

UTEC NCS Survey Limited

Annual report and financial statements

Registered number SC282769

31 December 2020



COMPANIES HOUSE

29 OCT 2021

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Strategic report

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

Principal activities

UTECS NCS Survey Limited (the "Company") is part of the Geo-services business segment of the Acteon Group. Acteon is a global organisation providing a range of products and services for the renewable energy, nearshore construction and oil and gas sectors. Its specialisms range from data collection and survey techniques ahead of construction, the installation of foundations and anchoring technologies, the monitoring, management and decommissioning of assets, installation and management of offshore wind turbines and construction services for marine facilities including bridges, jetties and coastal protection.

Business model

UTECS NCS Survey Limited specialises in the provision of high-precision rig positioning, construction support and subsea visualisation services within the energy sector.

During the year, the trade and net assets of two fellow group companies, UTECS Star Net Geomatics Limited and UTECS Geomarine Limited, were transferred to the Company. UTECS Star Net Geomatics provided engineering, inspection and specialist survey and consultancy services to the energy, telecoms, renewables and subsea sectors. UTECS Geomarine provided marine geotechnical and offshore technology consultancy.

The Company employs approximately 110 people in its base in Aberdeen. The Company works both independently and in partnership with other Acteon companies to serve industry clients.

Business review and results

2020 was a challenging year with operational challenges as a result of the impact of the global Covid-19 pandemic. Activities were affected by both operational and logistical delays as well as a fall-off in activity driven by a significant reduction in crude oil prices.

The Company and the wider Acteon group took action to curtail cost increases associated with previously planned growth to reduce the existing cost base as well as reorganise into a simpler segment-based operational structure. The benefits of these cost-saving initiatives and the streamlined organisation had a positive effect on the 2020 results and many will continue to benefit the Company as full year benefits are realised in 2021 and beyond.

As a result of the actions undertaken, the Company's financial performance in 2020 reflected the reduced activity and the continued challenges and disruption caused by the COVID-19 pandemic. Turnover in the year was £10,436,000 (2019: £13,232,000) and the loss before taxation, excluding dividend income received from its subsidiary of £nil (2019: £1,400,000), was £4,333,000 (2019: £3,441,000).

Key performance indicators

Key performance indicators pertinent to the Company are shown below. This demonstrates the underlying operational performance (gross margin and EBITDA) and the level of continued investment in the Company's underlying revenue generating resources (average number of employees).

	2020	2019
Gross Margin % of revenues	8.1%	24.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (£000)*	(3,670)	(2,309)
Average number of employees	112	120

* Prior to certain costs totalling £73,000 (2019: £407,000) of a non-operating nature.

Strategic report (continued)

Principal risks and uncertainties

The directors have taken steps to ensure that the day-to-day risks which face the Company such as, health and safety and commercial risks, are managed comprehensively by insurance covers which should mitigate the impact of risks turning into reality, and by the preparation and review of comprehensive monthly management financial reporting packages which can alert the board where appropriate to developments in trading performance and cash management. Continual communication with its parent undertaking is also maintained throughout the year.

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

- A further reduction in the current 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 prices and the broader energy transition;
- Lead times and availability of raw materials and components which are required in order for the Company to provide its products and services could deteriorate from their current levels;
- It could become more difficult to recruit and retain the highly qualified and experienced staff required in order to operate;
- The considerable health and safety risks which are inherent to a business providing products and services for the renewable, nearshore construction and oil and gas sectors;
- Contracts and projects are frequently complex, and there are risks associated with their execution; and
- Access to debt, bonding and credit facilities could become difficult.

Future developments and going concern

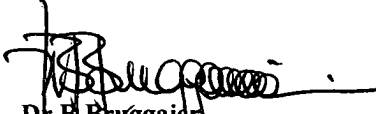
Since the end of 2020, the Covid-19 pandemic continues to create short- to medium-term uncertainty to business worldwide. This creates the risk that energy companies will delay the timing of their investment programmes that might adversely impact the Company's operations across that time horizon. Risk may also arise in the ability to execute projects during the pandemic, depending on their nature and location.

In these unprecedented times, the Company (and the wider Acteon group) continues to take additional significant steps with respect of monitoring its trading and protecting and optimising its cash flow. Acteon (including the Company) is also driving to support the energy transition by continuing its diversification into the offshore renewables and coastal construction sectors, whilst focussing on services within the oil and gas sector which support the integrity and maintenance of existing infrastructure; including the decommissioning of aged assets.

Even though 2021 performance is expected to continue to be adversely affect by the Covid-19 pandemic, detailed scenario-planning and sensitivity analyses thereon show the Company (and Acteon group) should have sufficient financial resources for the foreseeable future.

The Company will continue to undertake the necessary actions to optimise its trading performance, protect its margins, overall profitability and cash flow whilst seeking to retain its key capabilities and skills so that it may take advantage and capitalise on opportunities once demand and more normal levels of activities return. The directors have therefore continued to prepare the financial statements on a going concern basis.

By order of the board


Dr B Bruggaier
Director

Union Plaza (6th Floor)
1 Union Wynd
Aberdeen
AB10 1DQ

25 OCTOBER 2021

Directors' report

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

Proposed dividend

The directors do not recommend the payment of a dividend (2019: £nil).

Directors

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

P A Smith

Dr B Bruggaier

R Althen (resigned 17 January 2020)

K F Ovenden (resigned 17 January 2020)

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

Financial instruments

The Company sells to most of its clients on customary credit terms and is, as a result, exposed to the usual credit risk and cash flow risk associated with this form of trading. It manages this risk through its credit control procedures. The existence of these trade credit facilities does not expose the Company to price risk or liquidity risk.

The Company does not currently deploy interest rate or currency hedging since these risks are dealt with by, and at the level of, its parent company.

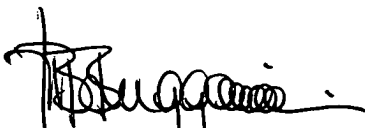
Disclosure of information to auditor

The directors who held office at the date of approval of this Director's report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and 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



Dr B Bruggaier
Director

Union Plaza (6th Floor)
1 Union Wynd
Aberdeen
AB10 1DQ

25 October 2021

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

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of UTEC NCS Survey Limited

Opinion

We have audited the financial statements of UTEC NCS Survey Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors and inspection of policy documentation as to the Company's and Acteon Group Limited group's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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



Independent auditor's report to the members of UTEC NCS Survey Limited

(continued)

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue recognised over time is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- Agreeing revenue accrued at year end to evidence of services performed in the year.
- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included; revenue and cash journals posted to unrelated accounts; and journals with specific descriptions, which may indicate high risk.

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

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

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

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

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

Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment and anti-bribery legislation, recognising the nature of the company's activities. 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:



Independent auditor's report to the members of UTEC NCS Survey Limited

(continued)

Strategic report and Directors' report *(continued)*

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

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

25 October 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020

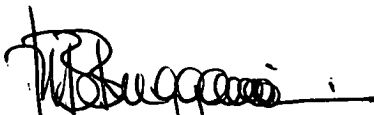
	<i>Note</i>	2020 £000	2019 £000
Turnover	2	10,436	13,232
Cost of sales		(9,586)	(9,966)
		<hr/>	<hr/>
Gross profit		850	3,266
Administrative expenses		(5,406)	(6,538)
Other operating income		312	-
		<hr/>	<hr/>
Operating loss	3-5	(4,244)	(3,272)
Income from shares in group undertakings		-	1,400
Interest receivable and similar income	6	9	20
Interest payable and similar expenses	7	(98)	(189)
		<hr/>	<hr/>
Loss before taxation		(4,333)	(2,041)
Tax credit on loss	8	961	260
		<hr/>	<hr/>
Loss for the financial year		(3,372)	(1,781)
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(3,372)	(1,781)
		<hr/>	<hr/>

All results relate to continuing activities.

Balance Sheet
at 31 December 2020

	Note	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9	141		205	
Tangible assets	10	965		817	
Right-of-use asset	11	121		82	
Investments	12	1,296		1,296	
			2,523		2,400
Current assets					
Contract costs	13	32		-	
Debtors	14	5,915		5,479	
Cash at bank and in hand		-		514	
		5,947		5,993	
Creditors: amounts falling due within one year	15	(5,113)		(1,611)	
Net current assets			834		4,382
Total assets less current liabilities			3,357		6,782
Creditors: amounts falling due after more than one year	16		(188)		(241)
Net assets			3,169		6,541
Capital and reserves					
Called up share capital	20		171		171
Share premium account	20		194		194
Profit and loss account			2,804		6,176
Shareholder's funds			3,169		6,541

These financial statements were approved by the board of directors on 25 OCTOBER 2021 and were signed on its behalf by:


Dr B Bruggaier
Director

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	171	194	7,957	8,322
Total comprehensive loss for the year Loss for the year	-	-	(1,781)	(1,781)
Balance at 31 December 2019	<u>171</u>	<u>194</u>	<u>6,176</u>	<u>6,541</u>

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	171	194	6,176	6,541
Total comprehensive loss for the year Loss for the year	-	-	(3,372)	(3,372)
Balance at 31 December 2020	<u>171</u>	<u>194</u>	<u>2,804</u>	<u>3,169</u>

Notes

(forming part of the financial statements)

1 Accounting policies

UTECS NCS Survey Limited (the "Company") is a company incorporated and domiciled in the UK. The registered number is SC282769 and the registered address is Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

These 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.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

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

The Company's parent undertaking, Acteon Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Acteon Group Limited are prepared in accordance with Adopted IFRS and are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

The consolidated financial statements of Acteon Group Limited include disclosures required by 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 which are 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.

Judgments 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 accounting policies 1.5 and 1.13 in relation to impairment of trade debtors and non-financial assets.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Company'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 Directors' Report. These financial statements have been prepared on a going concern basis for the following reasons.

At 31 December 2020, the Company had net current assets of £834,000 and recorded a loss after tax of £3,372,000 for the year then ended.

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

Trading for the period to 31 August 2021 has reflected lower but improving industry activity compared with the Company's pre-pandemic budget, with lower than budgeted sales partly offset by some cost saving measures. The Company is undertaking the necessary actions to optimise its trading performance, protect its margins, overall profitability and cash flow whilst seeking to retain its key capabilities and skills so that it may take advantage of and capitalise on opportunities once demand and more normal levels of activities return.

The directors have prepared cash flow forecasts for the Company for a period of twelve months from the date of approval of these financial statements which, taking account of reasonably possible severe but plausible downsides, indicates the Company will have sufficient cash to meet its liabilities as they fall due during that period. Reasonably possible severe but plausible downside scenarios include lower sales in addition to those already factored into the base forecast as a result of the pandemic. These have been partly offset by overhead cost savings.

The Company's cash flow forecasts are dependent on the Company's parent undertaking, Acteon Group Limited ('the Group'), providing additional financial support during the forecast period, including not seeking repayment of amounts currently owed by the Company to fellow subsidiaries. The Company also participates in a group treasury arrangement. The Group has indicated its intention to continue to make available such funds as are needed by the Company and not to seek repayment of amounts due by the Company over the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue.

The going concern of the Company is also dependent upon the financial performance of the Group because it is an obligor of the Group's banking facilities. At 31 December 2020 the Group had a fully drawn secured bank loan facility of £273 million with the first debt maturity in November 2024. As of 31 August 2021, the Group had £18 million in cash and £18 million undrawn on its revolving bank facility. The principal financial covenants with which the Group is required to comply are ratios relating to EBITDA to Net Interest Payable and Total Net Debt to EBITDA. Compliance is required to be tested at each quarter end.

The Group has prepared forecast cash flows to October 2022 which reflect the economic uncertainty described above. On the basis of the forecast cash flow information within the Group's projections, and taking into account severe but plausible downsides, the directors consider that the Group will continue to operate with sufficient liquidity and comply with its bank loan financial covenants. The severe but plausible downside cash flows modelled assumes further deferrals or reductions in the Group's customer revenues across the forecast period.

Based on their forecasts and evaluation thereof, the directors believe that it is appropriate to prepare the Company's financial statements on a going concern basis and are confident the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

1.3 Intangible fixed assets – 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)

1 Accounting policies (continued)

1.4 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 part of an item of tangible fixed asset. The estimated useful lives are as follows:

Leasehold improvements	5 years
Plant and equipment	2 - 5 years

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

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, contract assets, cash and bank borrowings, lease liabilities and trade and other creditors.

Investments

Investments in subsidiaries are carried at cost less impairment.

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 provision for expected credit losses.

The Company 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 debtors have been grouped together based on the number of days they are overdue.

Contract assets

Contract assets are recognised when the Company has satisfied its contractual performance obligations and has either not recognised a trade debtor 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 debtors.

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.

1.6 Contract costs

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

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 in the profit and loss account. Incremental costs of obtaining a contract where the contract term is less than one year are also immediately expensed to the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Contract costs *(continued)*

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 profit and loss account in line with the fulfilment of the specific performance obligation to which they relate.

1.7 Contract liabilities

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

1.8 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, 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.

1.9 Turnover

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

- 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 the 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).
- Recognise turnover 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Turnover *(continued)*

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 income until the uncertainty is resolved.

Sale of goods

How turnover 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 Company has an enforceable right to payment for performance completed to date, turnover is recognised over time in accordance with the contract's progression (assessed on a cost input method) up to the point of delivery. Turnover in respect of the sale of non-customer-specific goods is recognised at the point in time when the customer obtains control of those goods, typically at the point of delivery.

Rendering of services

The Company recognises turnover for service performance obligations over time as those services are fulfilled. Turnover is based either on a fixed price or on an hourly/day rate. Where a fixed price is used the Company 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, turnover is also recognised on a straight-line basis over the contract period but is disclosed separately from turnover from contracts with customers.

Mobilisation and demobilisation services

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

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 interest payable at the rate embedded within the contract. This treatment recognises the effective borrowing period by the Company for any such advance receipts up to the point at which the performance obligation is fulfilled and the turnover recognised.

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

1.10 Interest receivable and interest payable

Interest payable and similar expenses includes interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.11 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, and any adjustment to tax payable 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.

1.12 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.

1.13 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 if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss.

1.14 Defined-contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company 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 expense in the profit and loss account in the periods during which services are rendered by employees.

1.15 Intra group financing 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)

1 Accounting policies (continued)

1.16 Leasing

Following the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date) the Company 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 Company reports its right-of-use assets separately in the balance sheet.

(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 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 profit and loss account 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 corresponding notes.

Notes (continued)

1 Accounting policies (continued)

1.16 Leasing (continued)

(iii) 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.

2 Turnover

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

	2020 £000	2019 £000
Nature of turnover		
Rendering of services	10,436	13,232
	<u>10,436</u>	<u>13,232</u>
Geographical markets		
Europe	8,354	8,390
Africa	862	3,768
North America	128	198
Asia and Asia Pacific	387	130
Middle East/Caspian	705	746
	<u>10,436</u>	<u>13,232</u>
Timing of turnover recognition		
Services recognised over time	10,436	13,232
	<u>10,436</u>	<u>13,232</u>

Where the Company 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 turnover (to the extent the lease definition is met) has not been presented separately from the Company's IFRS 15 turnover disclosures on the basis that a combined disclosure reflects a more consistent and relevant presentation of the Company's principal trading activities with its customers.

3 Expenses and auditor's remuneration

Included in operating loss are the following:

	2020 £000	2019 £000
Depreciation and other amounts written off tangible fixed assets – Owned	298	550
Depreciation charged on right-of-use fixed assets	106	30
Amortisation of intangibles	97	82
Operating lease rentals from short-term and low value asset leases	-	6
Other operating income – Job Retention Scheme (note 4)	(312)	-
	<u>17</u>	<u>15</u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	17	15
	<u>17</u>	<u>15</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Acteon Group Limited.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Directors	2	3
Technical and administration	110	117
	<u>112</u>	<u>120</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	6,572	6,216
Social security costs	522	715
Contributions to defined contribution plans (note 21)	259	352
	<u>7,353</u>	<u>7,283</u>

During the year the Company received income from the UK Government's job retention scheme in relation to the Covid-19 pandemic of £312,000 (2019: £nil). This has been recognised in the profit and loss account as other operating income as required by FRS 101. The above disclosure includes this income in wages and salaries.

5 Directors' remuneration

	2020	2019
	£000	£000
Directors' remuneration	136	155
Company contributions to money purchase pension plans	13	14
	<u>149</u>	<u>169</u>

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under money purchase schemes	<u>1</u>	<u>1</u>

Three (2019: Three) of the directors who served during the year did not receive any fees or remuneration for services as a director of the Company during the current or prior year. These directors hold office in other group undertakings. Emoluments paid to these directors for services to other group companies are disclosed within those financial statements. The element associated with the Company is not separately identifiable.

Notes (continued)

6 Interest receivable and similar income

	2020 £000	2019 £000
Interest on bank deposits	3	2
Interest receivable from group undertakings	-	3
Other interest receivable	6	15
	<hr/>	<hr/>
Total interest receivable and similar income	9	20
	<hr/> <hr/>	<hr/> <hr/>

7 Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on bank borrowings	21	19
Net foreign exchange losses	67	162
Interest on lease liabilities under IFRS 16	10	8
	<hr/>	<hr/>
Total interest payable and similar expenses	98	189
	<hr/> <hr/>	<hr/> <hr/>

8 Taxation

Recognised in the profit and loss account

	£000	2020 £000	£000	2019 £000	£000
<i>UK corporation tax</i>					
Current tax on expense for the year	(773)		(759)		
Adjustments in respect of prior years	3		(142)		
	<hr/>		<hr/>		
Total current tax		(770)		(901)	
<i>Foreign tax</i>					
Current tax on expense for the year	30		-		
	<hr/>		<hr/>		
		30			
<i>Deferred tax (note 19)</i>					
Origination and reversal of temporary differences	(68)		451		
Adjustment in respect of prior year	(57)		190		
Effect of change in tax rate	(96)		-		
	<hr/>		<hr/>		
Total deferred tax		(221)		641	
		<hr/>		<hr/>	
Tax credit on loss		(961)		(260)	
		<hr/> <hr/>		<hr/> <hr/>	

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2020 £000	2019 £000
Loss for the year	(3,372)	(1,781)
Total tax credit	(961)	(260)
	<hr/>	<hr/>
Loss before taxation	(4,333)	(2,041)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(823)	(388)
Unrecognised tax losses	-	480
Non-taxable income	(12)	(400)
Effect of change in tax rate	(96)	-
Adjustments in respect of prior years	(54)	48
Foreign tax charged	24	-
	<hr/>	<hr/>
Tax credit on loss	(961)	(260)
	<hr/> <hr/>	<hr/> <hr/>

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

Subsequent to the year-end it was announced in the 3 March 2021 Budget that the UK corporation tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future UK corporation tax charge.

9 Intangible assets

	Software £000
Cost	
Balance at 1 January 2020	714
Transfer from other group companies (note 24)	33
	<hr/>
Balance at 31 December 2020	747
	<hr/> <hr/>
Amortisation	
Balance at 1 January 2020	509
Amortisation for the year	97
	<hr/>
Balance at 31 December 2020	606
	<hr/> <hr/>
Net book value	
At 1 January 2020	205
	<hr/> <hr/>
At 31 December 2020	141
	<hr/> <hr/>

The amortisation charge of £97,000 (2019: £82,000) is recognised within administrative expenses in the profit and loss account.

Notes (continued)

10 Tangible fixed assets

	Leasehold improvements £000	Plant and equipment £000	Total £000
Cost			
Balance at 1 January 2020	18	9,855	9,873
Additions	8	117	125
Transfer from other group companies (note 24)	-	321	321
Disposals	-	(464)	(464)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	26	9,829	9,855
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
Balance at 1 January 2020	17	9,039	9,056
Depreciation charge for the year	2	296	298
Released on disposal	-	(464)	(464)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	19	8,871	8,890
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 1 January 2020	1	816	817
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	7	958	965
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Right-of-use assets

	Leasehold land and buildings £000	Plant, equipment and fixtures and fittings £000	Total £000
Cost or deemed cost			
Balance at 1 January 2020	85	27	112
Additions	-	33	33
Transfer from other group companies (note 24)	56	56	112
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	141	116	257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation and impairment losses			
Balance at 1 January 2020	24	6	30
Depreciation for the year	45	61	106
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	69	67	136
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Carrying amounts			
At 1 January 2020	61	21	82
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	72	49	121
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Fixed asset investments

	Shares in group undertakings £000
<i>Cost and net book value</i>	
Balance at 1 January 2020 and 31 December 2020	1,296

The Company has the following investments in subsidiaries at the year end:

	Class of shares held	Registered address	Ownership 2020	Ownership 2019
EURWA Survey Limited	Ordinary share capital	Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK	100%	100%
Utec NCS Survey AS	Ordinary share capital	Tangen 14, 4072, Randaberg, Norway	100%	100%

13 Contract costs

	2020 £000	2019 £000
Costs to fulfil a contract	32	-

The charge in the year to cost of sales relating to contract costs totalled £nil (2019: £34,000).

14 Debtors

	2020 £000	2019 £000
Trade debtors	1,788	2,818
Contract assets (note 17)	230	316
Amounts owed by group undertakings	2,547	1,386
Other debtors	189	180
Deferred tax assets (note 19)	916	592
Prepayments	245	187
	5,915	5,479

The amounts owed by group undertakings are payable on demand and an element is interest bearing.

Notes (continued)

15 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Bank overdraft	2,936	-
Lease liabilities (note 18)	139	96
Trade creditors	444	539
Amounts owed to group undertakings	362	386
Other tax and social security	435	168
Accruals	797	422
	<u>5,113</u>	<u>1,611</u>

The amounts owed to group undertakings are repayable on demand and are non-interest bearing.

16 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Other creditors	126	101
Lease liabilities (note 18)	62	140
	<u>188</u>	<u>241</u>

17 Contract balances and unsatisfied performance obligations

(a) Contract balances

	2020 £000	2019 £000
Receivables (Trade debtors) which are included in Debtors (note 14)	1,788	2,818
Contract assets	230	316
	<u>2,018</u>	<u>3,134</u>

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

Notes *(continued)*

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

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

Contract assets

	2020 £000	2019 £000
Balance at 1 January	316	228
Brought forward balance transferred to trade debtors	(316)	(228)
Conditional right to consideration at the year-end (accrued income)	230	316
	<hr/>	<hr/>
Balance at 31 December	230	316
	<hr/> <hr/>	<hr/> <hr/>

Contract liabilities

	2020 £000	2019 £000
Balance at 1 January	-	263
Amount in dispute offset against related receivables balance	-	(263)
	<hr/>	<hr/>
Balance at 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>

(b) Unsatisfied performance obligations

The aggregate amount of the transaction price (contracted turnover value) allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2020 totals £7,902,000 (2019: £2,104,000). The Company expects these to be satisfied in 2021 (2019:2020).

18 Lease liabilities

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

	2020 £000	2019 £000
Within one year	139	96
Between one and two years	47	91
Between two and five years	15	49
	<hr/>	<hr/>
	201	236
	<hr/> <hr/>	<hr/> <hr/>

The majority of the Group's leases relate to land and buildings for office space, warehouse and yard facilities. Rental charges are fixed over the lease terms which currently expire between March 2021 and December 2023.

Notes (continued)

19 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 £000	Assets 2019 £000
Tangible fixed assets	916	592
Deferred tax assets	916	592

The deferred tax asset has been recognised on the basis that the directors believe that there is sufficient evidence that the Company will generate suitable taxable profits in the future, against which the asset can be recovered.

Movement in deferred tax asset during the year

	1 January 2020 £000	Recognised in income £000	Business transfer (note 24) £000	31 December 2020 £000
Tangible fixed assets	592	221	103	916
	<u>592</u>	<u>221</u>	<u>103</u>	<u>916</u>

Movement in deferred tax asset during the prior year

	1 January 2019 £000	Recognised in income £000	31 December 2019 £000
Tangible fixed assets	735	(143)	592
Tax value of loss carry-forward	480	(480)	-
Other	18	(18)	-
	<u>1,233</u>	<u>(641)</u>	<u>592</u>

20 Capital and reserves

Share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
1,586,597 (2019: 1,586,597) ordinary shares of £0.10 each	159	159
119,364 (2019: 119,364) "A" ordinary shares of £0.10 each	12	12
	<u>171</u>	<u>171</u>

Notes (continued)

20 Capital and reserves (continued)

Share premium

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

Profit and loss account

The profit and loss account comprise cumulative undistributed earnings of the Company.

21 Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current year was £259,000 (2019: £352,000).

22 Contingencies

As set out in note 1, the Company has a cross guarantee with other group companies in respect of group borrowings

23 Related parties

During the year the Company traded with certain related parties in the ordinary course of business. The purchases from and sales to those related parties were as follows:

Related party	Relationship	Transactions	2020 £000	2019 £000
2H Offshore Engineering Limited	Fellow subsidiary	Sales	28	-
Seatronics Limited	Fellow subsidiary	Purchases	1,394	2,249
		Sales	206	276
InterMoor Limited	Fellow subsidiary	Sales	-	52
InterMoor Mediterranean for Petroleum Services SAE	Fellow subsidiary	Sales	264	314
J2 Subsea Limited	Fellow subsidiary	Purchases	-	15
Large Diameter Drilling Limited	Fellow subsidiary	Sales	8	-
Pulse Structural Monitoring Limited	Fellow subsidiary	Sales	5	-
Team Energy Resources Limited	Fellow subsidiary	Purchases	51	124
TecAfrica Offshore Limited	Fellow subsidiary	Sales	31	85
Marine Platforms Limited	Joint venture partner	Sales	-	2,665
		Purchases	-	5
			2,089	3,306

The amounts owed to and by related parties at the balance sheet date were as follows:

Related party	Relationship	Balances	2020 £000	2019 £000
2H Offshore Engineering Limited	Fellow subsidiary	Debtor	34	-
Seatronics Limited	Fellow subsidiary	Debtor	-	135
Seatronics Limited	Fellow subsidiary	Creditor	177	243
Acteon Group Limited	Parent company	Debtor	148	92
InterMoor Limited	Fellow subsidiary	Debtor	-	4
InterMoor Mediterranean for Petroleum Services SAE	Fellow subsidiary	Debtor	98	109
InterMoor Mediterranean for Petroleum Services SAE	Fellow subsidiary	Creditor	17	11
Large Diameter Drilling Limited	Fellow subsidiary	Debtor	10	-
TecAfrica Offshore Limited	Fellow subsidiary	Debtor	10	23
Marine Platforms Limited	Joint venture partner	Debtor	-	1,368
			489	1,582

Notes (continued)

24 Transfer of business

On 1 October 2020 the Company acquired the UK trade and assets of two fellow group companies, UTEC Star Net Geomatics Limited and UTEC Geomarine Limited for a total cash consideration of £1,889,000.

The transaction has been accounted for as a common control transaction. The consideration paid reflected the book value of the net assets acquired:

	£000
Tangible fixed assets (<i>note 10</i>)	321
Intangible fixed assets (<i>note 9</i>)	33
Right-of-use assets (<i>note 11</i>)	112
Trade and other debtors	415
Cash	1,196
Trade and other creditors	(537)
Lease liabilities	(91)
Amounts owed to group undertakings	(89)
Amounts owed by group undertakings	410
Corporation tax (group relief) receivable	16
Deferred tax asset (<i>note 19</i>)	103
	<hr/>
Consideration paid	1,889
	<hr/> <hr/>

25 Ultimate parent company and parent company of larger group

The Company's immediate parent is UTEC International Limited, a subsidiary undertaking of Acteon Group Limited, a company incorporated in the United Kingdom with its registered office at Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW.

The largest and smallest group in which the results of the Company are consolidated is that headed by Acteon Group Limited. The consolidated accounts of this Company are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

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

The registered office address of KKR Matterhorn Holdco Limited 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.