

ABS Europe Limited and its subsidiaries

**Directors' Report and Financial Statements
for the year ended 31 December 2020**



Company Information

Directors	Karel van Campenhout Philip Midgley-Carver
Company secretary	Daniel Finn
Company number	02562251
Registered office	111 Old Broad Street London EC2N 1AP
Auditors	Bennett Brooks & Co Limited Chartered Accountants and Statutory Auditors St George's Court Winnington Avenue Northwich CW8 4EE

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Strategic Report

The Directors present their Strategic and Directors' reports and the financial statements for the year ended 31 December 2020. Together, they form the annual report and accounts.

Principal activities

The Group's principal activities in the year under review were the testing and surveying of vessels and other structures, together with industrial verification and consulting services, primarily for the benefit of the maritime industry within Europe and Africa.

Business review

The key financial and other performance indicators during the year were as follows

	2020 £000	2019 £000	Change %
Turnover	53,782	52,737	2%
Gross Profit	9,237	10,441	-12%
Gross Profit %	17%	20%	-15%
Operating Expenses	(51,281)	(51,129)	0%
Operating Profit	2,501	1,608	56%
Other Financing Income	5,001	10,090	-50%

The turnover generated by the Company's operations has remained stable during the year. An increase in Cost Plus revenue from the increased cost base has contributed to an increase in revenue of £1.1 m. There was a £0.1m decrease in turnover for ABS Group Ltd due to a falloff in Certification activity.

Other financing income for the year totals £5,001,000. This includes the effect of the impact in foreign exchange movement on the translation of balances and transactions, including intercompany balances, and the net interest cost on defined benefit liabilities. In common with previous periods, the Company settled a significant proportion of the intercompany balances that it had with its parent, American Bureau of Shipping (ABS) in order to mitigate ABS Europe Ltd's exposure to foreign exchange movements. Further details regarding the above are outlined in the Principal risks and uncertainties section below.

Principal risks and uncertainties

For ABS Europe Ltd and its subsidiaries, namely: ABS Hellenic Single Member Ltd (Hellenic), ABS Italy Srl (Italy Srl) and ABS Europe (Ghana) Upstream Limited (ABSEGU Limited) operating profit margin risks, arising from a downturn in the shipbuilding business, have been to a great extent mitigated through the adoption of a cost plus pricing arrangement with the parent undertaking. However, in the event of a significant downturn in business, future profits could be impacted by a reduction in the cost base of these companies (and the resulting reduction in turnover).

With effect from year end ended 31 December 2016, The American Bureau of Shipping (ABS) and ABS Europe Limited (ABSEL) entered an agreement to settle outstanding USD denominated intercompany assets/ liabilities by assigning the USD balances a local currency equivalent value at the end of the year. In doing so, the foreign currency risk attached to those USD denominated intercompany assets/ liabilities held by ABSEL, is transferred to ABS. Any net residual balance is held by ABSEL in local currency. A similar process has been undertaken during 2020. The effect of this on the accounts of ABSEL is to eliminate large opposing intercompany balances denominated in US dollars and local currency and consequently reduce exposure to the inherent foreign exchange risk. In 2019 this agreement was extended to cover foreign exchange movements in ABSEL's branch in Angola.

In addition, ABSEL, Hellenic, Italy Srl and ABSEGU Limited are exposed to risks arising from the continued existence of its sole customer and parent, the American Bureau of Shipping (ABS). The Directors consider

Strategic Report (continued)

that the risk of reliance on one revenue provider is low with revenues guaranteed through its cost plus agreement and the strong liquidity position of its one client, ABS. The businesses have a very low credit and litigation risk profile as much of this exposure is with ABS. However, this profile could be indirectly affected by events that challenge ABS.

The effects of movement in exchange rates are mitigated by matching revenue and expense currencies whenever possible.

Section 172(1) Companies Act 2006 statement

A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long-term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

Stakeholder Engagement

The Board has identified key stakeholders (as set out in this statement) and undertook a variety of activities to engage with stakeholders during 2020. Details are set out below, together with additional information on related engagement activities undertaken with ABS & affiliated companies (ABSAC) which impacted ABSEL.

Customers/ Shareholders

The Company's parent company, ABS, is also our main customer. The Company recognises its contribution to the overall success of ABSAC. The ABSAC reporting structure means that The Board, regularly report into and have regular communication with senior management of ABSAC in order to achieve the defined goals of ABSAC.

Employees

Employees are the biggest asset to the Company, without which, it would not be able to deliver its service to its customer. With the COVID 19 pandemic, the Company found new ways of using technology to engage with its employees. There was a new monthly "Chairman's Message" introduced which kept employees informed about what was happening within the Company, gave an overview of company performance, highlighted how employees were keeping the business operating as usual and also gave the opportunity for questions to be answered by the Senior Management. A survey found that employees were in favour of this type of regular communication continuing post-pandemic. Regular meetings between managers and their direct reports and the structured annual employee performance evaluation process enable concerns from employees to be passed up to senior management. The digital newsletter (ABS Insider) ensures that staff remained informed and engaged about what is happening in ABSAC.

In 2020, ABSAC rolled out access to the LinkedIn Learning platform giving employees a wide range of content with which to undertake professional development training. This is in addition to the Beacon career development program rolled out in 2019. This framework is designed to facilitate ongoing learning for all employees, enabling staff to build and manage their careers.

Safety and People are two of the ABSAC Values, so the safety of our people is paramount. With the input and the participation of our workers, we are committed to continually improving the effectiveness of our Health, Safety, Quality and Environmental (HSQE) performance and management system. This is achieved

Strategic Report (continued)

by identifying risks and opportunities that help to eliminate hazards and reduce risks and by providing safe and healthy working conditions for the prevention of work-related injury, ill health and pollution. Employee meetings are held in our offices on a regular basis with a safety topic being discussed at the beginning of any larger office group meetings. There is regular HSQE training delivered to all employees and employees are encouraged to report incidents on the internal online Health & Safety Incident Management System.

We strive to achieve zero lost time accidents annually. For 2020, ABSAC, globally achieved a Lost Time Incident (LTI) rate of 0.39 (2019: 0) (per million hours) and a Total Reportable Incident (TRI) Index of 0.3 (2019: 0.3)(per 200,000 hours). The TRI Index was better than the target for the year of 0.5 but the LTI rate, although very low, was regrettably higher than the target of 0.18 for the year.

ABSAC holds the ISO 45001:2018 certificate which demonstrates compliance with the new global standard recognising the management system for a safe and healthy workplace.

Pension Schemes and Pensioners

The board takes direct responsibility for safeguarding the interests of employees, former employees, pensioners and the Company's obligations to its defined benefit pension schemes. This includes ensuring that Pension Trustees include employee representation.

Suppliers

Procurement of goods and services is an important part of the Company's business operations and can deliver significant value through a consistent approach to planning and implementation of procurement best practices. The Company has a defined procurement policy and is dedicated to the highest standards of ethical conduct, which go beyond the written word. It is the Company's goal to remain in good standing with our suppliers. Our payment practice is to pay invoices once approved before due dates. Regular assessment of a supplier's performance during any contractual engagement ensures that the relationship remains not only competitive but mutually beneficial.

Community and Environment

The mission of ABSAC is to serve the public interest as well as the needs of our members and clients by promoting the security of life and property and preserving the natural environment. As the global maritime industry continues to transform, digital technologies will be a key enabler in our quest to build a cleaner, better, and more safe and sustainable future. In this rapid evolution of technology, ABSAC is well-positioned as a technical and safety leader. The core engineering and technology competence of our people and the wealth of experience they bring to problem-solving is a key differentiator for us. That's why at ABSAC we are focused on continuing to develop our employee base to be best in class through continuous learning, training and preparation to support our commitment to set standards of excellence as a leader in maritime safety — now and in the future.

ABSEL operates an Environmental Management System which complies with the requirements of ISO 14001:2015, with each office maintaining a local list of Environmental aspects that are managed and measured.

Business Conduct

One of our most important assets at ABSAC is our reputation for ethical and reliable service. It affects every aspect of our business and operations. Whether we are providing classification services, assisting clients with asset integrity and reliability, certifying systems or processes, or engaging in any number of other tasks, the industries we serve count on us to provide an independent and impartial view that can be trusted. Our day-to-day business is guided by the relentless focus on Safety, People, Integrity, Reliability, Innovation, Teamwork and Quality. The Code of Ethics is applicable to all employees of ABSAC and its affiliates. The Code also applies to third parties who work on behalf of the Company, such as agents, independent contractors and other non-employee representatives.

Strategic Report (continued)

Principal Decisions

ABS Europe Ltd (ABSEL) recognises the importance of engaging with stakeholders to help inform strategy and Board decision making. Relevant stakeholder interests help inform strategy and Board decision making. Relevant stakeholder interests including those of employees, suppliers, customers and others are taken into account by the Board when it takes decisions.

ABSEL defines principal decisions as those that are material, or of strategic importance, to ABSEL, and also those that are significant to any of its key stakeholder groups. As a subsidiary company, principal decisions are delegated to senior management at parent company level and also within the Company. The Board consists of directors which form part of this senior management group and formally approves decisions affecting the Company where legally required.

How stakeholder interests have influenced decision making

During 2020, with many employees demonstrating that it was possible and effective to work remotely from home, a review of the smaller satellite offices around Europe was undertaken on whether permanent offices were required in these locations. Employees in these locations were engaged and their views considered. For example, a decision was made in Portugal to move to a smaller serviced office space for 2021. There is currently an on-going review globally as to whether to permanently adopt more flexible working practices regarding working from home going forward with benefits to both the Company and to employees.



Philip Midgley-Carver

Director

Date: 21 May 2021

Directors' Report

Research and development

The Group and the Company do not undertake research and development activity as any such activity is carried out by the parent organisation in the US.

Results and dividends

The profit for the year, after taxation, amounted to £6,989,000 (2019: profit of £10,770,000).

During the period, the Company paid no dividend (2019: nil) and the increase in retained earnings for the year of £6,989,000 (2019: increase of £10,770,000) plus the other comprehensive expense £3,182,000 (2019: income of £1,283,000) have been taken to reserves.

Future developments

Although the market for classification services continued to be challenging in 2020, ABS Europe Ltd's Operating Profit should be largely protected from the worst effects due to the presence of fixed profit margins and reduced risk of debtor default as it transacts with its parent company.

The main trading activity of ABS Europe Ltd is that of the provision of support services within the UK, EU and Africa to a customer based in the United States. These services are not subject to EU regulation or control and do not rely on barrier free access to the European Market by the UK or vice versa. We expect that the ability of a UK company to provide unregulated services to a US customer will be broadly unaffected by Brexit. Therefore, we do not believe that Brexit will have a material impact on the business of ABS Europe Ltd.

The parent company will continue to support ABSEL through the anticipated global recession post COVID 19. There are no plans to restructure the business during the forthcoming year and revenues will therefore be largely unaffected.

2020 proved to be a challenging year for ABS Marine Services Ltd and ABS Group Ltd with revenues remaining flat. However, the savings made from restructuring the operations and the benefit of improved exchange rates for non-GBP denominated sales improved the profitability of both businesses. Market conditions in the offshore verification, Liquefied Natural Gas transportation and renewable energy sectors continue to be challenging in 2021 but the directors expect the organisation changes made in the prior year and the continued focus on more profitable service lines will ensure a continued improvement in operating profits.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

Employees

Regular meetings are held with representatives of the UK employees which, in the opinion of the directors, fulfil the intent of the provisions of Section 2 of the Employment Act, 1982.

Directors' Report (continued)

All Company employees participate in a non-contractual bonus scheme, which is related to the performance of the Company.

Health and safety matters are given special attention by the Group and it is Board policy to ensure that continued employment is offered, wherever possible, to employees who become temporarily disabled and special arrangements are made for those permanently disabled, including training and career development.

ABS Europe Ltd is an equal opportunity employer providing every qualified applicant with consideration for job openings without regard to race, colour, religion, gender, national origin, age or marital status.

All Group companies require highly trained employees, and we have a range of benefits, including a final salary pension scheme, to attract and retain our employee base.

Streamlined Energy and Carbon Report (SECR)

UK energy use and associated greenhouse gas emissions

Current and historic UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated GHG emissions are for those assets within the UK only as defined using the operational control approach.

Reporting period

The annual reporting period is 1 January to 31 December each year and the Group has taken the opportunity to voluntarily report on energy consumption and emissions back to 2014.

Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The UK Government GHG Conversion Factors for Company Reporting were used in emission calculations for each respective reporting year. This report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

The energy data was collated using existing reporting mechanisms (ESOS Phase 1 for 2015 and ESOS Phase 2 for 2018) to provide figures back to 2014. These methodologies provided a record of natural gas, electricity and transport data (consisting of company cars and employee-owned cars). Where data has not been made available from suppliers or landlords, this has been estimated based on a benchmark (kWh/m²).

The emissions are divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities (scope 3).

Base Year

The year ESOS Phase 1 year (2015) is chosen as the base year due to the completeness and accuracy of data reported in accordance with ESOS Phase 1. The base year will be retroactively recalculated in the event of significant changes to the company (5%), such as structural changes, changes in methodology or improvements in the accuracy of data.

Directors' Report (continued)*Breakdown of energy consumption used to calculate emissions (kWh):*

	2015	2018	2020
Natural gas	574,345	426,212	151,060
Electricity	876,679	661,660	177,911
Grey Fleet	261,937	103,060	12,238
Company Cars	176,340	218,581	279,704
Total gross energy consumed	1,889,301	1,409,513	620,913

Breakdown of emissions associated with the reported energy use (tCO₂e)

	2015	2018	2020
Scope 1			
Natural gas	106.2	78.4	27.8
Transport - company cars	42.0	54.1	69.3
Total Scope 1	148.2	132.5	97.1
Scope 2			
Electricity (location based)	429.9	160.6	41.5
Total Scope 2	429.9	160.6	41.5
Scope 3			
Transport – grey fleet	63.0	25.4	3.0
Total Scope 3	63.0	25.4	3.0
Total gross emissions	641.2	318.5	141.6
Intensity ratio			
Tonnes of CO ₂ e per million-pound revenue	8.7	6.0	2.6

Intensity Ratio

The intensity ratio is total gross tonnes emissions per total million-pound sales revenue. The turnover relates to UK operations only to align with the energy and emission reporting boundary. This financial metric is considered the most relevant to the Group's energy consuming activities and provides a good comparison of performance over time and across different organisations and sectors.

Directors' Report (continued)

Energy efficiency action during current financial year

In the period 1 January 2020 to 31 December 2020, the Group have undertaken the following actions to improve energy efficiency:

- Mitigating travel when having meetings across the country by opting for video calls or telephone calls.
- Mitigating travel when undertaking surveys by opting for video surveys where possible.
- Due to COVID-19 the consumption levels were less than usual due to reduced travel. These behavioural changes are expected to have long lasting effects.

Going concern

ABS Europe Ltd and ABS Italy Srl have agreements in place with ABS to provide services on a basis that should considerably reduce the Group's exposure to external economic risk. The arrangements provide for a stable margin with respect to operating costs of the business which flexes up or down in line with increases or decreases in the cost base. This is a low risk cost provider model, with revenue determined by applying a margin to the cost base due ensuring that an operating profit should be made going forward.

In considering whether it is appropriate to prepare the financial statements on a going concern basis the directors have considered the expected future performance and cashflows of the business, including consideration of the continued negative impact of the COVID-19 pandemic on the maritime industry to which the Group is exposed. On the basis that there is uncertainty within the markets ABSEL operates, the Directors have requested, and received, a letter of support from The American Bureau of Shipping which confirms the willingness of the parent to provide the necessary financial support for a period of at least 12 months from the date of approval of the financial statements.

In light of the negative economic impact of COVID-19 the directors have considered the financial strength of the parent company and have had specific regard to its current liquidity position and its annual expenses, concluding that The American Bureau of Shipping has sufficient financial resources to meet the expenses of all of its companies, including ABSEL, for at least 12 months following the signing of these accounts.

Directors

The Directors shown below has held office during the whole of the period from 1 January 2020 to the date of this report.

Karel van Campenhout

Philip Midgley-Carver

Directors' Report (continued)

Statement of directors' responsibilities

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 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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 Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Subsequent to the 2019 year end, Ernst & Young LLP resigned as auditors and Bennett Brooks & Co Limited were appointed as auditor to the Company. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report was approved by the board and signed on its behalf.



Philip Midgley-Carver
Director

Date: 21 May 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABS EUROPE LIMITED

Opinion

We have audited the financial statements of ABS Europe Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity and the Notes to Financial Statements, 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 including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABS EUROPE LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, but does not include the financial statements and our Independent Auditors' Report thereon.

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 whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 group and the parent 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABS EUROPE LIMITED (CONTINUED)**Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Independent auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and parent company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase profits, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business.

Audit procedures performed included:

- Enquiry of management around actual and potential litigation and claims and instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations; and
- Review of board meeting minutes (where held).

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Independent auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABS EUROPE LIMITED (CONTINUED)

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an Independent auditors' 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jason Leach FCA (Senior statutory auditor)

For and on behalf of Bennett Brooks & Co Limited, Statutory Auditor

St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

21 May 2021

Consolidated Income Statement
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	2	53,782	52,737
Cost of sales	3	(44,545)	(42,296)
Gross profit		9,237	10,441
Administrative expenses	3	(6,736)	(8,833)
Operating profit	4	2,501	1,608
<i>Income from other fixed asset investments</i>	5	700	-
<i>Other financing income</i>	6	5,001	10,090
Profit on ordinary activities before taxation	2	8,202	11,698
Tax on profit on ordinary activities	10	(1,213)	(928)
Profit for the year		6,989	10,770
Profit attributable to:			
- Owners of the parent	21	6,986	10,770
- Non-controlling interests		3	-
		6,989	10,770

All amounts relate to continuing operations.

The notes on pages 19 to 45 form part of these financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Profit for the year		6,989	10,770
Exchange differences on retranslation of branches held at local currency		(821)	767
Remeasurement (loss)/gain recognised on defined benefit pension schemes	22	(3,218)	(2,777)
Movement on deferred tax relating to pension liability	12	857	727
Other comprehensive expense		(3,182)	(1,283)
Total comprehensive income for the year		3,807	9,487
Total comprehensive income attributable to:			
- Owners of the parent		3,804	9,487
- Non-controlling interests		3	-
		3,807	9,487

The notes on pages 19 to 45 form part of these financial statements.

Consolidated Balance Sheet
 as at 31 December 2020

		2020		2019	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		1,481		1,589
Investments	12		11		11
			<u>1,492</u>		<u>1,600</u>
Current assets					
Debtors	13	50,759		42,810	
Cash at bank and in hand		3,657		3,173	
		<u>54,416</u>		<u>45,983</u>	
Creditors: amounts falling due within one year	14	<u>(16,746)</u>		<u>(18,525)</u>	
Net current assets			<u>37,670</u>		<u>27,458</u>
Total assets less current liabilities			<u>39,162</u>		<u>29,058</u>
Creditors: amounts falling due after more than one year	15		(3,552)		(3,361)
Provisions for liabilities					
Provisions	17		<u>(3,125)</u>		<u>(2,688)</u>
Net assets excluding pension scheme assets/(liabilities)			<u>32,485</u>		<u>23,009</u>
Defined benefit pension assets	22	130,185		114,808	
Defined benefit pension liabilities	22	<u>(128,335)</u>		<u>(107,303)</u>	
			<u>1,850</u>		<u>7,505</u>
Net assets including pension scheme assets/(liabilities)	2		<u>34,335</u>		<u>30,514</u>
Capital and reserves					
Called up share capital	18		3,534		3,534
Profit and loss account attributable to the owners of the parent			<u>30,784</u>		<u>26,980</u>
Equity attributable to the owners of the parent			<u>34,318</u>		<u>30,514</u>
Non-controlling interests	21		<u>17</u>		<u>-</u>
			<u>34,335</u>		<u>30,514</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Philip Midgley-Carver
Director

Date: 21 May 2021

The notes on pages 19 to 45 form part of these financial statements.

Company Balance Sheet
 as at 31 December 2020

		2020		2019	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		1,184		1,285
Investments	12		383		11
			<u>1,567</u>		<u>1,296</u>
Current assets					
Debtors	13	43,686		37,005	
Cash at bank and in hand		<u>1,996</u>		<u>2,158</u>	
		45,682		39,163	
Creditors: amounts falling due within one year	14	<u>(5,359)</u>		<u>(4,646)</u>	
Net current assets			<u>40,323</u>		<u>34,517</u>
Total assets less current liabilities			<u>41,890</u>		<u>35,813</u>
Creditors: amounts falling due after more than one year	15		<u>(3,342)</u>		<u>(3,361)</u>
Net assets excluding pension scheme assets/(liabilities)			<u>38,548</u>		<u>32,452</u>
Defined benefit pension assets	22	130,185		114,808	
Defined benefit pension liabilities	22	<u>(128,335)</u>		<u>(107,303)</u>	
			<u>1,850</u>		<u>7,505</u>
Net assets including pension scheme assets/(liabilities)			<u>40,398</u>		<u>39,957</u>
Capital and reserves					
Called up share capital	18		3,534		3,534
Profit and loss account			<u>36,864</u>		<u>36,423</u>
Shareholders' funds			<u>40,398</u>		<u>39,957</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Philip Midgley-Carver
Director

Date: 21 May 2021

The notes on pages 19 to 45 form part of these financial statements.

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

	Called-up share capital	Profit and loss account	Total equity attributable to the owners of the parent	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	3,534	17,493	21,027	-	21,027
Profit for the year	-	10,770	10,770	-	10,770
Other comprehensive expense	-	(1,283)	(1,283)	-	(1,283)
Total comprehensive income for the year	-	9,487	9,487	-	9,487
At 31 December 2019	3,534	26,980	30,514	-	30,514
Profit for the year	-	6,986	6,986	3	6,989
Other comprehensive expense	-	(3,182)	(3,182)	-	(3,182)
Total comprehensive income for the year	-	3,804	3,804	3	3,807
Non-controlling interest arising on investment in subsidiary	-	-	-	14	14
Total changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	14	14
At 31 December 2020	3,534	30,784	34,318	17	34,335

The notes on pages 19 to 45 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Statement of compliance

ABS Europe Limited is a private company limited by shares and is incorporated in England and Wales. The registered office is 111 Old Broad Street, London, EC2N 1AP. The Group's financial statements have been prepared in compliance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland as it applies to the financial statements of the Group and Company for the year ended 31 December 2020.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The presentational currency used when preparing these accounts is GBP.

The directors deem that it is appropriate to treat the non-UK entities as having local functional currencies and these are consolidated, in accordance with FRS102, into a UK sterling set of books for the purpose of reporting under UK law to the relevant UK authorities.

The financial statements have been prepared on a going concern basis. As explained more fully in the Directors' Report on page 8, market conditions remain uncertain, hence a letter of support has been provided by the parent company. Having assessed the ability of the parent to provide the necessary support, including consideration of the ongoing impact of COVID-19 on its available financial resources, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

As the Company is a wholly owned subsidiary of the American Bureau of Shipping (ABS), the Company has taken advantage of the exemption contained in FRS 102 Section 33 ("Related Party Disclosures") and has therefore not disclosed transactions with entities which form part of the ABS Group of companies (or investees of the ABS Group of companies qualifying as related parties). The consolidated financial statements of the American Bureau of Shipping, within which this Company is included, can be obtained from the address given in note 25.

Under FRS 102 Section 7 ("Statement of Cash Flows") the Company and the Group are exempt from the requirement to prepare a cash flow statement per FRS 102 Paragraph 3.17 on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings are made up to 31 December each year. No Company profit and loss account is presented for ABS Europe Limited as permitted by section 408 of the Companies Act 2006. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Cash and cash equivalents

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

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Notes to the financial statements (continued)

1. Accounting policies (Continued)

Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	6-20% per annum
Plant & machinery	20% per annum
Motor vehicles	20% per annum
Furniture & equipment	10% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Provisions for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. With effect from year end ended 31 December 2016, ABS and ABS Europe Limited (ABSEL) entered an agreement to settle outstanding USD intercompany assets/liabilities by assigning an equivalent value of local currency balances at the end of each year, with any net residual balance to be held in local currency. The effect of this on the accounts of ABSEL is to eliminate large opposing intercompany balances denominated in US dollars and local currency and consequently reduce the translation exchange gains and losses arising.

Non-monetary assets and liabilities denominated in foreign currencies, once translated and recorded in the balance sheet, are carried forward in local functional currency. No subsequent translations of these assets will normally need to be made.

The assets and liabilities of overseas subsidiary undertakings and branches are translated at the closing exchange rates. Exchange differences arising from the retranslation of the opening net assets of subsidiaries, branches and associates which have currencies of operation other than sterling and any related loans are taken to reserves together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. All resulting exchange differences are recognised in other comprehensive income.

Operating leases

The Company and its subsidiaries do not hold assets under finance lease agreements. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any lease incentives are recognised over the lease term on a straight line basis.

Notes to the financial statements (continued)

1. Accounting policies (Continued)

Pensions

The Company operates pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Company.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy, in accordance with the group's policy for similarly held assets and are measured at market values. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest income or cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This income or cost is recognised in profit or loss as 'finance expense' or "other financing income" as appropriate.

The pension scheme surplus (to the extent that they are recoverable) or deficit is recognised in full. The movement in the scheme surplus / deficit is split between operating charges, finance items and the consolidated statement of comprehensive income. A summary of the pension arrangements for employees is included in note 22. Full independent actuarial valuations of the scheme are made every 3 years.

The Company also operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amounts charged to the profit and loss account represent the contributions payable to the scheme in respect of the accounting period.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

1. Accounting policies (Continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates substantially enacted at the balance sheet date.

Revenue Recognition

There are two main revenue streams for ABS Europe Limited.

Revenue Stream One

Turnover represents the amounts from the provision of services to the American Bureau of Shipping. Revenue is accrued in line with service delivery and is recorded net of VAT and similar sales tax.

Revenue Stream Two

Turnover, which is stated net of value added tax, represents the value of services provided to clients during the year, after provision for contingencies and anticipated future losses on contracts, including amounts not invoiced. The turnover and pre-tax profit is attributable to the provision of marine third party inspection, verification, quality consulting and other technical services to a broad range of clients in the energy sector.

Judgements and key sources of estimation uncertainty

The preparation of the 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 judgements discussed below would have the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are based on historical retained earnings and latest forecasts, they do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model.

Notes to the financial statements (continued)**1. Accounting policies (Continued)***Pensions*

The group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 22.

Taxation

There are some areas of judgement in compiling current and deferred tax charges and these are referenced above in the Accounting Policies section; Taxation.

Notes to the financial statements (continued)

2. Analysis of turnover, net assets and profit on ordinary activities before tax

	2020			2019		
	Turnover	Net profit/ (loss) before tax	Net assets/ (liabilities)	Turnover	Net profit/ (loss) before tax	Net assets/ (liabilities)
	£000	£000	£000	£000	£000	£000
By activity						
Operational and technical	48,287	7,916	36,681	47,222	12,105	32,893
Industrial verification	5,109	492	(2,157)	5,231	(115)	(2,397)
Marine services	386	(206)	(189)	284	(292)	18
	<u>53,782</u>	<u>8,202</u>	<u>34,335</u>	<u>52,737</u>	<u>11,698</u>	<u>30,514</u>

	2020			2019		
	Turnover	Net profit/ (loss) before tax	Net assets/ (liabilities)	Turnover	Net profit/ (loss) before tax	Net assets/ (liabilities)
	£000	£000	£000	£000	£000	£000
By Geographical market						
UK	16,514	850	14,047	16,232	(3,770)	14,357
Rest of Europe	34,401	7,199	22,387	33,541	3,341	18,625
Rest of the World	2,867	153	(2,099)	2,964	12,127	(2,468)
	<u>53,782</u>	<u>8,202</u>	<u>34,335</u>	<u>52,737</u>	<u>11,698</u>	<u>30,514</u>

Turnover by destination is not materially different from turnover by origin.

Notes to the financial statements (continued)**3. Cost of sales and administrative expenses**

Cost of sales of £44,545,000 (2019: £42,296,000) comprises salaries and related labour costs including contractors.

Administrative expenses comprise:

	2020	2019
	£000	£000
Salaries and benefits	243	420
Office costs	2,757	2,673
Systems & telecom	462	502
Intercompany recharges from other offices	521	729
Outside Services	1,244	1,487
Travel	27	91
Marketing and promotional	172	477
Insurance	273	207
Depreciation	298	354
Restructuring costs	214	1,074
Dues and fees	120	58
Loss on disposal of fixed assets	-	614
Other administrative expenses	405	147
	<u>6,736</u>	<u>8,833</u>

4. Operating Profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets:		
- Plant and Machinery	104	116
- Fixtures and fittings	130	182
- Motor Vehicles	11	8
- Furniture and Equipment	53	48
Operating lease rentals:		
- other operating leases	1,636	1,494
	<u>1,636</u>	<u>1,494</u>

5. Income from other fixed asset investments

	2020	2019
	£000	£000
Dividend income from fixed asset investments held at cost less impairment (unlisted shares)	700	-
	<u>700</u>	<u>-</u>

Notes to the financial statements (continued)**6. Other financing income**

	2020	2019
	£000	£000
Net interest on defined benefit pension schemes	274	413
Foreign exchange gains	4,727	9,677
Gain on Fx to 31 December 2020 for the settled intercompany balances	2,009	918
Loss on intercompany settlement agreement	(2,009)	(918)
	5,001	10,090

7. Auditors' Remuneration

	2020	2019
	£000	£000
Fees payable to the Company's auditor* for the audit of ABSEL annual consolidated accounts (including the audit of subsidiary companies)	56	117
Fees payable to the Group's auditor** in respect of the Group audit of the American Bureau of Shipping	61	61
Fees payable to the Company's auditor** in respect of the audit of the Company's UK Pension Scheme	12	12

These amounts are exclusive of VAT and out of pocket expenses.

* payable to Bennett Brooks & Co Limited in 2020 and to Ernst & Young LLP in 2019.

** payable to Ernst & Young LLP.

Notes to the financial statements (continued)

8. Staff numbers and costs

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

	Group		Company	
	2020	2019	2020	2019
Operational	193	177	142	133
Technical	68	61	35	30
Administration	79	79	40	42
	340	317	217	205

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Wages and salaries	25,484	23,052	17,187	15,351
Social security costs	4,566	4,121	2,658	2,426
Other pension costs	4,711	4,231	4,449	4,015
	34,761	31,404	24,294	21,792

9. Directors' remuneration

	2020	2019
	£000	£000
Remuneration	565	550

During the year retirement benefits were accruing to 1 director (2019: 1) in respect of defined benefit pension schemes. The aggregate value of employer contributions paid into the scheme in the year was £98,000 (2019: £97,000).

No directors (2019: none) were members of defined contribution schemes.

The highest paid director received remuneration of £349,000 (2019: £343,000) and entity contributions paid into the defined benefit pension scheme of £98,000 (2019: £97,000).

Notes to the financial statements (continued)

10. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2020 £000	2019 £000
Current Tax		
UK corporation tax charge on profit/loss for the year	1	-
Adjustments in respect of prior periods	(106)	(6)
Foreign tax on income for the year	1,274	1,080
Foreign tax adjustments in respect of prior periods	(154)	(62)
Total current tax	1,015	1,012
Deferred tax		
Origination and reversal of timing differences	207	(123)
Adjustment in respect of prior periods	(9)	39
Total deferred tax	198	(84)
Tax on profit on ordinary activities	1,213	928

Reconciliation of total tax charge included in profit and loss

The effective tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	8,202	11,698
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	1,558	2,223
Effects of:		
Expenses not deductible for tax purposes	(747)	(1,590)
Additional tax on overseas income	374	307
Deferred tax rate change adjustments	377	-
Movement in unrecognised deferred tax	(139)	(27)
Other items, including non-corporate taxes	59	43
Adjustments in respect of prior periods	(269)	(28)
Total tax charge for the year	1,213	928
Deferred tax credited to other comprehensive income	857	727

Factors that may affect future tax charges

The UK corporation tax rate for the period is 19%. On the 11th March 2021, the UK Government announced an increase of the corporate tax rate to 25% is to apply with effect from 1 April 2023. This rate change was not substantially enacted at the balance sheet date, and it is not possible to estimate the potential impact on current tax at this time.

Notes to the financial statements (continued)

11. Tangible assets

Group	Fixtures & Fittings £000	Plant & machinery £000	Motor vehicles £000	Furniture & equipment £000	Total £000
Cost					
At 1 January 2020	1,380	1,102	95	1,100	3,677
Additions	27	102	44	-	173
Disposals	(5)	(34)	(12)	(2)	(53)
Exchange movements	18	27	(9)	35	71
At 31 December 2020	1,420	1,197	118	1,133	3,868
Depreciation					
At 1 January 2020	365	935	94	694	2,088
Charge for the year	130	104	11	53	298
On disposals	(1)	(34)	(12)	(2)	(49)
Exchange movements	8	23	(12)	31	50
At 31 December 2020	502	1,028	81	776	2,387
Net book value					
At 31 December 2020	918	169	37	357	1,481
At 31 December 2019	1,015	167	1	406	1,589

Company	Fixtures & Fittings £000	Plant & machinery £000	Motor vehicles £000	Furniture & equipment £000	Total £000
Cost					
At 1 January 2020	1,057	812	68	604	2,541
Additions	27	54	44	-	125
Disposals	(5)	(2)	(12)	(2)	(21)
Exchange movements	-	14	(10)	13	17
At 31 December 2020	1,079	878	90	615	2,662
Depreciation					
At 1 January 2020	231	673	67	285	1,256
Charge for the year	99	74	11	40	224
On disposals	(1)	(2)	(12)	(2)	(17)
Exchange movements	2	13	(12)	12	15
At 31 December 2020	331	758	54	335	1,478
Net book value					
At 31 December 2020	748	120	36	280	1,184
At 31 December 2019	826	139	1	319	1,285

Notes to the financial statements (continued)**12. Investments**

	Group investments £000	Company investments £000
Cost or valuation		
At 1 January 2020	11	3,577
Additions	-	372
	<hr/>	<hr/>
At 31 December 2020	11	3,949
	<hr/>	<hr/>
Accumulated Impairment		
At 1 January 2020	-	3,566
Movement in the period	-	-
	<hr/>	<hr/>
At 31 December 2020	-	3,566
	<hr/>	<hr/>
Net book value		
	11	383
At 31 December 2020	<hr/>	<hr/>
	11	11
At 31 December 2019	<hr/>	<hr/>

The Group and Company investments include an £11k investment representing a 12.5% interest in ABS Mideast Ltd and a 1% investment in ABS Mozambique Limited. The remaining Company investments are investments in subsidiaries.

Annually the directors undertake a review of the carrying value of the investments in subsidiaries. As a result of this review, the directors concluded that there had been no fundamental change in the expected long term prospects for the subsidiaries and therefore no change in the level of impairment provision recognised.

Details of the principal subsidiaries can be found under note 26.

**13. Debtors:
Amounts falling due within one year**

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade debtors	1,857	1,308	28	116
Amounts owed by Group undertakings	42,854	36,174	38,818	32,651
Amounts recoverable on contracts	439	635	-	-
Corporation tax recoverable	201	228	201	228
Other debtors	1,368	1,253	710	1,002
Prepayments and accrued income	479	427	368	223
Deferred tax asset (see note 16)	3,561	2,785	3,561	2,785
	<hr/>	<hr/>	<hr/>	<hr/>
	50,759	42,810	43,686	37,005
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements (continued)

13. Debtors:

Amounts falling due within one year (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.
The deferred tax amounts are recoverable in greater than one year.

14. Creditors:

Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	289	508	221	228
Amounts owed to Group undertakings	8,800	11,045	-	-
Corporation tax payable	624	724	320	494
Other creditors	2,360	2,162	1,498	1,237
Accruals and deferred income	4,673	4,086	3,320	2,687
	<u>16,746</u>	<u>18,525</u>	<u>5,359</u>	<u>4,646</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15. Creditors:

Amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred taxation	3,253	3,279	3,253	3,279
Other pension schemes	299	82	89	82
	<u>3,552</u>	<u>3,361</u>	<u>3,342</u>	<u>3,361</u>

The amount in other pension schemes refers to amounts that ABS Europe Limited has committed to pay in respect of certain pension scheme arrangements but has not, to date, done so and does not expect to have to settle in the next 12 months.

Notes to the financial statements (continued)**16. Deferred tax asset**

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
At beginning of year	2,785	2,284	2,785	2,284
Amount debited/ (credited) to profit and loss account in year	(51)	71	(51)	71
Amount credited to other comprehensive income in the year	684	540	684	540
Foreign exchange adjustments	143	(110)	143	(110)
At end of year	3,561	2,785	3,561	2,785

The deferred tax asset is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Accelerated capital allowances	-	-	-	-
Deferred tax on overseas pension schemes	3,249	2,372	3,249	2,372
Net operating losses	312	413	312	413
Amounts deductible in future periods due to currency revaluations	-	-	-	-
Other timing differences	-	-	-	-
	3,561	2,785	3,561	2,785

A deferred tax asset of £902,000 (2019: £867,000) has not been recognised in respect of unutilised net operating losses and other short term timing differences in the subsidiary companies. These will potentially be available to relieve against future profits of the companies in which they arise, but have not been recognised given this uncertainty.

Notes to the financial statements (continued)

16. Deferred tax asset (continued)

Summary of DTA not recognised	2020 £000	2019 £000
ABS Europe Limited	-	-
ABS Group Limited	629	658
ABS Marine Services Limited	273	209
	<u>902</u>	<u>867</u>

Gross values of tax losses	2020 £000	2019 £000
ABS Europe Limited	1,643	2,169
ABS Group Limited	3,310	3,872
ABS Marine Services Limited	1,436	1,229
	<u>6,389</u>	<u>7,270</u>

Expected DTA/DTL net reversal in next 12 months	2020 £000	2019 £000
Tax losses utilisation (United Kingdom)	228	152
	<u>228</u>	<u>152</u>

Deferred tax on UK defined benefit pension scheme asset

	Group and Company £000
Opening net deferred tax liability on pension surplus	(3,207)
Amount debited to profit and loss account during the year	(158)
Amounts credited to other comprehensive income during the year	173
Closing net deferred tax liability on pension surplus	<u>(3,192)</u>

Notes to the financial statements (continued)

16. Deferred tax asset (continued)

Deferred tax on timing differences

	Group and Company £000
Opening net deferred tax liability on accelerated capital allowances	(72)
Amount credited to profit and loss account in year	11
	<u> </u>
Closing net deferred tax liability on accelerated capital allowances	<u>(61)</u>

Factors that may affect future tax charges

The UK corporation tax rate for the period is 19%. On the 11th March 2021, the UK Government announced an increase of the corporate tax rate to 25% is to apply with effect from 1 April 2023. This rate change was not substantially enacted at the balance sheet date, and it is not possible to estimate the potential impact on deferred tax (recognised and unrecognised) at this time.

17. Provisions

Group Severance Provision

Group	Group Severance Provision £000	Total £000
At 1 January 2020	2,688	2,688
Charged to the profit and loss account/provided in year	379	379
Payments	(50)	(50)
Foreign exchange movements	108	108
	<u> </u>	<u> </u>
At 31 December 2020	<u>3,125</u>	<u>3,125</u>

The severance provision relates to a statutory provision for retirement lump sum costs as required in certain countries where the Group has operations and employees. The Company has no provisions.

18. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
3,534,064 Ordinary shares of £1 each	<u>3,534</u>	<u>3,534</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the financial statements (continued)

19. Reserves

Company	Profit and loss account £000
At 1 January 2020	36,423
Profit for the year	3,367
Other comprehensive expense	(2,361)
Currency translation adjustments	(565)
At 31 December 2020	<u>36,864</u>

20. Reconciliation of movement in shareholders' funds

Company	2020 £000	2019 £000
Opening shareholders' funds	39,957	27,679
Profit for the year	3,367	13,753
Other comprehensive expense	(2,361)	(2,050)
Currency translations adjustments	(565)	575
Closing shareholders' funds	<u>40,398</u>	<u>39,957</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss Account.

The profit for the year dealt with in the accounts of the Company was £3,367,000 (2019: Profit £13,753,000).

21. Non-controlling interests

Group

The movement in non-controlling interests was as follows:

	2020 £000	2019 £000
At 1 January	-	-
Investment in ABS Europe (Ghana) Limited	14	-
Total comprehensive income attributable to non-controlling interests	3	-
At 31 December	<u>17</u>	<u>-</u>

Notes to the financial statements (continued)

22. Pension commitments

The Group operates several defined contributions pension schemes. The pension charge for the period represents contributions payable by the Company to the defined contribution schemes amounting to £0.3 million (2019: £0.2 million).

In addition the Group has a number of defined benefit pension schemes, the details of which are set out below.

UK

In the UK the Company operates a pension scheme providing both pensions in retirement and death benefits to members. Pension benefits are related to the members' final salary at retirement and their length of service.

A full actuarial valuation of the scheme was carried out as at 31 December 2016 and has been updated to 31 December 2020 by a qualified independent actuary.

The most recent actuarial valuation showed that the market value of the scheme's assets was £107.4 million at 31 December 2020 (2019: £94.5 million) and that the actuarial value of the assets represented 119% (2019: 125%) of the benefits that had accrued to members, before allowing for expected future increases in earnings.

Germany

In Germany the Company operates a pension scheme providing benefits based on final pensionable pay. The pension is unfunded in accordance with German law. The latest actuarial valuation was carried out at 31 December 2020 by a qualified independent actuary.

The most recent actuarial valuation showed that the market value of the scheme's assets was £nil at 31 December 2020 (2019: £nil) and that the actuarial value of the assets represented nil% (2019: nil%) of the benefits that had accrued to members, before allowing for expected future increases in earnings.

Netherlands

In the Netherlands the Company operates a pension scheme providing benefits based on final pensionable pay. The scheme is an insured pension scheme in accordance with Dutch law. The latest valuation was carried out at 31 December 2020 by a qualified independent actuary.

The most recent actuarial valuation showed that the market value of the scheme's assets was £17.2 million at 31 December 2020 (2019: £15.6 million) and that the actuarial value of the assets represented 90% (2019: 91%) of the benefits that had accrued to members, before allowing for expected future increases in earnings.

Belgium

In Belgium the Company operates a pension scheme providing benefits based on final pensionable pay. The scheme is an insured pension scheme in accordance with Belgian law. The latest full valuation was carried out at 31 December 2020 by a qualified independent actuary.

The most recent actuarial valuation showed that the market value of the scheme's assets was £1.7 million at 31 December 2020 (2019: £1.8 million) and that the actuarial value of the assets represented 64% (2019: 70%) of the benefits that had accrued to members, before allowing for expected future increases in earnings.

Notes to the financial statements (continued)**22. Pension commitments (continued)****Spain**

In Spain the Company operates a pension scheme providing benefits based on final pensionable pay. The scheme is an insured pension scheme in accordance with Spanish law. The latest valuation was carried out at 31 December 2020 by a qualified independent actuary.

The most recent actuarial valuation showed that the market value of the scheme's assets was £3.9 million at 31 December 2020 (2019: £2.9 million) and that the actuarial value of the assets represented 100% (2019: 100%) of the benefits that had accrued to members, before allowing for expected future increases in earnings.

The major assumptions used in the valuations:

Assumptions at 2020	UK %	Germany %	Netherlands %	Belgium %	Spain %
Rate of increase in salaries	2.60	2.80	2.75	2.75	2.50
Rate of increase in pensions payment and deferred pensions	2.70	1.75	-	-	-
Discount rate applied to scheme liabilities	1.25	0.69	0.51	0.29	0.62
Inflation assumption	2.70	1.75	1.75	1.75	1.75
 Assumptions at 2019	 UK %	 Germany %	 Netherlands %	 Belgium %	 Spain %
Rate of increase in salaries	3.35	2.80	2.75	2.75	2.50
Rate of increase in pensions payment and deferred pensions	2.80	1.75	-	-	-
Discount rate applied to scheme liabilities	2.03	1.00	1.15	0.83	1.10
Inflation assumption	2.85	1.75	1.75	1.75	1.75

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

ABS Europe expects to contribute the following during the next annual period ended 31 December 2021.

	2021 £000	2020 £000
UK	2,725	1,635
Germany	87	70
Netherlands	457	415
Belgium	227	188
Spain	393	22

Notes to the financial statements (continued)

22. Pension commitments (continued)

2020	UK	Germany	Netherlands	Belgium	Spain	Total
Pension asset	£000	£000	£000	£000	£000	£000
classes:						
Equities	29,975	-	-	-	-	29,975
Bonds	19,254	-	-	-	-	19,254
Real Estate	3,509	-	-	-	-	3,509
Other	54,642	-	17,222	1,670	3,913	77,447
Fair value of scheme assets	107,380	-	17,222	1,670	3,913	130,185
Present value of scheme liabilities	(90,582)	(12,163)	(19,051)	(2,626)	(3,913)	(128,335)
Gross pension surplus/(deficit)	16,798	(12,163)	(1,829)	(956)	-	1,850

2019	UK	Germany	Netherlands	Belgium	Spain	Total
Pension asset	£000	£000	£000	£000	£000	£000
classes:						
Equities	27,015	-	-	-	-	27,015
Bonds	17,959	-	-	-	-	17,959
Real Estate	2,839	-	-	-	-	2,839
Other	46,710	-	15,591	1,785	2,909	66,995
Fair value of scheme assets	94,523	-	15,591	1,785	2,909	114,808
Present value of scheme liabilities	(75,756)	(8,897)	(17,194)	(2,547)	(2,909)	(107,303)
Gross pension surplus/(deficit)	18,767	(8,897)	(1,603)	(762)	-	7,505

The Company establishes the long-term expected rate of return on plan assets by developing a forward looking, long term result assumption for each asset class, taking into account factors such as the market yield of bond investments of appropriate duration and the expected outperformance for other asset classes based on analysis of long-term historical trends. A single long-term rate assumption is then calculated as the weighted average of the long-term return assumption for each asset class, based on the target asset allocation.

Notes to the financial statements (continued)**22. Pension commitments (continued)**

The amounts recognised in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income for the year are analysed as follows:

2020**Recognised in the Profit and Loss account**

	UK £000	Germany £000	Netherlands £000	Belgium £000	Spain £000	Total £000
Current service cost	3,231	513	447	186	295	4,672
Past service cost	—	—	—	—	—	—
Recognised in arriving at operating profit	3,231	513	447	186	295	4,672
Net interest on net defined benefit liability	(403)	95	27	6	1	(274)
Total recognised in the profit and loss account	<u>2,828</u>	<u>608</u>	<u>474</u>	<u>192</u>	<u>296</u>	<u>4,398</u>

Taken to other comprehensive income

Actual return on scheme assets	11,283	—	820	42	416	12,561
Actuarial losses on the liabilities	(12,097)	(2,209)	(768)	(194)	(511)	(15,779)
	<u>(814)</u>	<u>(2,209)</u>	<u>52</u>	<u>(152)</u>	<u>(95)</u>	<u>(3,218)</u>

2019**Recognised in the Profit and Loss account**

	UK £000	Germany £000	Netherlands £000	Belgium £000	Spain £000	Total £000
Current service cost	2,687	405	437	164	234	3,927
Past service cost	—	—	—	—	—	—
Recognised in arriving at operating profit	2,687	405	437	164	234	3,927
Net interest on net defined benefit liability	(608)	148	33	10	4	(413)
Total recognised in the profit and loss account	<u>2,079</u>	<u>553</u>	<u>470</u>	<u>174</u>	<u>238</u>	<u>3,514</u>

Taken to other comprehensive income

Actual return on scheme assets	9,097	—	2,054	43	858	12,052
Actuarial losses on the liabilities	(10,185)	(1,546)	(2,225)	(230)	(643)	(14,829)
	<u>(1,088)</u>	<u>(1,546)</u>	<u>(171)</u>	<u>(187)</u>	<u>215</u>	<u>(2,777)</u>

Notes to the financial statements (continued)**22. Pension commitments (continued)****Analysis of changes in the present value of the defined benefit obligations:**

	UK £000	Germany £000	Netherlands £000	Belgium £000	Spain £000	Total £000
At 1 January 2019	63,632	7,443	15,886	2,316	3,361	92,638
Current service cost	2,687	405	437	164	234	3,927
Past service cost	-	-	-	-	-	-
Interest cost	1,755	148	301	36	58	2,298
Benefits paid	(2,793)	(55)	(546)	(55)	-	(3,449)
Contributions by scheme participants	290	-	-	21	-	311
Actuarial losses	10,185	1,546	2,225	230	643	14,829
Settlements	-	-	-	-	(1,213)	(1,213)
Foreign currency differences	-	(590)	(1,109)	(165)	(174)	(2,038)
As at 31 December 2019	75,756	8,897	17,194	2,547	2,909	107,303
Current service cost	3,231	513	447	186	295	4,672
Past service cost	-	-	-	-	-	-
Interest cost	1,514	95	206	21	35	1,871
Benefits paid	(2,325)	(56)	(484)	(54)	-	(2,919)
Administrative expenses paid	-	-	(19)	-	-	(19)
Contributions by scheme participants	309	-	-	23	-	332
Actuarial losses	12,097	2,209	768	194	511	15,779
Settlements	-	-	-	(427)	-	(427)
Foreign currency differences	-	505	939	136	163	1,743
As at 31 December 2020	90,582	12,163	19,051	2,626	3,913	128,335

Of the defined benefit pension obligations above, £902,000 (2019: £913,000) relates to past directors

Notes to the financial statements (continued)

22. Pension commitments (continued)

Analysis of changes in the fair value of plan assets

	UK £000	Germany £000	Netherlands £000	Belgium £000	Spain £000	Total £000
At 1 January 2019	83,983	-	14,487	1,636	3,359	103,465
Actual return on plan assets	9,097	-	2,054	43	858	12,052
Interest income	2,363	-	268	26	54	2,711
Employer contributions	1,583	55	332	229	24	2,223
Contribution by scheme participants	290	-	-	21	-	311
Benefits paid	(2,793)	(55)	(546)	(55)	-	(3,449)
Settlements	-	-	-	-	(1,213)	(1,213)
Foreign currency differences	-	-	(1,004)	(115)	(173)	(1,292)
As at 31 December 2019	94,523	-	15,591	1,785	2,909	114,808
Actual return on plan assets	11,283	-	820	42	416	12,561
Interest income	1,917	-	179	15	34	2,145
Employer contributions	1,673	56	285	191	390	2,595
Contribution by scheme participants	309	-	-	23	-	332
Benefits paid	(2,325)	(56)	(484)	(54)	-	(2,919)
Administrative expenses paid	-	-	(19)	-	-	(19)
Settlements	-	-	-	(427)	-	(427)
Foreign currency differences	-	-	850	95	164	1,109
As at 31 December 2020	107,380	-	17,222	1,670	3,913	130,185

Notes to the financial statements (continued)

22. Pension commitments (continued)

The return on plan assets was:

2020	UK £000	Germany £000	Netherlands £000	Belgium £000	Spain £000	Total £000
Interest income	1,917	-	179	15	34	2,145
Return on plan assets less interest income	11,283	-	820	42	416	12,561
Total return on plan assets	13,200	-	999	57	450	14,706
2019	UK £000	Germany £000	Netherlands £000	Belgium £000	Spain £000	Total £000
Interest income	2,363	-	268	26	54	2,711
Return on plan assets less interest income	9,097	-	2,054	43	858	12,052
Total return on plan assets	11,460	-	2,322	69	912	14,763

Analysis of net assets/(deficit) for the Group

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Total fair value of scheme assets	130,185	114,808	103,465	107,103	100,023
Present value of funded scheme liabilities	(128,335)	(107,303)	(92,638)	(100,115)	(101,058)
Net (deficit)/assets	1,850	7,505	10,827	6,988	(1,035)

Notes to the financial statements (continued)

22. Pension commitments (continued)

International Benefit Plan

Certain foreign employees of the Company are members of a funded defined benefit pension scheme of the American Bureau of Shipping, the details of which are disclosed in the consolidated accounts of the American Bureau of Shipping, an entity incorporated by special statute in the United States of America.

Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis the scheme will be accounted for by the Company as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31 December 2020 using 1 January 2020 census data by a qualified actuary. The market value of the Group scheme's assets was \$117.0m (2019 \$102.2m) and the present value of the scheme's liabilities which are derived from cash flow projections over a long period and are thus inherently uncertain were \$104.4m (2019 \$93.2m) giving rise to a scheme surplus of \$12.6m (2019 \$9.0m) before taking account of any deferred tax asset.

The Company is one of a number of participating employers and the implications of any surplus or deficit are considered on a Group basis.

23. Operating lease commitments

Minimum Lease payments under non-cancellable operating leases fall due as follows:

Group	2020 £000	2019 £000
Expiry date: Land & Buildings		
Within 1 year	574	687
Between 2 and 5 years	1,295	1,980
After more than 5 years	-	348
	<u> </u>	<u> </u>
Expiry date: Other		
Within 1 year	71	92
Between 2 and 5 years	81	97
After more than 5 years	-	-
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

24. Post balance sheet events

There have been no events after balance sheet date that require disclosure.

25. Ultimate parent undertaking

The American Bureau of Shipping is the Company's ultimate controlling party by virtue of its direct holding of 100% of the Company's issued share capital.

The Company is a subsidiary undertaking of the American Bureau of Shipping, an entity incorporated by special statute in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by The American Bureau of Shipping. The accounts are available from the following address:

1701 City Plaza Drive
Spring
Texas
TX 77389
USA

Notes to the financial statements (continued)

26. Subsidiaries

ABS Europe Limited directly holds the percentage of ordinary shares and voting rights in the following subsidiaries:

Company name	Registered Office	Percentage Shareholding	Description
ABS Marine Services Limited	111 Old Broad Street London EC2N 1AP	99	Marine Services
ABS Group Limited	EQE House The Beacons Warrington Road Birchwood Warrington Cheshire WA3 6WJ	99	Industrial verification
ABS Quality Evaluations Limited	EQE House The Beacons Warrington Road Birchwood Warrington Cheshire WA3 6WJ	99	Dormant
ABS Italy Srl	GENOVA (GE) VIA AL PORTO ANTICO - EDIFICIO MILLO CAP 16126 Italy	99	Classification services
ABS Hellas	PARADEISOU 10 MAROUSSI ATHENS Greece 15125	99	Dormant
ABS Hellenic Single Member Ltd	SACHTOURI -1 & NAVARINOU-1 KAMMIGEA ATHENS Greece 17674	100	Classification services
ABS Europe (Ghana) Limited	Woolworth Building First Floor 60 Liberation Road, Airport Accra Ghana	100	Holding company
ABS Europe (Ghana) Upstream Limited	Woolworth Building First Floor 60 Liberation Road, Airport Accra Ghana	90 [±]	Classification services

[±] Indirect interest

All the entities above have been included in the Group consolidation and the subsidiary accounts are filed in the relevant countries.