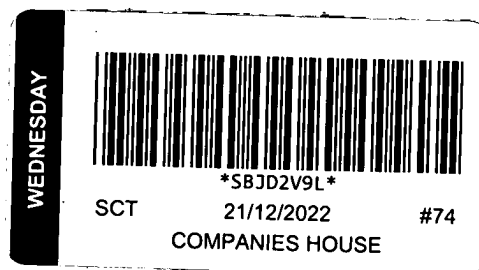
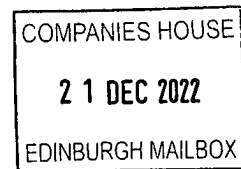


Oceaneering International Services Limited
Company Number: 01023217

Oceaneering International Services Limited
Report and Financial Statements
For year ended 31 December 2021



Oceaneering International Services Limited

Company Number: 01023217

Directors

P Buchanan

M McDonald

A Onley

N Purcell

Secretary

A Onley

Registered Office

100 New Bridge Street

London

United Kingdom

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Auditors

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Aberdeen

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Oceaneering International Services Limited

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Oceaneering International Services Limited

Strategic Report

Principal activities and business review

The directors of Oceaneering International Services Limited, a private company limited by shares, present their strategic report for the year ended 31 December 2021.

Results and dividends

Company results and accumulated profit and loss account are as follows:

	Notes	£000
Accumulated losses at 31 December 2020 (Restated)	25	(110,963)
Loss for the financial year		(13,247)
Accumulated losses at 31 December 2021		(124,210)

Principal activities and business review

The principal activities of the company continue to be the provision of services, supplies and equipment to the energy industry.

The company's key financial and other performance indicators during the year were as follows:

	2021	Restated 2020
	£000	£000
Turnover	190,498	230,532
Loss before tax	(12,563)	(17,088)
Shareholders' funds	91,819	103,829
Net Income %	(7%)	(7%)
Average number of employees	1,974	2,336

The company recorded a reduction of 17% in turnover in the year end 31 December 2021 as compared with turnover recorded in the year to 31 December 2020. This reduction is largely attributable to the reduction in our Manufactured Products segment. Turnover of £61m in 2021 compares with £95m in 2020 for this segment. Strong performance recorded in 2019 and 2020 for this segment have not been achieved in 2021. An £11m reduction in turnover of in our Subsea Robotics Division when compared with 2020 levels has been partially offset by an increase in of £5m in the IMDS service line. Turnover within the UK market has reduced from £172m in 2020 to £136m largely due the reduction in the Manufactured Products segment. A reduction in the Caspian region of £6m has been offset by increases in the African and Europe (excluding UK) regions continuing the upward trend within these regions over the last two years.

IMDS

Turnover for the IMDS segment increased by 7% from £70m in 2020 to £75m in 2021. This increase is attributable to increased orders received from two of our more significant customers. This has been partially offset by the loss of two contracts for this division. There has been no change in the operating margin within the business year on year.

Oceaneering International Services Limited

Strategic Report

Principal activities and business review (continued)

IMDS (continued)

Key long term contract renewals were secured in the first half of 2022 ensuring that backlog remains healthy. New awards coming to market have slowed somewhat as clients are renewing with existing vendors in preference to going out to the open market. Inflationary pressures on personnel rates are challenging margins. Where contracts allow, we have passed on price escalation, and where contracts are silent, we are negotiating price increases.

Inhouse process improvements are creating better equipment and personnel utilisation and speeding up billing. We continue to monitor overhead expenditure and identify opportunities for reduction. We are budgeting lower revenue in 2022 than in 2021, due to activity fluctuations, but are seeing improved operating margins.

Oceaneering Projects Group (OPG)

Oceaneering Projects Group turnover at £11.9m has reduced by 6.5% on 2020 turnover levels of £12.8m. This reduction in activity had been anticipated due to the COVID -19 market environment and a reduction in decommissioning and renewable contract awards. Further reduction is expected in 2022 due to the reallocation of resources to support a large decommissioning project in the Netherlands

Manufactured Products

The Manufactured Products segment is comprised mainly of the activities of the Umbilical and Hardware Manufacturing facility in Rosyth, Scotland. 2020 had seen a strong performance for the Rosyth facility with the delivery of significant projects for our clients. 2020 had seen low order levels due to the negative impact of the global pandemic on investment decisions. Many subsea investment decisions were cancelled or postponed as a result of uncertainties created by the pandemic. This translated to lower revenues and throughput for the facility in 2021. 2021 order levels have improved, and this is expected to impact on turnover levels in future years. We also expect that there will be a catch up in orders post the pandemic.

Job profit margins in 2021 of 14% compared with 21% in 2020. This resulted from the facility accepting jobs yielding lower margins to maintain a minimum level of operations at the Rosyth facility. Lowered margins for storage, rentals and offshore activities resulted from clients looking to cut costs in these areas, again pandemic related. This resulted in the facility focusing on throughput and utilisation efficiencies, improvement in run speeds and supply chain savings. Capital expenditure was reduced in line with the reduction in turnover.

Manufactured products have continued to develop, qualify and introduce into production advanced umbilical cross sections for deep water umbilicals along with the higher rated Thermoplastic hose and electric cable offerings

Subsea Robotics (SSR)

This business segment comprises Remote Operated Vehicles (ROV), Tooling and Survey & Positioning

Turnover for this segment reduced from £39m in 2020 to £29m in 2021, a drop of 27%. This reduction is attributed a reduction in the number of working days, not only for work class and observation class vehicles but also in crew days. Due to COVID many of our clients chose to change their working patterns and as a result projects have been cancelled, postponed or shortened. This resulted in reduced system operational days, 27% for equipment days and 34% on crew days when compared with 2020. Clients chose to reduce the number of crew changes and keep manning levels to a minimum resulting in a reduction of dual working systems and also up manning for 24-hour operations. This revised way of working ensured we were compliant with COVID working arrangements.

Oceaneering International Services Limited

Strategic Report

Subsea Robotics (SSR) (continued)

The segment has seen continuing focus on cost reduction, specifically with the repairs and maintenance of the fleet and applying prudent measures to reduce this direct cost. There have been technical advances made in the fleet with the introduction of the new Isurus system, as well as continued moves to remote piloting.

Drill Support Tooling activities continue to correlation with ROV activities. As a result Tooling turnover has also declined from 2020 to 2021 and is expected to match the trend with ROV in 2022. The integration with ROV has however seen a more emphasised focus on upselling to the client, as well as a reduction in overhead costs due to the restructuring that took place in 2020.

The Survey and Positioning division of SSR experienced a challenging year in 2021 but did see strong revenues in the period. The challenges of COVID-19 were still felt in travel restrictions in changed flight schedules which meant the plans were in place with additional contingency in personnel and equipment needed to ensure we continued to meet our client and contractual requirements. Focus on increase in R&D and technology lead to reducing reliance on 3rd party contractors, decreasing project costs. Continuing strong operational excellence in project delivery, a continued pro-active attitude towards safety and strict adherence to increased Quality Initiatives resulted in an above forecast financial delivery. Our business in Europe continued to be largely spot market supporting a key vessel owner. Challenges in prompt client payment for work were addressed directly resulting in good, positive free cash flow from the division

Operating Expenses

Net operating expenses increased when compared to the prior period, at £20.5m up from £18.4m in 2020. Foreign currency exchange losses impacted on the total costs incurred as there were £2.4m of losses in the year, however, this contrasts adversely when compared to 2020 when the company made currency exchange gains of £5m. Stripping out the impact of foreign currency movements, net operating costs decreased 23% in the year, at £18.1m compared to £23.4m in 2020. A reduction in support staff costs contributed to this decrease, which was partially offset by an increase in selling costs.

Capital Expenditure

The Company invested £1.9m in tangible fixed assets during the year, investing in plant and equipment, new buildings and right of use assets.

Directors' statement in performance of their duties under section 172(1)

It is the Directors' considered opinion that they have carried out their duties, both in an individual and collective sense, in the correct way that is most likely to ensure and generate the ongoing success of the company as a whole for the benefit of its members. They have taken into consideration the matters set out in section 172 1 (a) – (f) of the Companies Act 2006, along with other concerns, when carrying out their roles.

The overriding purpose of the Board is to ensure responsible behaviour towards all stakeholders and to safeguard their treatment in a fair and equitable manner so that they will also ultimately benefit from the company's successful strategic delivery. Furthermore, the Board have made every effort to ensure that management conduct all business aspects in a manner that will always be considered as responsible. Accordingly, the company's expectations of itself is that both high standards of business conduct and good governance are required at all times.

Directors' statement in performance of their duties under section 172(1) (continued)

The Board's engagement can be demonstrated in the following ways:

- The Board ensures that our employees work in a safe and healthy environment and that they receive appropriate training commensurate with the duties expected of them. The Board also ensures that they are sufficiently rewarded for their efforts. The company takes care to ensure meaningful two-way involvement between management and its employees (for more information on company commitment to staff involvement and staff training see page 10).
- As we operate in the oil and gas sector, we regularly monitor the impact of our activities on the environment and on the wider communities in which we operate and, particularly, where we maintain active manufacturing facilities.
- As a Board, we aim to operate responsibly and to make carefully considered decisions. We encourage high standards of business behaviour from our employees and try to lead by example. Our commitment to responsible conduct is enshrined in our company values, and these can be viewed on our Group's website: <https://www.oceaneering.com>. It's through the application of these values that we have built our reputation as a high-performing organisation which requires ethical business practices and a high level of integrity in all of our business transactions. The Oceaneering core values are embodied in the Oceaneering Code of Business Conduct and Ethics, which guides us on a daily basis. These are promoted in day to day operational and performance meetings. The company has put in place programmes that are focussed on mentoring, role modelling and employee recognition.
- As a long-established company, we have continually focussed our efforts on ensuring that we have fostered long-term working relationships with our clients, external advisers and suppliers, to ensure the long-term sustainability of Oceaneering's business model. Our philosophy is based upon our core values and ensuring that they are shared within our key relationships with our supply chain. We maintain regular contact with our key stakeholders through regular engagement meetings with key suppliers and perform periodic audits. There is a specific supplier relationship manager in place for the UK business, whose core role is to work with vendors, and which ensures strong working relationships and high-quality standards.
- As a healthy corporate culture is an essential part of both business conduct and governance, it is our objective to operate the business in a way that will always be regarded as both ethical and responsible. All new employees are required to undergo ethics training including in anti-corruption compliance and compliance with our code of business conduct & ethics. Rod Larson, President and CEO of Oceaneering International Inc, the ultimate parent company, is also the Chairman of the Ethics and Compliance Committee for the group undertaking and he has outlined the organisation's expectations of the commitment to integrity and ethical behaviour via video broadcasts that are distributed to all Oceaneering employees. These recordings are also made available on the company's intranet platform entitled "The Helm".

Streamlined Energy and Carbon Reporting (SECR)

Introduced in April 2019 and replacing the Carbon Reduction Commitment Energy Efficiency Scheme and Mandatory Greenhouse Gas Reporting for UK quoted companies, Streamlined Energy and Carbon Reporting (SECR) extends reporting requirements to UK companies defined as large under the 2006 Companies Act. As such the company falls into scope.

The activity levels have been calculated in accordance with the Greenhouse Gas Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. The data has been converted into carbon emissions using the Department for Environment, Food and Rural Affairs (DEFRA) published emission factors and the data provided by the company. The following data is presented in tonnes of carbon dioxide equivalent (tCO₂e).

Oceaneering International Services Limited

Strategic Report

Streamlined Energy and Carbon Reporting (SECR) (continued)

	2021	2020
Total gross emissions:	tCO ₂ e	tCO ₂ e
Combustion of fuel or the operations of facilities	510	293
Purchase of electricity	1,096	1,237
Vehicles utilised by the company	182	215
	1,788	1,745

Emission intensity (all scopes) is 9.39 tCO₂e per £1m of revenue (2020 7.5 tCO₂e)

		2021	2020
Consumption rates:	Measurement	'000	'000
Natural gas	kWh	2,786.0	1,595
Electricity	kWh	5,161.0	5,308
Mileage and transport	Miles	773.0	898

The company recognises the importance of a sustainable future for all of society and supports good management of energy usage as a part of its commitment to working towards energy efficiency. Several large projects at our manufacturing process were at the extrusion stage in the process cycle during 2021 which is a gas intense process resulting in significantly higher gas usage in 2021 as compared with 2020.

During 2020 the company underwent a comprehensive re-location programme within the UK, focused primarily on its locations in Aberdeen, Scotland but also considering multiple locations in England. The company consolidated all its office presence in Aberdeen early in the year and moved from six office locations to move into one office building in the Aberdeen International Business Park. We also relocated our Aberdeen workshop to a newly constructed facility allowing us to work in a more energy efficient manner. Accordingly, this will have a long-term impact reducing our energy consumed in terms of electricity and gas on an ongoing and future basis.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as currency, legislative, financial and liquidity risk.

• Currency Risks

We are currently exposed to certain market risks arising from transactions we have entered into in the normal course of business. These risks predominantly relate to fluctuations in foreign exchange rates. We have not entered into any market risk sensitive instruments for speculative or trading purposes.

• Legislative Risks

All activities are constantly monitored by the company's QHSE department to ensure that the highest standards are maintained at every stage of project execution.

The Continuous Quality Improvement and Health, Safety & Environmental Departments manage and control the Company Management systems required to achieve Third Party Accreditation/Approvals. These departments are responsible for monitoring the control and execution of the services offered by the company's regional and branch offices.

The company holds Third Party Accreditation/ Approval, with regards to its Management System and / or its control and execution of the services offered at a number of regional and branch offices in the UK.

Principal risks and uncertainties (continued)

- **Global Political Risks**

The Company operates across a number of jurisdictions and as such is exposed to political risk. The imposition of sanctions may impact the business although we do not have significant exposure to this risk.

- **Financial Risks**

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United Kingdom. Due to the inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

- **Liquidity and Capital Resources**

The company considers its liquidity and capital resources adequate to support our operations and internally generated growth initiatives. We expect our operating cash flow to continue to meet our ongoing annual cash requirements for the foreseeable future.

On behalf of the board



N Purcell

Director

20 December 2022

Oceaneering International Services Limited

Directors' Report

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

Directors and their interests

The directors who held office during the year and up to the date of signing the financial statements were as follows:

P Buchanan	
M McDonald	
A Onley	(Appointed 01 July 2022)
N Purcell	(Appointed 18 May 2022)
C Tennant	(Resigned 19 August 2022)
C Davison JR	(Resigned on 30 June 2021)
D Smithwhite	(Resigned on 18 May 2022)

The directors do not have any interests in the shares of Group companies required to be disclosed under the Companies Act 2006.

Dividends

The directors recommend that no dividend be paid (2020 - £nil).

Future developments

The company will continue to seek opportunities to strengthen its pre-eminent position in the market place through organic growth, the introduction of new technologies and, where appropriate, further acquisitions.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to competitive, legislative, financial, liquidity and capital resources are described in the business review on pages 3-8. The company has considerable financial resources together with long-term contracts with customers and suppliers across different service lines.

We anticipate increased revenue and operating results in the majority of our segments based on continuing high levels of offshore activity. Further quotation activity is robust within our energy businesses and interest is increasing in our mobility solutions businesses.

To further validate the continued application of the going concern basis to the financial statements, the company has prepared cashflow forecasts for the period up to 31 December 2023 using a 'harsh but plausible' scenario, to reflect continued COVID-19 pandemic risks, a fall in demand from customers due to the market environment and impacts and mitigation actions taken. Even under this scenario, the analysis indicates that the company would still be expected to generate a positive cash flow over the period.

After rigorously reviewing all relevant available information and recognising the resilience of our business performance despite recent and ongoing market uncertainty, the directors have a reasonable expectation that the company has adequate resources for a period from the date these financial statements are authorised for issue until 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Oceaneering International Services Limited

Directors' Report

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues, and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through regular management consultation with personnel, integrated with training programmes and frequent internal information releases. Also, employees are involved with all levels of management via the regular use of Town Halls, Question and Answer sessions and feedback sessions.

The business also utilises company-wide employee surveys and with previous exercises the results have been communicated to all leaders who have then cascaded to their relevant teams to ensure that the results were conveyed to all participants. Accordingly, action planning teams were launched to track and report progress, focus groups were gathered to establish root causes and offer viable solutions.

In relation to staff training, the company has a commitment to maintaining an exhaustive training programme for all employees, which covers areas such as Health and Safety and Professional Development. Furthermore, there is also commitment to training for all role specific requirements, such as the handling of Dangerous Goods and Forklift refresher courses.

Directors' statement as to disclosure of information to auditors

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

- to the best of each director's knowledge and belief, there is no information (that is, information that is needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor are aware of that information.

Re-appointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.



On behalf of the board

N Purcell

Director

20 December 2022

Oceaneering International Services Limited

Directors' Responsibilities Statement

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 for that period.

In preparing those 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;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- adopt the going concern basis, unless it is inappropriate 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Oceaneering International Services Limited

Independent Auditor's Report

To the members of Oceaneering International Services Limited

Opinion

We have audited the financial statements of Oceaneering International Services Limited for the year ended 31 December 2021 the Income Statement, the Statement of comprehensive income, the Statement of changes in equity; the Statement of Financial Position and related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework."

In our opinion, the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue until 31 December 2023.

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

Oceaneering International Services Limited

Independent Auditor's Report

To the members of Oceaneering International Services Limited

Other information (continued)

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Oceaneering International Services Limited

Independent Auditor's Report

To the members of Oceaneering International Services Limited

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

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

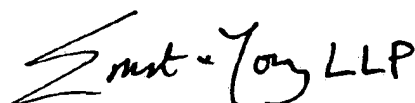
Our approach was as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006).
- ▶ We understood how Oceaneering International Services Limited is complying with those frameworks by making and corroborating enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas.
- ▶ We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by performing procedures on management override and determining the revenue recognition may present a fraud risk.
- ▶ Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with such laws and regulations, enquiries of general counsel and management as well as journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

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

Use of our report

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



Kenneth MacLeod Hall (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

20 December 2022

Oceaneering International Services Limited

Income Statement

For the year ended 31 December 2021

		2021	Restated (note 25) 2020
	Notes	£000	£000
Turnover	3	190,498	230,532
Cost of sales		(171,989)	(204,127)
Gross profit		<u>18,509</u>	<u>26,405</u>
Net operating expenses	4	(20,508)	(18,429)
Operating (loss)/profit	5	<u>(1,999)</u>	<u>7,976</u>
Gain on transfer of tangible fixed assets	12	2,968	495
Income from shares in group undertakings		1,300	143
Investment income		-	26
Impairment of fixed asset investments	13	(6,457)	(10,848)
Impairment of other fixed assets	12	(457)	(7,114)
Loss on disposal of investment		-	(414)
Interest payable	6	(7,918)	(7,352)
Loss before taxation		<u>(12,563)</u>	<u>(17,088)</u>
Tax on loss	10	(684)	(2,139)
Loss for the financial year		<u>(13,247)</u>	<u>(19,227)</u>

The notes on pages 19 to 38 form part of these financial statements.

Oceaneering International Services Limited
Statement of Comprehensive Income
For the year ended 31 December 2021

	2021	2020
	£000	£000
Loss for the financial year	(13,247)	(19,227)
Movement in accumulated currency reserve during the year	1,237	(4,651)
Total comprehensive loss for the year	(12,010)	(23,878)

Oceaneering International Services Limited
Statement of Financial Position
As at 31 December 2021

		2021	Restated
	Notes	£000	2020
			£000
Non-current assets			
Intangible assets	11	39	-
Tangible assets	12	51,595	63,806
Investments	13	78,492	84,899
Deferred tax assets	10	4,107	2,854
		<u>134,233</u>	<u>151,559</u>
Current assets			
Stocks	14	13,088	26,801
Debtors	15	458,082	290,262
Cash		13,060	9,147
		<u>484,230</u>	<u>326,210</u>
Creditors: amounts falling due within one year	16	<u>(439,511)</u>	<u>(286,099)</u>
Net current assets		<u>44,719</u>	<u>40,111</u>
Total assets less current liabilities		<u>178,952</u>	<u>191,670</u>
Creditors: amounts falling due after more than one year	17	<u>(83,239)</u>	<u>(83,164)</u>
Provisions for liabilities	19	<u>(3,894)</u>	<u>(4,677)</u>
Net Assets		<u>91,819</u>	<u>103,829</u>
Capital and reserves			
Share capital	20	3,071	3,071
Share Premium	21	207,934	207,934
Capital contribution reserve	21	1,086	1,086
Foreign currency translation reserve	21	3,938	2,701
Profit and loss account		(124,210)	(110,963)
Total Equity		<u>91,819</u>	<u>103,829</u>

The notes on pages 19 to 38 form part of these financial statements.

The financial statements of were approved by the Board of Directors on 20 December 2022 and signed on their behalf by



N Purcell
Director

Oceaneering International Services Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital	Share premium account	Capital contribution reserve	Foreign currency translation reserve	Profit & Loss Account	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 January 2020	3,071	207,934	1,086	-	(73,318)	138,773
Reclassification of prior period				7,352	(7,352)	-
Restatement of prior period					(11,066)	(11,066)
Restated at 1 January 2020	<u>3,071</u>	<u>207,934</u>	<u>1,086</u>	<u>7,352</u>	<u>(91,736)</u>	<u>127,707</u>
Loss for the year	-	-	-	-	(19,227)	(19,227)
Other comprehensive income for the year:						
Net foreign currency translation	-	-	-	(4,651)	-	(4,651)
Total comprehensive income for the year				<u>(4,651)</u>		<u>(4,651)</u>
At 31 December 2020	<u>3,071</u>	<u>207,934</u>	<u>1,086</u>	<u>2,701</u>	<u>(110,963)</u>	<u>103,829</u>
Loss for the year	-	-	-	-	(13,247)	(13,247)
Other comprehensive income for the year:						
Net foreign currency translation	-	-	-	1,237	-	1,237
Total comprehensive income for the year				<u>1,237</u>		<u>1,237</u>
At 31 December 2021	<u>3,071</u>	<u>207,934</u>	<u>1,086</u>	<u>3,938</u>	<u>(124,210)</u>	<u>91,819</u>

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

1. General Information

Oceaneering International Services Limited is a private company, limited by shares, and incorporated in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and the provisions of the Companies Act 2006.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise noted.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Oceaneering International, Inc. The results of Oceaneering International Services Limited are included in the consolidated financial statements of Oceaneering International, Inc. which are available from 11911 FM529, Houston, Texas 77041-3011.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

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

- a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of;
 - (i) paragraph 79 (a)(iv) of IAS 1;
 - (ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118 (e) of IAS 38 Intangible Assets;
- b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraphs 7, 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- g) the requirements of paragraph 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- i) the requirement of paragraphs 52, 58, the second sentence of paragraph of 89, and paragraphs 90 and 91 of IFRS 16 Leases.

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to competitive, legislative, financial, liquidity and capital resources are described in the business review on pages 3-8. The company has considerable financial resources together with long-term contracts with customers and suppliers across different service lines.

We anticipate increased revenue and operating results in the majority of our segments based on continuing high levels of offshore activity. Further quotation activity is robust within our energy businesses and interest is increasing in our mobility solutions businesses.

To further validate the continued application of the going concern basis to the financial statements, the company has prepared cashflow forecasts for the period up to 31 December 2023 using a 'harsh but plausible' scenario, to reflect continued COVID-19 pandemic risks, a fall in demand from customers due to the market environment and impacts and mitigation actions taken.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

2.2 Going concern (continued)

Even under this scenario, the analysis indicates that the company would still be expected to generate a positive cash flow over the period.

After rigorously reviewing all relevant available information and recognising the resilience of our business performance despite recent and ongoing market uncertainty, the directors have a reasonable expectation that the company has adequate resources for a period from the date these financial statements are authorised for issue until 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

Leases

As a lessee the company obtains the use of property, plant and equipment. The company determines whether a contract is or contains a lease at inception. When making these determinations we consider whether we have an identifiable asset, the right to control the use of the asset and the receipt of economic benefit.

Impairment

The company assesses at each reporting date whether there is an indication of impairment on non-financial assets. The company makes an estimate of the assets recoverable amount to calculate any potential impairment.

2.4 Significant accounting policies

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised according to the contract type and largely over time in accordance with IFRS 15.

Service contracts to customers include personnel and equipment day rate charges which allow revenue to be recognised as the work is performed. Billing for these contracts is periodic, ranging from weekly to monthly.

Longer term contracts, materially within the manufacturing products segment, recognise revenue based on the percentage of completion method. Such methodology considers the overall progress of contracts, considering both revenue and costs, as a product flows through the manufacturing process. The final portion of revenue, calculated by considering contract value less revenue recognised to date, is recognised at a point in time when control transfers to the customer. Where the contract cost current estimate indicates an ultimate loss, the projected loss is recognised in full in the period it is determined. Billing for such contracts, under the manufacturing products segment, consists of milestone payments due at specified progress points. The timing of such milestone payments may differ from the timing of revenue recognition.

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

Goodwill (continued)

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated over a useful life of 3 years.

Tangible fixed assets

Tangible fixed assets are shown at original historic cost, net of depreciation and any provision for permanent impairments in value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	15 – 25 years
Freehold buildings	25 years
Leasehold land and buildings	25 years
Plant and equipment	3 – 10 years
Right of use assets	shorter of estimated useful life and the term of the lease

Residual value is calculated on prices prevailing at each balance sheet date.

Freehold land is not depreciated.

Investments

Fixed asset investments are held at historical cost less provision for impairment.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade and other receivables

Trade receivables, which generally have 30-90 days terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Trade and other receivables are recorded taking into account provisions for expected credit losses (ECLs). The company has in place a provision matrix for trade and other receivables that is based on historical credit losses and is adjusted for specific forward-looking factors. The carrying amount of the receivables are reduced through the use of a provision account and movements in the provision are recognised in the income statement within cost of sales and net operating expenses.

Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Trade and other payables

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences carried forward tax credits or tax losses can be utilised.

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

Lessee arrangements

When a lease arrangement is identified, a liability is recognised in the balance sheet as a lease obligation calculated at the present value of lease payments. Also, a related right-of-use asset will be recorded within tangible fixed assets. Lease payments are subsequently apportioned between interest payments and a reduction in the lease liability to reflect the remaining balance of the liability held. The finance cost and depreciation of the right-of-use asset are charged to the income statement. Leases with a term life of 12 months or less and leases with a low value are not recorded on the balance sheet and their payments are charged on a straight-line basis to the income statement over the term of the contract.

Foreign currency translation

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

Foreign currency translation (continued)

The results of overseas branches are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves. All other exchange differences are included in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

3. Turnover and segmental information

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

Turnover by geographic location comprises:

	2021	Restated 2020
	£000	£000
Africa	7,179	2,710
Caspian	19,124	25,166
Europe (excluding UK)	8,603	4,623
Rest of the world	19,960	25,751
United Kingdom	135,632	172,282
	<u>190,498</u>	<u>230,532</u>

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

3. Turnover and segmental information (continued)

Turnover by business segment comprises:

	2021 £000	Restated 2020 £000
Integrity Management & Data Solutions	74,882	70,072
Manufactured Products	61,271	95,467
Oceaneering Projects Group	11,943	12,774
Subsea Robotics	28,665	39,401
Other Oilfield Services	13,737	12,818
	<u>190,498</u>	<u>230,532</u>

4. Net operating expenses

Net operating expenses comprise:

	2021 £000	Restated 2020 £000
Administration expenses	9,298	11,741
Operating costs	5,382	8,279
Selling costs	1,282	350
Foreign currency exchange loss/(gain)	2,432	(5,010)
Royalty charges	2,114	3,038
Net operating expenses	<u>20,508</u>	<u>18,398</u>

5. Operating (loss)/ profit

This is stated after charging/(crediting):

	Notes	2021 £000	2020 £000
(Decrease) in provisions for expected credit losses	15	-	(91)
Depreciation of tangible fixed assets – owned	12	8,118	14,745
Depreciation of right-of-use assets	12	4,473	5,905
Lease rentals relating to short term or low-value leases		3,039	215
Cost of inventories recognised as an expense		42,791	50,676
Gain on disposal of subsidiary in prior period		-	(744)

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

6. Interest payable

	2021	Restated 2020
	£000	£000
To group undertakings in intercompany loans and balances	4,593	5,922
Interest expense on lease liability	3,325	1,430
	<u>7,918</u>	<u>7,352</u>

7. Auditor remuneration

In the current year and the preceding year, the auditors' remuneration was borne by the ultimate holding company, Oceaneering International, Inc. This amounted to £137,000 for 2021 (2020 - £120,000).

8. Staff costs

Particulars of employees (including executive directors) are shown below:

	2021	2020
Notes	£000	£000
Wages and salaries	77,794	82,960
Social security costs	6,502	7,122
Other pension costs	24 2,868	2,892
	<u>87,164</u>	<u>92,974</u>

The average monthly number of employees during the year was made up as follows:

	2021	2020
	Number	Number
Direct labour	961	1,148
Indirect staff	599	770
Management and administration	414	418
	<u>1,974</u>	<u>2,336</u>

9. Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	545	387
Company contributions paid to money purchase pension scheme	22	17

Directors' remuneration for 2020 included £28,000 in relation to compensation for loss of office.

No directors exercised share options in the current year (2020 – nil).

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

Pensions

The number of directors who were members of pension schemes was as follows:

	2021	2020
	No.	No.
Money purchase schemes	3	4

Long term incentive schemes

The number of directors who benefitted from long term incentive schemes during the year:

	2021	2020
	No.	No.
Received shares	-	1
Other	1	-

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2021	2020
	£000	£000
Emoluments	242	170
Company contributions paid to money purchase schemes	9	4

10. Taxation

(a) Tax charge in the income statement

	2021	2020
	£000	£000
<i>Current tax:</i>		
Current tax on loss for the year	(998)	(897)
Adjustment in respect of prior years	16	(650)
Foreign tax suffered	2,918	3,312
Total current income tax	1,936	1,765
<i>Deferred tax:</i>		
Current year	(9)	813
Adjustment in respect of previous periods	(266)	(52)
Effect of changes in tax rates	(977)	(386)
Total deferred tax	(1252)	375
Tax charge in the income statement	684	2,139

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

(b) Factors affecting total tax charge for the year

The expense for the year can be reconciled to the loss per the income statement as follows:

	2021	2020
	£000	£000
Loss for the year	(12,563)	(17,088)
Tax calculated at UK corporation tax in the UK 19% (2020 – 19%)	(2,387)	(3,247)
Effects of:		
Adjustments in respect of prior years	(249)	(702)
Expenses not deductible	1,628	1,889
Income not taxable	(310)	(892)
Transfer pricing adjustments	1,187	1,129
Tax rate changes	(978)	(386)
Effects of overseas tax rates	1,880	2,288
Impairments – non deductible	(87)	2,061
Total tax (note 10(a))	684	2,139

The UK corporation tax rate in the year was 19%.

(c) Deferred tax:

The deferred tax asset included in the balance sheet is as follows:

	2021	2020
	£000	£000
Decelerated capital allowances	2,059	2,017
Temporary differences	145	76
Losses	1,870	761
R&D expenditure credit	33	-
	4,107	2,854

An increase in the UK corporation tax rate from 19% to 25% was substantially enacted at the balance sheet date. Accordingly, deferred tax has been provided for at the tax rate of 25% which will apply when the temporary differences are expected to reverse.

Deferred tax assets have been recognised following review and consideration of the forecasted profitability of each business segment within the company as well as the forecasted profitability of other fellow group undertakings. It was considered that the deferred tax assets will continue to be utilised by either the company or fellow group undertakings and therefore recognition was deemed appropriate.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Intangible assets

	Patents	Other intangibles	Total
	£000	£000	£000
Cost	11	39	50
Depreciation	(11)	-	(11)
	<u>-</u>	<u>39</u>	<u>39</u>

12. Tangible fixed assets

	Land and Buildings	Plant and equipment	Right of use assets	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2021	20,894	126,631	31,306	178,831
Additions	85	1,518	278	1,881
Intra group transfers	-	(13,737)	-	(13,737)
Disposals	(454)	(3,443)	-	(3,897)
Exchange Adjustment	(19)	(16)	-	(35)
31 December 2021	<u>20,506</u>	<u>110,953</u>	<u>31,584</u>	<u>163,043</u>
Depreciation and impairment:				
At 1 January 2021	9,575	98,875	6,575	115,025
Charge for the year	1,024	7,094	4,473	12,591
Impairments	457	-	-	457
Intra group transfers	-	(12,711)	-	(12,711)
Disposals	(454)	(3,443)	-	(3,897)
Exchange Adjustment	(5)	(12)	-	(17)
At 31 December 2021	<u>10,597</u>	<u>89,803</u>	<u>11,048</u>	<u>111,448</u>
Net book value:				
At 31 December 2021	<u>9,909</u>	<u>21,150</u>	<u>20,536</u>	<u>51,595</u>
At 1 January 2021	<u>11,319</u>	<u>27,756</u>	<u>24,731</u>	<u>63,806</u>

Included within land and buildings are assets classified as held for sale at the value of £2,750,000. During the year, the company opted to sell these assets and reclassified them as held for sale which resulted in an impairment loss of £457,000 being recognised against land and buildings.

During the year the company made a gain on the transfer or disposal of tangible fixed assets of £2,968,000 (2020 - £495,000).

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

13. Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Associates	Subsidiaries	Total
	£000	£000	£000
Cost:			
At 1 January 2021	9,591	247,954	257,545
Additions	-	50	50
At 31 December 2021	9,591	248,004	257,595
Provisions for impairment:			
At 1 January 2021	3,271	169,375	172,646
Charge for the year	-	6,457	6,457
At 31 December 2021	3,271	175,832	179,103
Net book value:			
At 31 December 2021	6,320	72,172	78,492
At 1 January 2021	6,320	78,579	84,899

The impairment charge during the year consists of £5,300,000 to write down the value of Grayloc Products Limited to reflect the value of the ongoing operations and £1,157,000 to write down to nil the investment in Ecosse Subsea Limited, dissolved on 9 November 2021.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

13. Fixed asset investments (continued)

The company has investments in the following subsidiary and associated undertakings:

Principal country of operation	Country of registration & incorporation	Equity Interest	Nature of business
United Kingdom			
Oceaneering Services Overseas Limited (1 ordinary shares of \$1 each) Registered office address: 100 New Bridge Street, London, UK, EC4V 6JA	England	100%	Subsea Services
Grayloc Products Limited # (1,000 ordinary shares of £1 each) Registered office address: 100 New Bridge Street, London, UK, EC4V 6JA	England	100%	Subsea Products
Viper Innovations Limited (186,750 ordinary shares of £0.001 each) Registered office address: Unit 3a Marine View Office Park, 45 Martingale Way, Portishead, Bristol, UK, BS20 7AW	England	25%	Subsea Products
Ecosse IP Limited (in liquidation) # (19,411,476 ordinary shares of 1p each) Registered office address: 12 Carden Place, Aberdeen, Scotland, AB10 1UR	Scotland	19%	Subsea Products
Overseas			
Oilfield Inspection Services (International) Limited (6,933 ordinary shares of £1 each) Registered office address: First Floor, Durell House, 28 New Street, Jersey, JE2 3RA	Jersey	100%	Holding company
Oilfield Inspection Services (M) SdnBhd* (10,000 'B' ordinary shares of Mal 1 Ringgit each and 6,400,000 redeemable preference shares of Mal 1 Ringgit each) Registered office address: Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Malaysia	10%	Inspection services
Atkins Inspection Services (M) SdnBhd* (10,000 'B' ordinary shares of Mal 1 Ringgit each) Registered office address: Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Malaysia	10%	Inspection services

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

Principal country of operation	Country of registration & incorporation	Equity interest	Nature of business
Oceaneering OIS Company WLL* (249 shares of Dirham 1,000 each) Registered office address: Musaffah Industrial – M17, Plot 90, PO Box 4074, Abu Dhabi, United Arab Emirates	Abu Dhabi	49%	Inspection services
Oceaneering Services PNG Ltd Level 5, Bsp Haus, Harbour City, Konedobu, Port Moresby, National Capital District 121, Papua New Guinea	Papua New Guinea	100%	Inspection services
Dormant and non trading companies			
OIS International Inspection plc # (30,350,000 ordinary shares of 10p each) Registered office address: 100 New Bridge Street, London, UK, EC4V 6JA	England	100%	Dormant
Brompton Holdings plc (17,976,364 ordinary shares of 20p each) Registered office address: Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Scotland	100%	Dormant
OIS plc (14,322,000 ordinary shares of 10p each) Registered office address: 100 New Bridge Street, London, UK, EC4V 6JA	England	100%	Dormant
Metacor Holdings Limited # (240,000 preference shares of £1 each, 1,370,500 ordinary shares of £1 each and 612 deferred shares of £1 each) Registered office address: Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Scotland	100%	Dormant
External Corrosion Management Limited (1,000 ordinary shares of £1 each, 100 deferred A shares of £1 each and 100 deferred B shares of £1 each) Registered office address: 100 New Bridge Street, London, UK, EC4V 6JA	England	100%	Dormant
Ecosse Subsea Systems Limited # (2 ordinary shares of 1p each) Registered office address: Building 3, Aberdeen International Business Park, Dyce Drive, Dyce, Aberdeen, Scotland, AB21 0BR	Scotland	100%	Non Trading

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

Principal country of operation	Country of registration & incorporation	Equity interest	Nature of business
Oilfield Inspection Services Overseas Limited (2 ordinary shares of £1 each) Registered office address: 100 New Bridge Street, London, UK, EC4V 6JA	England	100%	Dormant
OIS International Limited (100,000 ordinary shares of £1 each) Registered office address: 6 th Floor, Victory House, Prospect Hill, Douglas, Isle of Man, IM1 1EQ	Isle of Man	100%	Dormant
OIS International Limited – Qeshm (100 ordinary shares US\$1 each) No registered address. Contact OIS Plc, 100 New Bridge Street, London, UK, EC4V 6JA	Iran	100%	Dormant
OIS (Thailand) Company Limited Registered office address: 19 Soi Suan Son 8, Ramkhamhaeng Road, Huamark Subdistrict, Bang Kapi District, Bangkok	Thailand	49%	Non Trading
Metacor Limited (100 ordinary shares of \$1 each) Registered office address: 245 Belmont Circular Road, Belmont, Trinidad	Trinidad & Tobago	100%	Non Trading

* The group exercises dominant influence over these companies by virtue of shareholder agreements.

Investment is held directly by the company

Ecosse Subsea Systems Limited was dissolved on 8 March 2022.

14. Stocks

	2021	Restated 2020
	£000	£000
Raw materials and consumables	8,283	16,961
Work in progress	4,805	9,840
	<u>13,088</u>	<u>26,801</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

15. Debtors

	2021	Restated 2020
	£000	£000
Trade receivables	22,611	27,831
Provision for expected credit losses	(498)	(498)
Amounts owed by group undertakings	402,214	246,578
Accrued income	16,616	4,390
Other debtors	785	546
Prepayments	6,144	4,381
Group tax relief debtor	8,147	7,034
Other tax receivables	2,063	-
	458,082	290,262

All amounts owed by group undertakings are repayable on demand and bear no interest.

16. Creditors: amounts falling due within one year

	2021	Restated 2020
Notes	£000	£000
Trade payables	16,710	12,952
Amounts owed to group undertakings	368,526	231,942
Corporation tax	4,006	3,832
Other creditors, taxation, and social security	13,048	11,177
Lease liabilities	18 3,554	3,337
Contract liabilities	27,164	16,201
Accruals	6,503	6,658
	439,511	286,099

Included within amounts owed to group undertakings is an amount due to a fellow undertaking of £119,434,000 (2020 - £118,642,000) which bears interest at the affiliates' government authority rate. For 2021 the annual interest rate was 1.25% (2020 - 2.25%).

17. Creditors: amounts falling due after more than one year

	2021	2020
Notes	£000	£000
Lease liabilities	18 17,285	21,016
Intercompany loans	65,954	62,148
	83,239	83,164

Intercompany loans comprise one loan payable to the ultimate parent undertaking which bears interest at 5% per annum.

Oceaneering International Services Limited
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For the year ended 31 December 2021

18. Lease liabilities

	2021
	£000
At 1 January 2021	24,353
Additions	278
Adjustments	109
Finance costs	1,130
Lease payments	(5,031)
At 31 December 2021	<u>20,839</u>

Breakdown between current and non-current lease liabilities:

	Notes	2021	2020
		£000	£000
Current	16	3,554	3,337
Non-current	17	<u>17,285</u>	<u>21,016</u>
		<u>20,839</u>	<u>24,353</u>

For information on right-of-use assets see note 12.

The rents payable under these leases are subject to renegotiation at various intervals specified in the lease agreements. The company pays all insurance, maintenance, and repairs incurred throughout the lease period.

19. Provisions for liabilities

	Gratuity provision	Dilapidations	Other	Total
	£000	£000	£000	£000
At 1 January 2021	1,198	2,503	976	4,677
Additions	381	239	3	623
Unutilised - released	-	(678)	-	(678)
Utilised	(72)	-	(669)	(741)
Movement in Foreign Exchange	13	-	-	13
At 31 December 2021	<u>1,520</u>	<u>2,064</u>	<u>310</u>	<u>3,894</u>

	£000
Current	338
Non-Current	<u>3,556</u>
	<u>3,894</u>

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Notes to the financial statements

For the year ended 31 December 2021

19. Provisions for liabilities (continued)

The gratuity provision for employees relates to India-based staff on the termination of their contracts, provided they have completed a set length of continuous services before leaving the company.

Dilapidation provisions are recorded against lease agreements which contain such required and are costs expected to be incurred at the end of the Property lease.

Other provisions largely relate to subcontractor-related tax liabilities in the carrying out of international work.

20. Called-up equity share capital

Allotted, called-up and fully paid				
		2021		2020
	No.	£000	No.	£000
Ordinary shares of £1 each	3,070,501	3,071	3,070,501	3,071

Share capital consists entirely of equity shares.

21. Reserves

Share premium:

The share premium account represents consideration received for shares issued above their nominal value, net of transaction costs

Capital contribution reserve:

This reserve records capital contributions from the ultimate parent company Oceaneering International, Inc.,

Foreign currency translation reserve:

The foreign currency translation reserve represents the accumulated foreign exchange gain or loss that arises when the overseas jurisdictions are combined into the company's statutory accounts and translated to GBP.

22. Capital commitments

At the end of the year, the company had the following capital commitments:

	2021	2020
	£000	£000
Contracted for but not provided for	4,319	2,432

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Notes to the financial statements

For the year ended 31 December 2021

23. Contingent liabilities

- i) In the ordinary course of business, the company has a number of bank guarantees issued in various contract currencies. Currently the likelihood of economic outflow for each guarantee is remote. If the likelihood of outflow were to change, the company, at such time, would consider the recognition, measurement, and disclosure criteria of IAS 37.
- ii) At the year end, several contracts, relating to one division of the company, remained under warranty. Currently, the likelihood of economic outflow for each contract is remote. If the likelihood of outflow were to change, the company, at such time, would consider the recognition, measurement, and disclosure criteria of IAS 37.
- iii) At the year end, HM Revenue & Customs held a deferment guarantee of £2,000,000. This was subsequently reduced and replaced by a new deferment guarantee of £200,000 on 16 February 2022. The likelihood of economic outflow for this guarantee is remote.

24. Pension schemes

The company makes contributions to various stakeholder schemes, which are all defined contributions schemes. Contributions charged to the schemes during the year to 31 December 2021 were £2,868,000 (2020 - £2,892,000). Contributions totalling £459,000 were payable at the year end (2020 - £279,000) and are included in creditors.

25. Prior period restatement

(i) Intercompany

As a result of a fellow group undertaking's late filings of financial statements, Oceaneering International Services Limited has recognised prior year adjustments in respect of interest charges not previously advised to the company. During financial year 2022, following the fellow group undertaking's submission of some historic outstanding financial statements, the company reconciled the statutory position of the outstanding intercompany balances to the fellow group undertaking and identified variances of interest charges and intercompany balance adjustments. Oceaneering International Services Limited were not aware of such charges prior to their submission of each financial year and resultantly restates certain line items, as per the table below, to reflect an agreed statutory intercompany position with the fellow group undertaking.

(ii) Revenue

During the preparation of the financial statements for year ended 31 December 2021, an error regarding financial year 2020 was identified. Due to specific variances between ASC 606 and IFRS 15 for manufacturing accounting, the company must make an adjustment for UK financial statements to correct the revenue recognition each year. Financial year 2020 contained a reversal of a financial year 2019 revenue recognition adjustment, along with its corresponding costs, which occurred due to a misunderstanding of the underlying basis of the statutory adjustment calculation. The line items being affected are shown below.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

25. Prior period restatement (continued)

Line Item	Original Value 2020 £000	Adjustment Intercompany Reconciliation £000	Adjustment Revenue Recognition £000	Restated Value 2020 £000
Income Statement:				
Turnover	240,571		(10,039)	230,532
Cost of sales	(215,435)		11,308	(204,127)
Net operating expenses	(18,398)	(31)		(18,429)
Interest payable:				
Interest payable to group undertakings	4,954	2,398		7,352
Taxation	1,654	485		2,139
Statement of Financial Position				
Deferred tax assets	3,597	(743)		2,854
Debtors:				
Inventories	15,493		11,308	26,801
Amounts due from group undertakings	100,256	153,356		253,612
Accrued Income	14,430	(1)	(10,039)	4,390
Creditors: amounts falling due within one year:				
Amounts due to group undertakings	67,586	164,356		231,942
Corporation tax	2,235	1,597		3,832
Other creditors, taxation and social security	10,538	639	-	11,177
Foreign currency translation reserve		2,701	-	2,701
Profit and loss account – accumulated losses	(95,551)	(16,681)	1,269	(110,963)

Included within accumulated losses in 'Adjustment Intercompany Reconciliation' is £1,397,000 of additional tax charges from restated balances prior to 01 January 2020.

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2021

26. Ultimate parent company

The immediate parent undertaking is Oceaneering AS, a company incorporated in Norway. The company is a subsidiary undertaking of Oceaneering International, Inc., incorporated in the State of Delaware, USA, which is also the largest and smallest group in which the results of Oceaneering International Services Limited and subsidiary undertakings are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from 5875 North Sam Houston Parkway West Suite 400, Houston, Texas 77086, United States.