nature of the Group's operations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Strategic Report and Directors' Report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 22, 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.

KPMG

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

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.

KA Dunn

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

29 May 2024

Consolidated Income Statement
for year ended 31 December 2023

	Note	Pre-exceptional items 2023 £000	Exceptional items 2023 £000	Total 2023 £000	Pre-exceptional items 2022 £000	Exceptional items 2022 £000	Total 2022 £000
Revenue	6	616,103	79,419	695,522	506,898	25,272	532,170
Cost of sales		(478,201)	(101,969)	(580,170)	(386,993)	(25,272)	(412,265)
Gross profit/(loss)		137,902	(22,550)	115,352	119,905	-	119,905
Other income	7	57	-	57	-	-	-
Impairment charges	16	-	(1,725)	(1,725)	-	(2,500)	(2,500)
Administrative expenses	8	(91,205)	(9,905)	(101,110)	(89,185)	(3,040)	(92,225)
Total administrative expenses		(91,205)	(11,630)	(102,835)	(89,185)	(5,540)	(94,725)
Profit/(loss) from operating activities	8	46,754	(34,180)	12,574	30,720	(5,540)	25,180
Finance income		5,142	-	5,142	902	-	902
Finance expense		(37,478)	-	(37,478)	(39,301)	-	(39,301)
Net finance expense	11	(32,336)	-	(32,336)	(38,399)	-	(38,399)
Profit/(loss) before income tax		14,418	(34,180)	(19,762)	(7,679)	(5,540)	(13,219)
Income tax (expense)/credit	12	(10,790)	-	(10,790)	1,989	-	1,989
Profit/(loss) for the year		3,628	(34,180)	(30,552)	(5,690)	(5,540)	(11,230)
Attributable to:							
Equity holders of the parent				(30,307)			(10,864)
Non-controlling interests				(245)			(366)
Loss for the year				(30,552)			(11,230)

The notes on pages 32 to 76 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 30.

Consolidated Statement of Comprehensive Income
for year ended 31 December 2023

	Note	**2023 £000**	2022 £000
Loss for the year		**(30,552)**	(11,230)
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial (losses)/gains	*27*	**(289)**	434
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign currency net investments		**(11,699)**	15,114
Other comprehensive (loss)/profit recognised directly in equity		**(11,988)**	15,548
Total comprehensive (loss)/profit for the year		**(42,540)**	4,318
Attributable to:			
Equity holders of the Company		**(42,295)**	4,684
Non-controlling interests		**(245)**	(366)
Total comprehensive (loss)/profit for the year		**(42,540)**	4,318

The notes on pages 32 to 76 are an integral part of these consolidated financial statements.

Acteon Group Limited
Registered number 4231212
Annual report and financial statements
31 December 2023

Consolidated Statement of Financial Position (Balance Sheet)

at 31 December 2023

	Note	2023 £000	2022 £000
Non-current assets			
Property, plant and equipment	*14*	**130,258**	132,421
Right-of-use assets	*15*	**36,551**	40,311
Intangible assets	*16*	**149,879**	163,810
Deferred income tax assets	*17*	**23,523**	21,082
Total non-current assets		**340,211**	357,624
Current assets			
Inventories	*18*	**40,737**	37,081
Contract costs	*19*	**13,469**	17,602
Trade and other receivables	*20*	**137,321**	118,059
Contract assets	*21*	**59,073**	19,665
Cash and cash equivalents	*25*	**31,394**	47,246
Total current assets		**281,994**	239,653
Total assets		**622,205**	597,277
Equity			
Share capital	*22*	**46,659**	46,659
Share premium	*23*	**16,437**	16,437
Foreign currency translation reserve	*23*	**15,172**	26,871
Other reserves	*23*	**(5,188)**	(5,250)
Retained earnings	*23*	**(22,667)**	7,929
Total equity attributable to equity holders of the Company		**50,413**	92,646
Non-controlling interests	*24*	**10,792**	11,182
Total equity		**61,205**	103,828
Non-current liabilities			
Loans and borrowings	*25*	**151,384**	283,117
Lease liabilities	*26*	**35,477**	38,186
Other creditors		**889**	1,028
Employee benefits	*27*	**2,229**	2,070
Deferred income tax liabilities	*17*	**5,569**	7,858
Total non-current liabilities		**195,548**	332,259
Current liabilities			
Loans and borrowings	*25*	**129,273**	-
Lease liabilities	*26*	**9,019**	7,639
Trade, other payables and provisions	*28*	**203,799**	137,468
Contract liabilities	*21*	**17,919**	12,771
Current income tax liabilities		**5,442**	3,312
Total current liabilities		**365,452**	161,190
Total liabilities		**561,000**	493,449
Total equity and liabilities		**622,205**	597,277

These financial statements were approved by the Board of Directors on 29 May 2024 and were signed on its behalf by:

B M Bouffard - Director *J A Connolly - Director*

The notes on pages 32 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for year ended 31 December 2023

	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 2022	46,659	16,437	11,757	(5,250)	18,359	87,962	11,548	99,510
Loss for the year	-	-	-	-	(10,864)	(10,864)	(366)	(11,230)
Income and expense recognised directly in equity								
Defined benefit plan actuarial gains	-	-	-	-	434	434	-	434
Foreign currency translation difference	-	-	15,114	-	-	15,114	-	15,114
Total income and expense recognised directly in equity	-	-	15,114	-	434	15,548	-	15,548
Balance at 31 December 2022	**46,659**	**16,437**	**26,871**	**(5,250)**	**7,929**	**92,646**	**11,182**	**103,828**
Loss for the year	-	-	-	-	(30,307)	**(30,307)**	(245)	**(30,552)**
Income and expense recognised directly in equity								
Defined benefit plan actuarial losses	-	-	-	-	(289)	**(289)**	-	**(289)**
Foreign currency translation difference	-	-	(11,699)	-	-	**(11,699)**	-	**(11,699)**
Total income and expense recognised directly in equity	-	-	(11,699)	-	(289)	**(11,988)**	-	**(11,988)**
Acquisitions in year (note 5)	-	-	-	62	-	**62**	(145)	**(83)**
Balance at 31 December 2023	**46,659**	**16,437**	**15,172**	**(5,188)**	**(22,667)**	**50,413**	**10,792**	**61,205**

The notes on pages 32 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow
for year ended 31 December 2023

	Note	2023 £000	2022 £000
Cash flow from operating activities			
Loss for the year		**(30,552)**	(11,230)
Adjustments for:			
Loss on sale of property, plant and equipment and intangible assets		**703**	5,662
Provision for litigation, legal costs and penalties	*8*	**8,000**	-
Loss provision on an onerous contract	*8*	**7,895**	-
Depreciation and impairment of property, plant and equipment	*14*	**24,750**	27,319
Depreciation and impairment of right-of-use assets	*15*	**7,866**	8,107
Amortisation and impairment of intangible assets	*16*	**10,713**	12,764
Net finance expense	*11*	**32,336**	38,399
Total income tax expense/(credit)	*12*	**10,790**	(1,989)
		72,501	79,032
Change in inventories		**(4,796)**	(9,140)
Change in contract costs		**3,641**	4,054
Change in trade and other receivables		**(22,906)**	(4,933)
Change in contract assets		**(41,333)**	(5,235)
Change in trade and other payables		**47,076**	(17,726)
Change in contract liabilities		**7,938**	3,395
Change in provisions and employee benefits		**215**	277
Cash generated from operating activities		**62,336**	49,724
Interest paid		**(24,085)**	(19,147)
Interest paid on lease liabilities		**(2,949)**	(2,819)
Income tax paid		**(12,421)**	(11,144)
Net cash from operating activities		**22,881**	16,614
Cash flows from investing activities			
Interest received		**825**	902
Proceeds from sale of property, plant and equipment		**602**	566
Acquisition of non-controlling interests	*5*	**(83)**	-
Purchase of property, plant and equipment	*14*	**(29,457)**	(33,399)
Purchase of intangible assets	*16*	**(1,266)**	(895)
Net cash used in investing activities		**(29,379)**	(32,826)
Cash flow from financing activities			
Expenses paid in relation to borrowings	*25*	**(582)**	(80)
Repayment of principal lease liabilities	*25*	**(7,456)**	(7,714)
Net cash used in financing activities		**(8,038)**	(7,794)
Net decrease in cash and cash equivalents		**(14,536)**	(24,006)
Cash and cash equivalents at 1 January		**47,246**	68,670
Effect of exchange rate fluctuations on cash held		**(1,316)**	2,582
Cash and cash equivalents at 31 December		**31,394**	47,246

The notes on pages 32 to 76 are an integral part of these consolidated financial statements.

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 2023 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 77 to 95.

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 UK-adopted international accounting standards and applicable law. 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 UK-adopted international accounting standards and applicable law.

(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 UK-adopted international accounting standards 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 6 – recognition of revenue from fixed-price contracts.

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

Note 17 – recognition of deferred tax assets which are based on future trading and taxable profitability.

(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 18. The Group has reported a profit from operating activities of £12.6m, a loss for the year of £30.6m and generated cash flows from operating activities of £62.3m.

Notes *(continued)*

2 Basis of preparation of financial statements *(continued)*

(e) Going concern *(continued)*

The political unrest caused by the current conflicts in Ukraine and Middle East continues to create uncertainties for business worldwide, leading to the risk that current and prospective clients may delay the timing of their investment programmes which, in turn, might adversely impact Acteon's overall operations across that time horizon. Risk may also exist in the Group's ability to execute certain projects, depending on their nature and location. The Group also experienced further cost pressures from high inflation and increased interest rates which are anticipated to remain high for the foreseeable future.

In response, during the past twelve months, the Group continued to undertake appropriate actions to optimise its trading performance and to protect its margins, profitability and cash flow. It sought to retain its key capabilities and skills in order to take advantage of, and capitalise on, opportunities, with customer demand continuing to escalate in 2023 and which is expected to continue into 2024 and beyond. The Group operates across a wide range of markets and geographies and delivers an extensive range of products and services, factors that provide resilience against adverse short-term impacts in any one business segment.

Since the year-end, following a change in ownership and group re-organisation, Acteon Group Limited is now owed by a new UK parent entity, Project Santis Alpha Bidco Limited. As part of the acquisition the debt was fully refinanced with new facilities received by Project Santis Omega Bidco Limited, a newly incorporated sister company. Project Santis Omega Bidco Limited utilised a portion of those facilities to purchase from Acteon Group Limited the majority of the trading entities within the group, with Acteon Group Limited using the majority of the consideration to settle the debt held by the Company in full. As a consequence of the reorganisation, Acteon Group Limited heads up a new sub-group, separate from the core refinanced element, that includes a number of companies of which only one is trading.

Post re-organisation the Company and its remaining subsidiaries are able to meet their day to day working capital requirements from operational cash flows, together with an additional intercompany receivable from Project Santis Omega Bidco Limited.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing these financial statements, which indicate that this new sub-group will generate sufficient cashflows to meets it on-going obligations during the going concern assessment period. The directors have also prepared financial projections which show a severe yet plausible downside scenario, where material potential contractual liabilities could arise. In this situation the Group would require additional funding in order to settle those obligations as they fell due.

This scenario is considered to be remote by the directors, however, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

Basis of consolidation *(continued)*

(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.

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.

(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 transferred to inventory and 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)*

Exceptional items

Exceptional items are those significant items which in the directors' judgement are highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance; such items are reflected separately within the income statement under the caption to which they relate. Transactions which may give rise to material exceptional items include gains and losses on disposals, impairments of assets including goodwill, restructuring costs or provisions, litigation settlements, tax provisions, provisions for onerous contracts and, acquisition and divestment costs.

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 224 participants. Of these, 5 participate in a final salary scheme and the remaining 219 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 19 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.

(iv) Share-based payments

Where an intermediate parent of the Group grants rights to its equity instruments to the Group's employees, which are accounted for as equity-settled in the consolidated accounts of the intermediate parent, the Group accounts for these share-based payments as equity-settled. The fair value at grant date of share-based payments awarded is recognised as an employee expense, with a corresponding increase in equity spread over the period in which the employee becomes unconditionally entitled to the award. The fair value of the award granted is measured using an option valuation model, taking into account the terms and conditions upon which the award was granted.

Notes *(continued)*

3 Significant accounting policies *(continued)*

Employee benefits *(continued)*

(iv) Share-based payments *(continued)*

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

Leasing *(continued)*

(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.

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. A right of set-off exists within the Group's main banking facility.

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.

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:

Notes *(continued)*

3 Significant accounting policies *(continued)*

Determination of fair values *(continued)*

(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.

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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

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.

Provisions

A provision is recognised when the Group has a present or constructive obligation as a result of a past event, that can be reliability measured and it is probable than an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

New accounting standards adopted in the year
There were no newly adopted accounting standards, interpretations or amendments in the year, including IFRS 17, *Insurance Contracts*, that had a material impact on the Group's consolidated financial statements other than the requirement to include within the Group's Strategic Report (pages 1 to 18) the disclosures under the Climate-related Financial Disclosures Regulations 2022.

Impact of future accounting standards

The Group has reviewed the accounting standards, interpretations or amendments not yet adopted which become effective for periods commencing after 1 January 2023 and concluded there 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 presentational 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 offset, to an extent, 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.

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- 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 2023 the Group had access to variable rate borrowings in the form of a £295m committed credit facility, of which £250m takes the form of term loans and £45m 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 SONIA plus a credit spread adjustment (ISDA) for the sterling facilities and SOFR (transitioned from LIBOR) for the US Dollar facilities.

The Group employs a central treasury team which utilises cash-pooling arrangements to enhance its liquidity.

There were no 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

In 2023 the Group increased its percentage shareholding within its existing group company, Seascan Limited, the ultimate parent of the Seatronics Group of companies, by acquiring a further 0.21% holding valued at £145,000 from non-controlling interests for £83,000. In accordance with IFRS 10, *Consolidated Financial Statements*, as the transaction did not result in a change of overall control, the £62,000 reduction in goodwill as a result of this share acquisition was credited to other reserves.

There were no new acquisitions or divestments of any subsidiaries in 2023 or 2022.

6 Revenue

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

	2023	2022
	£000	£000
Nature of revenue		
Sale of goods	**68,408**	73,488
Rendering of services	**627,114**	458,682
	695,522	532,170
Geographical markets		
Europe	**264,520**	207,382
Africa	**46,520**	24,104
North America	**120,941**	71,684
South America	**53,617**	67,187
Asia and Asia Pacific	**164,480**	118,659
Middle East/Caspian	**45,444**	43,154
	695,522	532,170
Division		
Data and Robotics	**214,161**	165,841
Engineering, Moorings and Foundations	**338,727**	231,642
Energy Services	**142,634**	134,687
	695,522	532,170
Timing of revenue recognition		
Products and services transferred at a point in time	**86,956**	75,291
Products and services transferred over time	**608,566**	456,879
	695,522	532,170

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.

Notes *(continued)*

6 Revenue *(continued)*

The Group may enter into fixed-price long-term contracts that remain in progress at year-end for which estimates are required to be made for contract revenue and cost recognition. These contract revenues and costs are affected by uncertainties that depend on the outcome of future events.

At the end of each reporting period the Group is required to estimate costs to complete on fixed-price contracts based on the work to be performed after the reporting date, which may span more than one reporting period. This involves an objective evaluation of project progress against the delivery schedule, evaluation of the work to be performed and the associated costs to fully deliver the contract to the customer, and contingencies. These estimates are affected by a variety of uncertainties that depend on the outcome of future events, and therefore require regular evaluation.

The directors assess the value of a contract's revenue at each reporting date, including an estimation for variation orders and any deduction for liquidated damages. The value of revenue is estimated on the basis that it is highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur. The assessment is based on discussions with the customer and a range of other factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

At the year-end, the Group had one individually material contract in progress which required estimation in respect of contract costs to completion and revenue where there may be variability as a result of potential contract variations. The majority of revenue, following contract renegotiations, is now on a reimbursable/day rate basis, which reduces the forecasting risk. However, the duration of reimbursable work for offshore installation is uncertain and requires judgement and could have a significant impact on profitability. As detailed in note 8, trading activity in the current and prior year relating to this contract has been disclosed as exceptional.

7 Other income

	2023	2022
	£000	£000
Net gain on sale of non-rental property, plant and equipment	**57**	-

8 Expenses, auditor's remuneration and exceptional items

	2023	2022
	£000	£000
Loss before taxation is stated after charging/(crediting):		
Depreciation and other amounts written off owned tangible fixed assets	**24,750**	27,319
Depreciation of right-of-use assets under IFRS 16	**7,866**	8,107
Amortisation of intangibles	**8,988**	10,264
Operating lease rentals from short-term leases and low-value assets	**881**	760
Impairment loss/(credit) on other trade receivables and prepayments (note 29)	**2,270**	(460)
Research and development expenditure	**1,618**	1,616

Operating lease commitments at the year-end for non-cancellable short-term and low value asset leases amounted to £409,000 (*2022: £448,000*), the majority of which is due within one year.

Auditor's remuneration:

	2023	2022
	£000	£000
Audit of these financial statements	**350**	265
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**2,121**	1,444
Taxation compliance services	**596**	655
Other tax advisory services	**176**	321
All other services	**19**	22

Notes *(continued)*

8 Expenses, auditor's remuneration and exceptional items *(continued)*

Exceptional items:

Trading activity

In the current year, the Group continued with a significant contract to design, manufacture, supply and operate a market-first foundation drilling rig for an offshore windfarm project in Europe. As a result of customer specification changes, coupled with design challenges due to the ground-breaking technology involved, expected estimated costs to fulfil the contract escalated leading to the contract being renegotiated and agreed with the customer on a more reimbursable and day rate basis, to limit the risk of it becoming a loss-making contract. This contract is currently on-going at the year-end with completion not anticipated until late 2024 at the earliest.

At the current time material elements of the contract are still to be performed. However, due to on-going technical challenges in the manufacturing of the drilling rig and general delays in the project during the year, the overall contract is being forecast as onerous and an overall loss is expected. In addition, there are potential contingent liabilities on the contract related to defects, with any exposure capped to a maximum of £15m, as well as potential costs in relation to warranties. The total anticipated loss from operating activities on this contract has been recognised in the year in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets.*

The impact of this contract on the Group's performance in the current and prior year is as detailed below. The results are disclosed as exceptional because of its size and incidence.

	2023	2022
	£000	£000
Revenue	**79,419**	25,272
Cost of sales (including an onerous loss provision of £7,895,000 (*2022: £nil*)	**(101,969)**	(25,272)
Exceptional gross loss in the year	**(22,550)**	-
Other exceptional (charges)/income		
Provision for litigation, legal costs and penalties*	**(8,719)**	-
Severance related payments	**(889)**	(1,100)
Professional services in relation to external investor opportunities	**(297)**	(2,180)
Impairment relating to intangible assets (note 16)	**(1,725)**	(2,500)
Government job retention scheme grant income (note 10)	-	240
	(11,630)	(5,540)
Total exceptional items	**(34,180)**	(5,540)

* During the year the Group faced an unforeseen adverse ruling in a US trial by jury in relation to a trading dispute. It was ruled that the Group had breached certain sections within its Master Services Agreement with the customer and there was tortious interference as a result of actions which allegedly restricted the customer's prospective economic relationships. The total damages awarded, plus interest and legal fees is estimated to be £10,600,000 ($13,500,000) with a further £2,750,000 ($3,500,000) of unrecoverable costs/receivables.

This ruling has been appealed against under a Rule 50 Motion. At the 2023 year-end and at the date of signing, the judge's decision on this appeal is still outstanding, but it is anticipated that an element of the original ruling will be overturned.

A provision of £8,000,000 ($10,200,000) has been provided and charged to the income statement in the year over and above £719,000 of legal fees already incurred and recognised. The directors consider this to be sufficient to cover the Group's liability and cost exposure following the conclusion of the appeal.

Notes *(continued)*

9 Remuneration of directors

	2023	2022
	£000	£000
Directors' emoluments	**1,618**	1,603
Company contributions to defined benefit schemes	**15**	7
Compensation for loss of office	**244**	875

The aggregate of emoluments of the highest paid director was £773,000 *(2022: £776,000)*. No company pension contributions were made on his behalf to money purchase or defined benefit schemes in the current or previous year.

	Number of directors	
	2023	2022
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	**1**	-
Defined benefit schemes	**1**	1

10 Personnel expenses and employee numbers

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

	Number of employees	
	2023	2022
Directors of Acteon Group Limited	**3**	3
Technical and administration	**2,378**	2,175
	2,381	2,178

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

	£000	£000
Wages and salaries	**151,062**	135,607
Social security costs	**14,571**	14,494
Contributions to defined contribution plans	**5,403**	4,824
Expenses related to defined benefit plans	**215**	277
	171,251	155,202

During the prior year the Group received income from government job retention scheme grants in a number of territories in relation to Covid-19 of £240,000. This was recognised in the income statement as a reduction to administrative expenses and disclosed as an exceptional item. Nothing was received in the current year.

Notes *(continued)*

11 Finance income and expense

Recognised in profit or loss

	2023 £000	2022 £000
Interest income on bank deposits	**702**	766
Foreign exchange gains	**4,317**	-
Other interest receivable	**123**	136
Finance income	**5,142**	902
Interest payable on bank borrowings	**(32,483)**	(23,001)
Foreign exchange losses	-	(11,653)
Amortisation of finance raising costs	**(1,680)**	(1,680)
Interest on net employee benefit obligations	**(72)**	(38)
Interest on lease liabilities under IFRS 16	**(2,949)**	(2,819)
Other interest payable	**(294)**	(110)
Finance expense	**(37,478)**	(39,301)
Net finance expense recognised in profit or loss	**(32,336)**	(38,399)

	2023 £000	2022 £000
Recognised directly in equity		
Translation of foreign currency net investments	**(11,699)**	15,114
Finance (expense)/income recognised directly in equity, net of tax	**(11,699)**	15,114

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.

Notes *(continued)*

12 Income tax

	2023 £000	2022 £000
Current tax expense		
Corporation tax on UK profits for year	-	-
Adjustment for prior periods	**546**	(358)
Foreign tax – current	**14,541**	10,861
Foreign tax – adjustments in respect of prior periods	**28**	(93)
	15,115	10,410
Deferred tax credit		
Reversal of temporary differences	**(1,946)**	(10,433)
Adjustments for prior periods	**(2,379)**	(1,966)
	(4,325)	(12,399)
Total income tax expense/(credit)	**10,790**	(1,989)

Reconciliation of effective tax rate

	2023 £000	2022 £000
Loss for the year	**(30,552)**	(11,230)
Total income tax expense/(credit)	**10,790**	(1,989)
Loss excluding income tax	**(19,762)**	(13,219)
Income tax using the Group's UK domestic standard tax rate 23.5%* (*2022: 19%*)	**(4,644)**	(2,512)
Movements in non-taxable provisions, and non-deductible expenses	**2,222**	1,719
Unrelieved foreign taxes and franchise taxes paid in the USA	**3,273**	3,556
Differences between local tax rates and UK domestic standard tax rate	**(19)**	388
Deferred tax assets relating to losses not recognised	**12,104**	3,897
Recognition of previously unrecognised losses	**(341)**	(6,620)
Adjustment for prior periods	**(1,805)**	(2,417)
Total income tax expense/(credit)	**10,790**	(1,989)

* The effective rate is a weighted average of the applicable corporation tax rates during the year. The 19% tax rate was increased to 25% from 1 April 2023.

In the 15 March 2022 Budget it was confirmed that the UK corporation tax rate will increase from 19% to 25% from 1 April 2023. The UK deferred tax balance as at 31 December 2022 and 31 December 2023 has therefore continued to be measured using a rate of 25%.

In 2023, management recognised the tax effect of £341,000 (*2022: £6,620,000*) of previously unrecognised tax losses across a number of the Group's trading subsidiaries as management considered it probable that future taxable profits would be available against which such losses could be utilised. The availability of future taxable profits is based on the Group's forecast for 2024 and beyond.

Notes *(continued)*

13 Loss for the financial year

The loss dealt with in the accounts of the parent company was £55,657,000 *(2022: £25,749,000)*. The balance sheet of the parent company can be found on page 78.

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 2022	39,130	342,858	8,571	390,559
Additions	214	13,714	22,360	36,288
Transfer on completion	29	20,171	(20,200)	-
Disposals	(169)	(36,005)	-	(36,174)
Exchange movements	2,669	16,556	971	20,196
Balance at 31 December 2022	**41,873**	**357,294**	**11,702**	**410,869**
Additions	407	20,582	6,460	27,449
Transfer on completion	-	14,109	(14,109)	-
Disposals	(1,088)	(21,751)	-	(22,839)
Exchange movements	(1,004)	(12,861)	(556)	(14,421)
Balance at 31 December 2023	**40,188**	**357,373**	**3,497**	**401,058**
Depreciation and impairment losses				
Balance at 1 January 2022	13,281	252,276	-	265,557
Depreciation for the year	1,111	26,208	-	27,319
Disposals	(54)	(29,917)	-	(29,971)
Exchange movements	1,240	14,303	-	15,543
Balance at 31 December 2022	**15,578**	**262,870**	**-**	**278,448**
Depreciation for the year	1,293	23,457	-	24,750
Disposals	(1,076)	(20,542)	-	(21,618)
Reclassifications	1,015	(1,015)	-	-
Transfer to intangible assets	-	(93)	-	(93)
Exchange movements	(458)	(10,229)	-	(10,687)
Balance at 31 December 2023	**16,352**	**254,448**	**-**	**270,800**
Carrying amounts				
At 31 December 2022	26,295	94,424	11,702	132,421
At 31 December 2023	**23,836**	**102,925**	**3,497**	**130,258**

Notes *(continued)*

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 or prior years.

The cumulative fixed asset impairment losses carried forward as at 31 December 2023 amounted to £3,193,000 *(2022: £3,072,000)*. The movement in the year arose as a result of changes in foreign exchange rates increasing the value of the underlying impaired assets.

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

	2023 £000	2022 £000
Freehold	**12,052**	12,323
Short leasehold	**4,357**	5,998
Leasehold improvements	**7,427**	7,974
	23,836	26,295

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 £27,449,000 *(2022: £36,288,000)* 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 2022	56,686	4,563	61,249
Additions	2,228	609	2,837
Movements from modifications of existing lease liabilities	1,333	320	1,653
Disposals	(928)	(333)	(1,261)
Reclassifications	77	(77)	-
Exchange movements	4,975	413	5,388
Balance at 31 December 2022	**64,371**	**5,495**	**69,866**
Additions	3,557	828	4,385
Movements from modifications of existing lease liabilities	641	272	913
Disposals	(3,957)	(1,162)	(5,119)
Exchange movements	(2,043)	(189)	(2,232)
Balance at 31 December 2023	**62,569**	**5,244**	**67,813**

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 2022	18,861	1,971	20,832
Depreciation for the year	6,844	1,263	8,107
Disposals	(928)	(333)	(1,261)
Reclassifications	13	(13)	-
Exchange movements	1,654	223	1,877
Balance at 31 December 2022	**26,444**	**3,111**	**29,555**
Depreciation for the year	6,592	1,274	7,866
Disposals	(3,957)	(1,162)	(5,119)
Exchange movements	(960)	(80)	(1,040)
Balance at 31 December 2023	**28,119**	**3,143**	**31,262**
At 31 December 2022	37,927	2,384	40,311
At 31 December 2023	**34,450**	**2,101**	**36,551**

16 Intangible assets

	Goodwill £000	Customer lists £000	Order books £000	Software £000	Development costs £000	Total £000
Cost						
Balance at 1 January 2022	201,017	145,515	16,482	11,978	9,884	384,876
Additions	-	-	-	510	385	895
Disposals	-	-	-	(691)	-	(691)
Exchange movements	1,667	3,092	-	405	593	5,757
Balance at 31 December 2022	**202,684**	**148,607**	**16,482**	**12,202**	**10,862**	**390,837**
Additions	-	-	-	773	493	1,266
Disposals	-	-	-	(975)	(117)	(1,092)
Exchange movements	(3,256)	(1,580)	-	(181)	(307)	(5,324)
Balance at 31 December 2023	**199,428**	**147,027**	**16,482**	**11,819**	**10,931**	**385,687**

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 2022	71,309	110,141	16,482	10,244	5,363	213,539
Amortisation for the year	-	8,252	-	1,137	875	10,264
Impairment for the year	2,500	-	-	-	-	2,500
Disposals	-	-	-	(691)	-	(691)
Exchange movements	-	775	-	431	209	1,415
Balance at 31 December 2022	**73,809**	**119,168**	**16,482**	**11,121**	**6,447**	**227,027**
Amortisation for the year	-	7,476	-	678	834	8,988
Impairment for the year	1,725	-	-	-	-	1,725
Disposals	-	-	-	(975)	(19)	(994)
Transfer from tangible assets	-	-	-	93	-	93
Exchange movements	(138)	(552)	-	(213)	(128)	(1,031)
Balance at 31 December 2023	**75,396**	**126,092**	**16,482**	**10,704**	**7,134**	**235,808**
Carrying amounts						
At 31 December 2022	128,875	29,439	-	1,081	4,415	163,810
At 31 December 2023	**124,032**	**20,935**	**-**	**1,115**	**3,797**	**149,879**

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 2023 includes:

	2023 £000	2022 £000
Probe Manufacturing and Fabrication Ltd – No further amortisation period remaining	**-**	1,223
UTEC Group – Amortisation period remaining of 11 months	**2,541**	5,349
Viking companies – Amortisation period remaining of 3 years 11 months	**419**	527
Deepwater Group – Amortisation period remaining of 4 years 11 months	**2,295**	2,761
Benthic Group – Amortisation period remaining of 5 years 5 months	**14,609**	18,292
Claxton FTS division – Amortisation period remaining of 5 years 7 months	**1,046**	1,253

Order books represent the value associated with incomplete customer orders at the date of acquisition in subsidiaries.

Notes *(continued)*

16 Intangible assets *(continued)*

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

Goodwill is allocated to cash-generating 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:

	2023	2022
	£000	£000
High capital intensity units		
Seatronics Group	**43,380**	**43,380**
InterMoor Ltd	**20,319**	**20,319**
InterMoor AS	**26,727**	**29,198**
Probe Manufacturing and Fabrication Ltd ("Probe")	**9,109**	**9,109**
Aquatic Engineering & Construction Ltd ("Aquatic")	**1,639**	**3,364**
Benthic Group ("Benthic")	**6,712**	**7,102**
Other capital-intensive units	**1,514**	**1,514**
	109,400	**113,986**
Low capital intensity units		
Claxton Engineering Services Ltd	**6,093**	**6,093**
2H Group	**5,804**	**5,804**
Deepwater Group	**2,120**	**2,377**
Other low capital intensity units	**615**	**615**
	14,632	**14,889**
Total goodwill	**124,032**	**128,875**

Recoverable amounts for CGUs are based on value-in-use calculations. These calculations use pre-tax cash flow projections for a five-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 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. The growth rate in years two to five 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 market conditions and the continuing energy transition, and their impacts on current profitability levels. In all cases, a terminal growth value of 2.5% (*2022*: *2.5%*) has been assumed. The key assumptions behind this calculation are shown below:

	As at 31 December 2023	As at 31 December 2022
Period on which management approved forecasts are based	**1 Year**	1 Year
Average growth rate applied for years two to five – Aquatic	**13.0%**	7.0%
Average growth rate applied for years two to five – Benthic	***(9.0%)**	26.0%
Average growth rate applied for years two to five – Probe	**5%**	9.0%
Average growth rate applied for years two to five – other entities	**0.0% - 5.0%**	0.0% - 5.0%
Growth rate applied to terminal value calculation	**2.5%**	2.5%
Pre-tax discount rate	**16.0%**	14.0%

* The maintainable earnings for Benthic has been assessed at a level considerably below current forecast earnings for the 2024 year-end. This is to ensure projections reflect the Group's activity being based on large contract activities which could lead to significant variations in cash earnings year-on-year when compared to its expected annual average.

Notes *(continued)*

16 Intangible assets *(continued)*

Impairment testing for CGUs containing goodwill *(continued)*

Whilst current market conditions do not support the average growth rate presented above for Aquatic in the short term, it is anticipated that over the medium- to longer-term this rate is appropriate, reflecting the expected development in the market of this entity 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 comparable market participants taken together.

Impairment reviews were performed at 31 December 2022 and 31 December 2023 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 an impairment in relation to Aquatic was necessary. Aquatic's short- and medium-term trading expectations are below the level required to generate cash flows to justify the full carrying value of its goodwill. As a result, the goodwill value has been impaired by £1,725,000, with this loss being recognised in the consolidated income statement.

The cumulative impairment provisions within intangible assets are as follows:

	2023	2022
	£000	£000
Goodwill	**75,396**	73,809
Customer lists	**10,861**	10,861
	86,257	84,670

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

Sensitivity to changes in assumptions

The directors note that although the pre-tax discount rate used of 16% is appropriate and the average growth rates applied for years two to five are based on very conservative parameters to purely demonstrate no significant impairment issues, a sensitivity analysis was performed on these two key assumptions.

Presuming all other assumptions remained the same:

- An increase of 1% on the pre-tax discount rate to 17% would have resulted in a further impairment loss on intangibles being recognised in the year of £3,200,000 (Seatronics Group £1,700,000, Probe £850,000 and Aquatic £650,000).
- A fall of 1% in the already very low average growth rates applied to all companies for years two to five would have resulted in a further impairment loss on intangibles being recognised in the year of £560,000 (Probe £335,000 and Aquatic £225,000).

Notes *(continued)*

17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are analysed as:

	Assets		Liabilities	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Property, plant and equipment	**(9,378)**	(10,131)	-	-
Intangible assets	-	-	**5,569**	7,796
Retirement benefit obligations	**(32)**	-	-	8
Provisions/accruals	**(1,635)**	-	-	54
Tax losses carried forward	**(11,749)**	(10,857)	-	-
Other items	**(729)**	(94)	-	-
Deferred tax (assets)/liabilities	**(23,523)**	(21,082)	**5,569**	7,858
Net deferred tax (asset)/liabilities			**(17,954)**	(13,224)

The Group has recognised deferred tax assets, principally in the UK, in respect of losses carried forward on the basis that they will be used to offset future taxable profits. UK losses principally arose in 2021 as a result of an exceptional loss-making contract.

At 31 December 2023 deferred tax assets totalling £42,288,000 (*2022: £33,373,000)* 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 – 2023

	Balance 1 January 2023 £000	Foreign exchange movement £000	Recognised in income statement £000	Adjustments for prior year £000	Balance 31 December 2023 £000
Property, plant and equipment	(10,131)	(78)	1,409	(578)	**(9,378)**
Intangible assets	7,796	(300)	(1,927)	-	**5,569**
Retirement benefit obligations	8	-	(40)	-	**(32)**
Provisions/accruals	54	-	(1,055)	(634)	**(1,635)**
Tax losses carried forward	(10,857)	(27)	(2)	(863)	**(11,749)**
Other items	(94)	-	(331)	(304)	**(729)**
	(13,224)	(405)	(1,946)	(2,379)	**(17,954)**

Notes *(continued)*

17 Deferred tax assets and liabilities *(continued)*

Deferred tax impact of movements in temporary differences during the year – 2022

	Balance 1 January 2022 £000	Foreign exchange movement £000	Recognised in income statement £000	Adjustments for prior year £000	Balance 31 December 2022 £000
Property, plant and equipment	(5,995)	81	(2,686)	(1,531)	(10,131)
Intangible assets	9,313	678	(2,195)	-	7,796
Retirement benefit obligations	(111)	1	118	-	8
Provisions/accruals	(63)	-	52	65	54
Tax losses carried forward	(4,597)	22	(5,782)	(500)	(10,857)
Other items	(155)	1	60	-	(94)
	(1,608)	783	(10,433)	(1,966)	(13,224)

18 Inventories

	2023 £000	2022 £000
Raw materials and consumables	**2,210**	2,434
Work in progress	**604**	784
Finished goods	**37,923**	33,863
	40,737	37,081

In 2023 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to £19,212,000 *(2022: £17,234,000)*.

19 Contract costs

	2023 £000	2022 £000
Costs to fulfil a contract	**13,469**	17,602

The charge in the year to cost of sales relating to contract costs totalled £117,632,000 (*2022: £67,195,000*).

Notes *(continued)*

20 Trade and other receivables

	2023	2022
	£000	£000
Trade receivables	**111,975**	89,957
Other debtors	**8,594**	11,825
Income tax receivables	**8,983**	8,894
Prepayments	**7,769**	7,383
	137,321	118,059

Included in income tax receivables is £5,854,000 (*2022: £5,854,000*) relating to the settlement of State Aid charging notices. As disclosed in note 31, these charges are currently being contested by the UK government.

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

	2023	2022
	£000	£000
Receivables which are included in Trade and other receivables (note 20)	**111,975**	89,957
Contract assets	**59,073**	19,665
Contract liabilities	**(17,919)**	(12,771)

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:

	2023
	£000
Contract assets	
Balance at 1 January 2023	**19,665**
Increase in conditional right to consideration	**102,601**
Transferred to trade receivables when consideration becomes unconditional	**(61,871)**
Exchange movements	**(1,322)**
Balance at 31 December 2023	**59,073**

Notes *(continued)*

21 Contract balances and unsatisfied performance obligations *(continued)*

(a) Contract balances *(continued)*

	2023 £000
Contract liabilities	
Balance at 1 January 2023	**12,771**
Revenue recognised on amounts included in the balance at the beginning of the year	**(12,165)**
Payments received/invoices raised in advance of recognising revenue at the year-end	**17,733**
Exchange movements	**(420)**
Balance at 31 December 2023	**17,919**

(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 2023 totals £342,871,000 (*2022: £246,857,000*). The Group expects these to be satisfied in:

31 December 2023

	2024 £000	2025 £000	Total £000
Expected recognition of unsatisfied POs at the year-end	**311,728**	**31,143**	**342,871**

31 December 2022

	2023 £000	2024 £000	Total £000
Expected recognition of unsatisfied POs at the year-end	230,531	16,326	246,857

22 Share capital

	Allotted, called up and fully paid 2023 £000	2022 £000
At 31 December 2022 and 31 December 2023		
4,665,929,237 Ordinary shares of £0.01 each	**46,659**	46,659

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.

Notes *(continued)*

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 (*2022: £1,154,000*) and an ownership change reserve debit balance of £6,342,000 (*2022: debit balance of £6,404,000).*

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. Further detail of the movement in the current year is disclosed in note 5.

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 2022	1,393	1,537	7,687	931	11,548
Profit/(loss) allocated to non-controlling interests in the year	54	225	172	(817)	(366)
Balance at 31 December 2022	1,447	1,762	7,859	114	11,182
(Loss)/profit allocated to non-controlling interests in the year	(51)	220	504	(918)	(245)
On acquisition in the year (note 5)	-	(145)	-	-	(145)
Balance at 31 December 2023	**1,396**	**1,837**	**8,363**	**(804)**	**10,792**

Notes *(continued)*

25 Loans and borrowings

Net debt

	1 January 2023 £000	Cash flows (*) £000	Non-cash changes: Foreign exchange £000	Debt issue cost amortisation £000	Change in debt issue cost accrual £000	Bank loan repayment profile/ New lease obligations £000	**31 December 2023 £000**
Current liabilities							
Secured bank loans	-	-	-	-	-	(129,273)	**(129,273)**
Non-current liabilities							
Secured bank loans	(283,117)	582	4,084	(1,680)	(526)	129,273	**(151,384)**
Total loans and borrowings	(283,117)	582	4,084	(1,680)	(526)	-	**(280,657)**
Lease liabilities (note 26)	(45,825)	7,456	1,319	-	-	(7,446)	**(44,496)**
Cash and cash equivalents	47,246	(14,536)	(1,316)	-	-	-	**31,394**
Net debt	(281,696)	(6,498)	4,087	(1,680)	(526)	(7,446)	**(293,759)**

	1 January 2022 £000	Cash flows (*) £000	Non-cash changes: Foreign exchange £000	Debt issue cost amortisation £000	Change in Debt issue cost accrual £000	New lease obligations £000	**31 December 2022 £000**
Non-current liabilities							
Secured bank loans	(273,510)	80	(7,987)	(1,680)	(20)	-	**(283,117)**
Total loans and borrowings	(273,510)	80	(7,987)	(1,680)	(20)	-	**(283,117)**
Lease liabilities (note 26)	(45,389)	7,714	(3,792)	-	-	(4,358)	**(45,825)**
Cash and cash equivalents	68,670	(24,006)	2,582	-	-	-	**47,246**
Net debt	(250,229)	(16,212)	(9,197)	(1,680)	(20)	(4,358)	**(281,696)**

* Detailed breakdowns of these cash flows are disclosed within the Consolidated Statement of Cash Flow on page 31.

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**	**Maturity**	**Face value 2023 £000**	**Carrying amount* 2023 £000**	Face value 2022 £000	Carrying amount* 2022 £000
Secured bank loan	Sterling	Sonia +	November 2024	**115,217**	**113,739**	115,217	112,404
		Margin**	May 2025	**97,500**	**97,148**	97,500	97,102
Secured bank loan	US	Sofr +	November 2024	**15,736**	**15,534**	16,651	16,245
	Dollar	Margin**	May 2025	**54,432**	**54,236**	57,601	57,366
Total interest-bearing liabilities				**282,885**	**280,657**	286,969	283,117

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

** Margin is in the range of 4.50% to 6.50% 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.

During the year as part of the Group's agreed amendment to the terms of the secured bank loans in December 2021, and as a result of IBOR reform, LIBOR as part of the nominal interest rate for the US dollar loans was replaced with SOFR (Secured Overnight Financing Rate). This is an equivalent rate to LIBOR and therefore had no material impact to the current, or will have on future, interest costs associated with the facility.

Since the year-end the Group, following a change of ownership and group structure (as detailed further in note 32), has, via a new group company refinanced its existing borrowing facility. The new committed facility has remained largely the same with term loans of £240m, converted at year-end exchange rates, together with a £55m revolving credit facility. Maturity dates have been extended to May 2027 and November 2027, the financial convent thresholds for leverage and interest cover revised giving greater headroom, and interest rate margins modified to a range of 4.50% - 6.50% within the first 18 months of first utilisation and then 5.75% - 7.75% thereafter. The interest rate margin applied within those ranges depends on the group's financial performance.

This refinancing package allows the group to more fully strategically evaluate its trading outlook and future plans from a position of enhanced liquidity and reduced leverage.

Notes *(continued)*

26 Lease liabilities

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

	2023	2022
	£000	£000
Within one year	**9,019**	7,639
Between one and two years	**5,925**	6,911
Between two and five years	**11,485**	10,515
After five years	**18,067**	20,760
	44,496	45,825

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 plant and machinery, office equipment and vehicles all of which have fixed lease terms of no more than 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 2023 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 £40,432,000 (*2022: £40,649,000*). The main leases this relates to at the current year end are:

	2023
Facility and extension periods after initial lease term	**£000**
Port facility, Brazil – 20-year extension from November 2031	**22,136**
Facilities in Morgan City, USA – five 5-year extension from December 2024	**10,085**
Facilities in Houston, USA – 10-year extension from August 2026	**4,675**
Facility in Kristiansund and Sløvågen, Norway – 10/5 year extensions from June 2024/September 2026	**2,242**
Facility in Woking, UK – 5-year extension from October 2028	**975**
	40,113

The Group also has potential early termination fees totalling £1,083,000 (*2022: £1,272,000*) 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.

Notes *(continued)*

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:

		2023	2022
		£000	£000
(i)	In respect of the Group's defined contribution schemes		
	- UK	**2,958**	2,774
	- Overseas	**2,445**	2,050
		5,403	4,824
(ii)	In respect of the Group's defined benefit schemes	**215**	277

Disclosure relating to the Group's defined benefit obligations

	2023	2022
	£000	£000
Total present value of unfunded obligations recognised as a liability - Menck GmbH	**1,710**	1,609
Total present value of funded obligations net of pension plan assets - InterMoor AS	**519**	461
Net liability for defined benefit obligations at 31 December	**2,229**	2,070

Notes *(continued)*

27 Employee benefits *(continued)*

Movement in the present value of the defined benefit obligations

	InterMoor AS		Menck GmbH	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Defined benefit obligations at 1 January	**(3,442)**	(3,076)	**(1,609)**	(2,185)
Benefits paid by the plan	**34**	30	**88**	88
Current service costs	**(174)**	(201)	**(41)**	(76)
Interest cost	**(94)**	(59)	**(56)**	(28)
Actuarial gain/(loss) recognised in equity	**109**	(168)	**(124)**	715
Payment of payroll taxes on pension obligations	**31**	39	**-**	-
Exchange rate movements on retranslation	**291**	(7)	**32**	(123)
Defined benefit obligations at 31 December	**(3,245)**	(3,442)	**(1,710)**	(1,609)
Movement in fair value of plan assets				
Fair value of plan assets at 1 January	**2,981**	2,782	**-**	-
Interest income	**78**	49	**-**	-
Actuarial loss on plan assets recognised in equity	**(274)**	(113)	**-**	-
Employer contributions	**227**	285	**-**	-
Benefits paid from the plan	**(34)**	(30)	**-**	-
Exchange rate movements on retranslation	**(252)**	8	**-**	-
Fair value of plan assets at 31 December	**2,726**	2,981	**-**	-
Deficit recognised at 31 December	**(519)**	(461)	**(1,710)**	(1,609)

Based on the immateriality of these defined benefit schemes, individually and in aggregate, further disclosures under IAS 19 *Employee benefits* are not presented.

Other pension related schemes

Menck GmbH also operates an Old-Age-Part-Time work scheme, which commenced late 2022, where the company has an obligation to pay supplemental payments to employees within the scheme. This is to prepare employees (over the age of 60) for flexible retirement, where employees work reduced hours and the company compensates them for those reduced hours. At the current year-end there were 6 members (*2022: 4 members*).

This scheme has been accounted for in line with IAS 19 *Employee benefits* and the net obligation at the year-end by the company for this scheme amounted to £277,000 (*2022: £299,000*). This has been included within other creditors.

Current service costs charged to the income statement during the year in relation to this scheme was £227,000 (*2022: £nil*).

Notes *(continued)*

28 Trade, other payables and provisions

	2023	2022
	£000	£000
Trade payables	**75,797**	53,518
Other tax and social security	**9,805**	5,668
Other creditors	**7,126**	7,054
Accruals and deferred income	**97,926**	71,228
Provisions (note 8)	**13,145**	-
	203,799	137,468

The provisions in the year, as detailed further in note 8, relate to an onerous contract loss provision of £7,895,000 (*2022: £nil*) and £5,250,000 (*2022: £nil*) for the settlement of damages, interest and penalties from a trade dispute where the court ruling is currently under appeal.

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

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	
	2023	2022
	£000	£000
Trade and other receivables (excluding prepayments)	**129,552**	110,676
Contract assets	**59,073**	19,665
Cash and cash equivalents*	**31,394**	47,246
	220,019	177,587

* The Group's cash and cash equivalents are principally held with banks which are rated between AA- and A+.

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

	Carrying amount	
	2023	2022
	000	000
Sterling	**34,124**	45,227
US Dollars	**52,681**	26,511
Euros	**16,088**	7,347
Norwegian Kroner	**80,145**	69,712
Singapore Dollars	**14,769**	5,244

Notes *(continued)*

29 Financial instruments *(continued)*

Allowance for expected credit losses

The Group contracts with customers under different credit terms.

The Group has a credit risk management policy in place which provides guidance in respect of vetting and on-boarding customers and escalation procedures on overdue trade receivable balances. Further, client account balances are monitored, via ageing analysis, on a regular and on-going basis to assess recoverability.

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

	Expected credit loss rates 2023 %	Expected credit loss rates 2022 %	**Gross 2023 £000**	Gross 2022 £000	**Allowance for expected credit losses 2023 £000**	Allowance for expected credit losses 2022 £000
0-30 days	**0.3**	0.1	**76,011**	62,281	**(228)**	(62)
31-60 days	**0.3**	0.2	**22,565**	17,753	**(68)**	(36)
61-90 days	**5.0**	3.2	**10,976**	4,867	**(549)**	(156)
91-120 days	**55.0**	50.0	**3,124**	1,816	**(1,718)**	(908)
Over 121 days	**62.6**	57.8	**4,983**	10,442	**(3,121)**	(6,040)
			117,659	97,159	**(5,684)**	(7,202)
Exceptional – credit loss Over 121 days*	**100.0**	-	**3,788**	-	**(3,788)**	-
			121,447	97,159	**(9,472)**	(7,202)
Trade receivables net of allowance for expected credit losses					**111,975**	89,957

* This relates to a litigation case in the US for a single customer where an exceptional provision has been recognised in the year as disclosed in note 8. This has been separately disclosed in the above table so as not to distort credit loss rates on normal trading.

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 the overall recoverability risk on the Group's trade receivables has deteriorated compared to 2022. Even though trading activity in the energy sector has improved, which is expected to continue into 2024, challenges from competition and cost pressures within the market remain. This coupled with financial pressures from high inflation and increased borrowing costs results in the Group's assessment of the inherent risk of credit loss as at 31 December 2023 to be generally higher when compared to 31 December 2022. This is reflected in the credit loss percentage rates above.

Notes *(continued)*

29 Financial instruments *(continued)*

Allowance for expected credit losses *(continued)*

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

	2023 **£000**	2022 £000
Balance at 1 January	**7,202**	7,662
Expected credit loss allowance charged/(utilised and/or reversed)	**2,270**	(460)
Balance at 31 December	**9,472**	7,202

The expected credit loss allowance at 31 December 2023 that covers amounts on contracts known to have specific recoverability risk amounts to £9,216,000 *(2022: £6,062,000).*

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

2023	**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*	**280,657**	**319,027**	**16,360**	**144,819**	**157,848**	**-**	**-**
Lease liabilities	**44,496**	**60,873**	**5,810**	**5,811**	**8,755**	**16,399**	**24,098**
Trade and other payables	**204,688**	**204,688**	**203,745**	**54**	**42**	**257**	**590**
	529,841	**584,588**	**225,915**	**150,684**	**166,645**	**16,656**	**24,688**

2022	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	283,117	347,570	14,336	14,336	158,442	160,456	-
Lease liabilities	45,825	63,287	5,067	5,068	9,760	15,371	28,021
Trade and other payables	138,496	138,496	137,429	39	67	716	245
	467,438	549,353	156,832	19,443	168,269	176,543	28,266

* Since the year-end, as detailed in note 25, the secured bank loans have been refinanced with maturities now extended to 2027.

Notes *(continued)*

29 Financial instruments *(continued)*

Exposure to currency risk

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

31 December 2023 Impact in 000s	**USD**	**Euro**	**SGD**	**NOK**
Trade receivables	**52,681**	**16,088**	**14,769**	**80,145**
Cash and cash equivalents	**25,846**	**2,122**	**3,430**	**24,882**
Secured bank loans	**(89,326)**	-	-	-
Trade payables	**(32,994)**	**(7,455)**	**(17,563)**	**(40,056)**
Gross balance sheet financial instrument exposure	**(43,793)**	**10,755**	**636**	**64,971**

31 December 2022 Impact in 000s	USD	Euro	SGD	NOK
Trade receivables	26,511	7,347	5,244	69,712
Cash and cash equivalents	29,501	13,232	4,713	40,394
Secured bank loans	(89,326)	-	-	-
Trade payables	(15,478)	(9,181)	(5,822)	(38,343)
Gross balance sheet financial instrument exposure	(48,792)	11,398	4,135	71,763

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2023	2022	**2023**	2022
	£	£	**£**	£
USD	**1.2460**	1.2288	**1.273**	1.203
Euro	**1.1495**	1.1688	**1.150**	1.127
SGD	**1.6712**	1.6932	**1.680**	1.612
NOK	**13.1570**	11.7990	**12.950**	11.854

Notes *(continued)*

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 2022.

Impact in £000	**Balance sheet (Equity)**	**Income Statement (Profit after tax)**
31 December 2023		
USD	**(336)**	**16**
Euro	**(1,613)**	**(420)**
SGD	**(1,827)**	**(531)**
NOK	**(1,182)**	**(148)**
31 December 2022		
USD	(639)	(130)
Euro	(1,257)	(283)
SGD	(1,345)	(120)
NOK	(1,305)	(178)

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	
	2023	2022
	£000	£000
Variable rate instruments		
Financial liabilities at 31 December	**280,657**	283,117

Notes *(continued)*

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 2022.

Impact in £000	**Balance sheet (Equity)**	**Income Statement (Profit before tax)**
31 December 2023		
Variable rate instruments	**2,819**	**2,819**
Cash flow sensitivity	**2,819**	**2,819**
31 December 2022		
Variable rate instruments	2,783	2,783
Cash flow sensitivity	2,783	2,783

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:

	2023		2022	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Trade and other receivables	**137,321**	**137,321**	118,059	118,059
Contract assets	**59,073**	**59,073**	19,665	19,665
Cash and cash equivalents	**31,394**	**31,394**	47,246	47,246
Secured bank loans	**(280,657)**	**(280,700)**	(283,117)	(285,385)
Lease liabilities	**(44,496)**	**(44,496)**	(45,825)	(45,825)
Trade and other payables*	**(194,883)**	**(194,883)**	(132,828)	(132,828)
	(292,248)	**(292,291)**	(276,800)	(279,068)

* 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.

Notes *(continued)*

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:

	2023	2022
Bank loans and borrowings	**11.6%**	10.0%

30 Capital commitments

At 31 December 2023 the Group had entered into contracts to purchase property, plant and equipment totalling £4,470,000 *(2022: £15,685,000)* 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 2023 relating to this is £5,854,000. Based on its current assessment, the Group believes that no provision is required in respect of this issue at 31 December 2023 (*2022: £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 was required to start collection proceedings with the Group receiving in prior years State Aid charging notices from HM Revenue and Customs totalling £5,854,000. All of these have been settled and recorded as an income tax receivable.

The Group may also, from time to time, be subject to other claims or proceedings in the normal course of business, including taxation. 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, the exception being in relation to the unexpected adverse ruling during the year on a trading dispute within the US as detailed in note 8 where a total provision of £8,000,000 (*2022: £nil)* has been included.

32 Parent and ultimate controlling party and subsequent events

Parent and ultimate controlling party

At the year-end, the Company's immediate parent undertaking was KKR Matterhorn Bidco Ltd, a company incorporated in Jersey.

The Company's ultimate parent undertaking was KKR Matterhorn Holdco Ltd, a company incorporated in Jersey, and the ultimate controlling party was 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)*

32 Parent and ultimate controlling party and subsequent events *(continued)*

Subsequent events

Since the year-end the Group has been sold and now under new ownership. The Company's immediate parent undertaking remains KKR Matterhorn Bidco Limited, however following the acquisition, the ultimate parent undertaking is Project Santis Topco Limited, a company incorporated in Jersey, and the ultimate controlling party is OEP VIII GP, LLC, a company incorporated in the USA.

The registered office address of Project Santis Topco Limited is 22 Grenville Street, St Helier, Jersey, JE4 8PX and the registered office address of OEP VIII GP, LLC is The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle, Delaware, 19801, USA.

As part of this acquisition, certain changes have been implemented with respect to the Group's structure including the establishment of a new overall UK parent entity and the introduction of new intermediary holding companies. The existing subsidiaries within the Group have been repositioned within that new structure, under these new intermediary holding companies.

As a consequence, Acteon Group Limited, in 2024 will no longer be the parent company of the majority of the existing subsidiaries (even though they remain part of the wider group), and it will not be required to prepare statutory consolidated accounts after the 31 December 2023 year-end.

A further element to this restructuring process is the refinancing of the Group's existing borrowing facility which has been completed post year-end, as detailed in note 25. The new facility is held within a newly incorporated UK entity. The new group has also received a cash injection from the new owners via the issue of new shares, to enhance its liquidity and to deleverage.

With the new borrowing facility in place together and the cash injection received, allows the group to more fully strategically evaluate its trading outlook and future plans from a position of enhanced liquidity and reduced leverage.

With the transition away from oil and gas to more green/renewable energy expected to accelerate in the near future, the intention is to reposition the group to be able to take full advantage of more opportunities within the renewables sector, for which it is already uniquely placed to serve with its portfolio of products, services and engineering skill sets.

This transition to further serve the renewables energy sector is expected to protect and considerably improve the group's medium- to longer-term prospects for growth and to enable it to establish itself as a major contractor within this rapidly expanding industry.

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:

	2023	2022
	£000	£000
Short-term employee benefits	**3,990**	4,265
Post-employment benefits	**78**	57
Total	**4,068**	4,322
Of which outstanding at the year-end:	**606**	536
	Number	
Average number of key management personnel during the year	**8**	8

(ii) Key management personnel and director transactions

BHHM pension scheme

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

Rent charged by BHHM Pension Scheme amounted to £295,000 (*2022: £297,000*). The amount owing to BHHM Pension Scheme at 31 December 2023 was £25,000 (*2022: £78,000*).

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 £238,000 (*2022: £190,000*). No amounts were owing to Balanus Assets Ltd at either year-end.

Directors' interests

Directors of the Company had an equity interest in the Company of 0.4% *(2022: 0.4%*) at the balance sheet date.

(b) Post-employment benefit plans

The Group operates three post-employment benefit plans 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**	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Defined contribution schemes	**5,403**	4,824	**609**	524

Notes *(continued)*

33 Related parties *(continued)*

(c) Other related party transactions

	Transaction value		Balance outstanding	
	2023	2022	**2023**	2022
	£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.	-	1	-	-
Products and services provided to the Group's joint venture partners on a commercial arm's length basis.	**3,891**	519	**1,681**	299
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.	**191**	710	**210**	702
Products and services provided by the Group's joint venture partners on a commercial arm's length basis.	**58**	483	-	-
Bad debts provided on sales of goods and services				
Bad debts provided on products and services to the Group's joint venture partners on a commercial arm's length basis.	-	61	-	61

	UTEC Group		Seatronics Group		Probe Oil Tools Ltd	
	2023	2022	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000	**£000**	£000
Statement of Financial Position*						
Non-current assets	**5,479**	5,610	**11,320**	12,203	**5,211**	5,342
Current assets	**54,299**	43,244	**82,022**	74,550	**47,667**	42,050
Current liabilities	**(23,205)**	(13,147)	**(14,068)**	(15,107)	**(7,075)**	(5,035)
Non-current liabilities	**(44)**	(57)	**(4,162)**	(3,691)	**(3,973)**	(3,898)
Income Statement*						
Revenue	**76,974**	56,191	**43,274**	43,583	**11,855**	10,080
Profit for the year	**2,190**	1,925	**8,001**	8,329	**3,380**	2,422

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

Company Balance Sheet and notes prepared under FRS 101

Acteon Group Limited
Registered number 4231212
Annual report and financial statements
31 December 2023

Balance Sheet
at 31 December 2023

	Note	**2023**		2022	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*35*		**17**		23
Right-of-use assets	*36*		**1,838**		222
Intangible assets	*37*		**310**		679
Investments	*38*		**485,351**		478,690
			487,516		479,614
Current assets					
Debtors	*39*	**123,097**		105,975	
Cash at bank and in hand		**52**		39	
		123,149		106,014	
Creditors: amounts falling due within one year	*40*	**(410,644)**		(199,881)	
Net current liabilities			**(287,495)**		(93,867)
Total assets less current liabilities			**200,021**		385,747
Creditors: amounts falling due after more than one year	*41*		**(153,213)**		(283,282)
Net assets			**46,808**		102,465
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			**(17,442)**		38,215
Shareholders' funds			**46,808**		102,465

These financial statements were approved by the board of directors on 29 May 2024 and were signed on its behalf by:

B M Bouffard
Director

J A Connolly
Director

Statement of Changes in Equity
for year ended 31 December 2023

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2022	46,659	16,437	1,154	63,964	128,214
Loss for the year	-	-	-	(25,749)	(25,749)
Balance at 31 December 2022	46,659	16,437	1,154	38,215	102,465
Loss for the year	-	-	-	(55,657)	(55,657)
Balance at 31 December 2023	**46,659**	**16,437**	**1,154**	**(17,442)**	**46,808**

Notes
(forming part of the financial statements)

34 Accounting policies

Acteon 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 UK accounting standards including Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the Company has 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.

(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.

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 2023 and concluded there 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 2023	193
Disposals	(122)
Balance at 31 December 2023	71
Depreciation and impairment	
Balance at 1 January 2023	170
Depreciation charge for the year	6
Disposals	(122)
Balance at 31 December 2023	54
Net book value	
At 31 December 2023	**17**
At 31 December 2022	23

Notes *(continued)*

36 Right-of-use assets

	Short leasehold buildings £000
Cost	
Balance at 1 January 2023	481
Additions	1,816
Balance at 31 December 2023	2,297
Depreciation and impairment	
Balance at 1 January 2023	259
Depreciation charge for the year	200
Balance at 31 December 2023	459
Net book value	
At 31 December 2023	**1,838**
At 31 December 2022	222

37 Intangible fixed assets

	Software £000
Cost	
Balance at 1 January 2023	3,406
Additions	41
Disposals	(764)
Balance at 31 December 2023	2,683
Depreciation and impairment	
Balance at 1 January 2023	2,727
Depreciation charge for the year	410
Disposals	(764)
Balance at 31 December 2023	2,373
Net book value	
At 31 December 2023	**310**
At 31 December 2022	679

Included in the cost as at 31 December 2023 is £41,000 *(2022: £209,000)* relating to software currently under development. Amortisation will not commence until the development is complete.

Notes *(continued)*

38 Fixed asset investments

	Shares in Subsidiary undertakings £000
Cost	
At 1 January 2023	813,601
Additions	1,283
At 31 December 2023	814,884
Impairment	
At 1 January 2023	334,911
Impairment charges in the year	4,622
Impairment reversals in the year	(10,000)
At 31 December 2023	329,533
Net book value	
At 31 December 2023	**485,351**
At 31 December 2022	478,690

The additions in the year arose from increases in the share capital of various existing subsidiaries.

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.

In assessing value-in-use, pre-tax cash flow projections for a five-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 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 market conditions and the continuing energy transition, and their impacts on current profitability levels. The key assumptions behind these calculations are shown below:

Period on which management approved forecasts are based	1 Year
Average growth rate applied for years two to five (Large Diameter Drilling Limited)	53%*
Average growth rate applied for years two to five (Aquatic Engineering & Construction Limited)	13%*
Average growth rate applied for years two to five (all other entities)	0% to 10%
Growth rate applied to terminal value calculation	2.5%
Pre-tax discount rate	16%

* Both growth rates for Large Diameter Drilling Limited and Aquatic Engineering & Construction Limited (to a lesser extent) reflect the anticipated recovery from their current period of weak performance. Large Diameter Drilling Limited's investment value remains fully impaired at the year-end, with the investment value of Aquatic Engineering & Construction Limited being impaired in the year by £4,150,000.

Investments disposal - Significant non-adjusting post balance sheet event

Following the change in ownership and group restructure post year-end (see note 32), the majority of the Company's investments were acquired by a newly incorporated sister company for £326,419,000 creating a significant loss on disposal of £171,308,000 within the Company. As this sale and value was not agreed until after the year-end, and a consequence of the change in ownership, this transaction has been considered a non-adjusting post balance sheet event and therefore not reflected in these statutory financial statements.

Notes *(continued)*

38 Fixed asset investments *(continued)*

The Company has the following investments in subsidiaries:

	Country of incorporation		Ownership interest % in ordinary shares 2023	2022
2H Offshore (Asia Pacific) Sdn Bhd	Malaysia	*	**100**	100
2H Offshore California Inc (formerly InterAct PMTI Inc)	England	*	**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 Angola Limitada	Angola		**100**	100
Acteon (Ghana) Holding Limited	Ghana	*	**100**	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	England		**100**	100
Acteon Malaysia Holding Limited	England		**100**	100
Acteon Middle East and Far East Investments Limited	England		**100**	100
Acteon Middle East FZE	UAE		**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 Taiwan Limited	Republic of China (Taiwan)		**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**	100
Acteon US Holdings Inc	USA		**100**	100
Acteon West Africa Holding Limited	England		**100**	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 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	England		**100**	100
Century InterMoor Limited	Nigeria	*	**100**	100
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
Deepwater Australasia Pty Limited	Australia	*	**90**	90
Deepwater do Brasil Servicos do Corrosao Limitada	Brazil	*	**90**	90

* Denotes indirect ownership

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

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Notes *(continued)*

38 Fixed asset investments *(continued)*

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

	Country of incorporation		Ownership interest % in ordinary shares 2023	2022
Deepwater Corrosion Services Inc	USA		**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
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 AS	Norway	*	**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
Menck GmbH	Germany		**100**	100
Menck Pte Limited	Singapore	*	**100**	100
Probe Manufacturing and Fabrication 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
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
Team Energy Resources Limited	England		**100**	100
Team Energy Resources Middle East LLC (1)	Qatar	*	**49**	49
TecAfrica Offshore Limited	Ghana	*	**90**	90
TerraSond Limited	USA	*	**80**	80
UTEC International Limited	Scotland		**94**	94
UTEC NCS Survey AS	Norway	*	**94**	94
UTEC NCS Survey 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

* Denotes indirect ownership

(1) The Company has full control of this entity 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 2023	2022
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

The registered office addresses for these subsidiaries are as follows:

		Registered office address
2H Offshore (Asia Pacific) Sdn Bhd	-	Lot 6.01, 6th Floor Imbi Plaza, 28 Jalan Imbi, 55100 Kuala Lumpur
2H Offshore California Inc	-	C T Corporation System, 818 W 7th St Suite 390 Los Angeles, CA 90017, USA
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, 6th 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	-	Avenida Rio Branco, No. 89, room 1102, Centro, Rio de Janeiro, 20040-004, Brazil
Acteon Angola Limitada	-	Rua Américo Júlio de Carvalho, No. 182, 1st and 2nd Floor, Zone 2, Bairro Azul, Municipality of Ingombota, Luanda, Angola
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 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 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 Taiwan Limited	-	19F, No 508, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan, Republic of China
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

Notes *(continued)*

38 Fixed asset investments *(continued)*

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

		Registered office address
Acteon West Africa Holding Limited	-	Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Aquatic Asia Pacific Pte Limited		8 Cross Street #21-05 Manulife Tower, Singapore 048424
Aquatic Engineering & Construction Limited	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK
Benthic Admin Services (Cayman)	-	Maple Corporate Services Limited, Ugland 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 Paulo Emídio Barbosa, No. 485, Módulo de Prototipagem, Módulo 3, Quadra 06-A, Parque Tecnológico da UFRJ, Ilha da Cidade Universitária, Rio de Janeiro, Zip Code 21941-615, Brazil.
Benthic Geotech Pty Limited	-	Level 8, 1008 Hay Street, Perth, WA 6000, Australia
Benthic Limited	-	Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Benthic (Singapore) Pte Limited	-	8 Cross Street #21-05 Manulife Tower, Singapore 048424
Benthic USA LLC	-	8 The Green, STE A Dover, DE 19901, USA
Bruce Anchor Limited	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK
Century InterMoor Holding Limited	-	Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Century InterMoor Limited	-	Plot 21, Prince Adelowo Adedeji Str. (Off Admirality Way) Lekki Phase 1, Lagos State, Nigeria
Churchill Acquisition Pty Limited	-	Unit 1, 18 Blanch Street, Boat Harbour, Sydney, NSW 2316, 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
Deepwater Australasia Pty Limited	-	Core Business Advisory Group Pty Ltd, Unit 6, 375 Charles Street, North Perth, WA6006, Australia
Deepwater do Brasil Servicos de Corrosao Limitada	-	Avenida Presidente Vargas, 633, Sala 2022, Centro, Rio de Janeiro, CEP 20,071-905 JR, Brazil
Deepwater Corrosion Services Inc	-	13813 FM 529, Houston, TX 77041, USA
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	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK
Geoscan Group Limited	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK
InterMoor do Brasil Servicos Onshore e Offshore Limitada	-	Avenida Rio Branco, nº 89, sala 1002, Edifício Manhattan, Centro, in the City and State of Rio de Janeiro, CEP 20040-004, 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	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK

Notes *(continued)*

38 Fixed asset investments *(continued)*

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

		Registered office address
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 AS	-	Finnestadgeilen 11, 4029 Stavenger, Norway
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
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	-	2 Marischal Square, Broad Street, 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
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 Manufacturing and Fabrication Limited	-	Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
PT Cape Resource Indonesia	-	Indonesia Stock Exchange Building Tower 1, 27th 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 21st Floor, J1 T.B. Simatupang Kav. 36, Jakarta, 12430, Indonesia
Pulse Monitoramento Estrutural Limitada	-	Avenida Rio Branco, No. 89, room 1102, Centro, Zip Code 20040-004, in the City of Rio de Janeiro, State of Rio de Janeiro, 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	-	2 Marischal Square, Broad Street, 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	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK
Seatronics Pte Limited	-	8 Cross Street #21-05 Manulife Tower, Singapore 048424
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 International Limited	-	2 Marischal Square, Broad Street, Aberdeen, AB10 1DQ, UK

Notes *(continued)*

38 Fixed asset investments *(continued)*

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

		Registered office address
UTEC NCS Survey AS	-	Tangen 14, 4072, Randaberg, Norway
UTEC NCS Survey Limited	-	2 Marischal Square, Broad Street, 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

Exempted companies from audit

The Group will be exempting the follow companies from an audit in 2023 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated within the Group Financial Statements.

Company	**Registration number**
Acteon Group Properties Limited	06535458
Acteon Guyana Holding Limited	11412730
Acteon Middle East and Far East Investments Limited	06435813
Acteon South American Investments Limited	05816192
Acteon UK Financing Limited	09301781
Acteon UK Financing II (NOK) Limited	09680849
Acteon UK Financing III (EUR) Limited	09956025
Acteon UK Financing IV (AUD) Limited	12028775
Acteon UK Financing V (SGD) Limited	13072001
Century InterMoor Holdings Limited	09093814
U.W.G. Limited	02369087

39 Debtors

	2023	2022
	£000	£000
Trade debtors	**23**	12
Amounts owed by group undertakings	**112,991**	96,251
Other debtors	**7,728**	7,748
Prepayments and accrued income	**758**	419
Deferred tax asset (see note 44)	**1,597**	1,545
	123,097	105,975

Included in other debtors is an income tax receivable of £5,854,000 (*2022: £5,854,000*) relating to the settlement of State Aid charging notices from HM Revenue and Customs as disclosed in more detail in note 31.

Notes *(continued)*

40 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Bank overdraft	**1,272**	1,897
Bank loans	**129,273**	-
Lease liabilities (see note 42)	**223**	63
Trade creditors	**3,635**	2,375
Amounts owed to group undertakings	**258,696**	185,760
Taxation and social security	**1,070**	270
Other creditors	**26**	42
Accruals and deferred income	**16,449**	9,474
	410,644	199,881

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

41 Creditors: amounts falling after more than one year

	2023 £000	2022 £000
Bank loans	**151,384**	283,117
Lease liabilities (see note 42)	**1,829**	165
	153,213	283,282

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:

	2023 £000	2022 £000
Within one year	**223**	63
Between one and two years	**236**	65
Between two and five years	**559**	100
After five years	**1,034**	-
	2,052	228

The Company leases two properties for office space. Rental payments are fixed throughout the lease period which are due to expire in June 2026 and March 2033.

43 Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current year was £484,000 *(2022: £454,000).*

Notes *(continued)*

44 Deferred tax assets and liabilities

The movement in deferred tax during the year - 2023

	Balance 1 January 2023 £000	Recognised in income £000	**Balance 31 December 2023 £000**
Tangible fixed assets	209	53	**262**
Non-trade loan related interest	1,322	-	**1,322**
Other	14	(1)	**13**
	1,545	52	**1,597**

At 31 December 2023 a deferred tax asset relating to the restriction of corporate interest deductions of £13,590,000 *(2022: £8,472,000)* 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 - 2022

	Balance 1 January 2022 £000	Recognised in income £000	Balance 31 December 2022 £000
Tangible fixed assets	148	61	209
Non-trade loan related interest	1,878	(556)	1,322
Other	11	3	14
	2,037	(492)	1,545

45 Share capital

	Allotted, called up and fully paid	
	2023 £000	2022 £000
At 31 December 2022 and 31 December 2023		
4,665,929,237 Ordinary shares of £0.01 each	**46,659**	46,659

46 Contingencies

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

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	2023 £000	2022 £000
Bruce Anchor Limited	Subsidiary	Loan interest receivable	**308**	-
Bruce Anchor Limited	Subsidiary	Bad debt provision	**(610)**	-
Deepwater Australasia Pty Ltd	Subsidiary	Loan interest expense	**(282)**	-
Deepwater Corrosion Services Inc	Subsidiary	Management fee income	**353**	423
J2 Subsea Limited	Subsidiary	Loan interest expense	**(558)**	(157)
Probe Manufacturing and Fabrication Limited	Subsidiary	Loan interest expense	**(2,803)**	(1,660)
Seatronics Inc	Subsidiary	Loan interest expense	**(123)**	-
Seascan Limited	Subsidiary	Loan interest expense	**(2,481)**	(1,650)
Seatronics Limited	Subsidiary	Loan interest expense	**(813)**	(146)
Seatronics Pte Ltd	Subsidiary	Loan interest expense	**(332)**	(62)
Seatronics Group of companies	Subsidiaries	Management fee income	**600**	748
Team Energy Resources Middle East LLC	Subsidiary	Management fee income	-	212
TerraSond Limited	Subsidiary	Management fee income	**495**	130
TerraSond Limited	Subsidiary	Bad debt provision	**(4,045)**	-
UTEC International Limited	Subsidiary	Loan interest expense	**(682)**	(155)
UTEC NCS Survey Limited	Subsidiary	Loan interest expense	**(117)**	-
UTEC NCS Survey AS	Subsidiary	Laon interest expense	**(83)**	-
UTEC Group of companies	Subsidiaries	Management fee income	**1,039**	977

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

Related party	Relationship	Balance	2023 £000	2022 £000
Bruce Anchor Limited	Subsidiary	Loan debtor*	**1,593**	262
Deepwater Australasia Pty Ltd	Subsidiary	Loan creditor	**(5,370)**	(1,263)
Deepwater Corrosion Services Inc	Subsidiary	Loan debtor	**1,617**	708
Deepwater EU Limited	Subsidiary	Loan creditor	**(1,459)**	(1,275)
Eurwa Survey Limited	Subsidiary	Loan creditor	**(114)**	(110)
J2 Subsea Limited	Subsidiary	Loan creditor	**(9,248)**	(6,271)
Probe Manufacturing and Fabrication Limited	Subsidiary	Loan creditor	**(41,615)**	(36,981)
Seascan Limited	Subsidiary	Loan creditor	**(35,999)**	(33,852)
Seatronics Inc	Subsidiary	Loan creditor	**(1,760)**	(2,245)
Seatronics Limited	Subsidiary	Loan creditor	**(15,349)**	(7,901)
Seatronics Pte Ltd	Subsidiary	Loan creditor	**(7,572)**	(6,501)
Team Energy Resources Middle East LLC	Subsidiary	Loan (creditor)/debtor	**(1,204)**	1,037
TerraSond Limited	Subsidiary	Loan debtor**	-	2,874
UTEC International Limited	Subsidiary	Loan creditor	**(12,042)**	(11,093)
UTEC NCS Survey AS	Subsidiary	Loan creditor	**(1,949)**	(1,167)
UTEC NCS Survey Limited	Subsidiary	Loan (creditor)/debtor	**(826)**	4,382
UTEC Survey Asia Pte Ltd	Subsidiary	Loan creditor	**(394)**	-
UTEC Survey Canada Limited	Subsidiary	Loan debtor	**876**	-
UTEC Survey Inc	Subsidiary	Loan creditor	**(741)**	(2,956)

* = net of a bad debt provision of £2,068,000 (*2022: £1,458,000*).
** = net of a bad debt provision of £4,405,000 (*2022: £nil*).

The Company was also charged rent by BHHM Pension scheme, an entity associated by common shareholders/trustees, amounting to £69,000 *(2022: £69,000)* and incurred professional fees of £nil (*2022: £699,000*) from KKR, the Company's ultimate controlling party at the year-end.