

Company's Registered Number: 03875779

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

Contents

OFFICERS AND PROFESSIONAL ADVISORS	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	5
INDEPENDENT AUDITOR'S REPORT	8
INCOME STATEMENT	11
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF FINANCIAL POSITION	13
NOTES TO THE FINANCIAL STATEMENTS	14

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

J A M Walsh
T Hellum
P Somers

REGISTERED OFFICE

Building 2
Fields End Business Park Davey Road
Thurnscoe
Goldthorpe
England
S63 0JF

BANKERS

Barclays Bank
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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

Principal activity

The principal activity of the company is process pipe descaling, separator cleaning and material handling in the offshore sector. There has been no significant change in this activity during the year.

Review of the business and future developments

Turnover for the year decreased to £2,527,000 from £3,663,000 in 2019 due to the COVID 19 Pandemic. This produced a profit before tax of £67,000 (2019 profit £762,000).

The directors expect the company to trade profitably in the coming year, with additional growth opportunities arising from cross-selling initiatives across the Altrad Group.

Principal risks and uncertainties

The Board of Altrad Investment Authority manages risks regionally and is committed to enhancing the Company's risk management capability through risk workshops and via the maintenance of risk registers. The updating of the risk registers is a continuous process involving the identification, evaluation and management of risks by individual managers. This enables the early identification of key risks and the taking of action to mitigate the likelihood of loss.

The principal risks and uncertainties facing the Company are broadly categorised as external, competitive, operational and commercial, and financial and are summarised below.

Coronavirus

Across the world the COVID-19 pandemic has impacted on health and economies and continues to create uncertainty. The directors are naturally concerned about the impact on employees, suppliers and clients of the company and we continue to assess these as they occur. However, the directors believe the company is well placed to trade through the uncertain times caused by the COVID-19 pandemic.

The safety of our employees has been our first priority whilst responding to the pandemic. The directors have measures in place to ensure the company's people remain safe and healthy including: self-isolation, social distancing and the ability to work from home where possible. There are regular health and safety meetings to ensure compliance with these measures.

The business provides essential services for our clients and the continuation of these services has been a key priority. Contingency plans have been implemented in consultation with our clients on whose sites we operate and the business has continued to be fully operational throughout the year using a range of measures to mitigate operational and commercial risks as they occur.

Business sustainability is also kept under continual review with the Government's Coronavirus Job Retention Scheme utilised to manage variable costs, as well as a continued focus on reducing the fixed cost base. The Company has sufficient liquidity and support available from the wider group should it be required.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

External

Cape Environmental Services Offshore Limited's business is diverse and operations in certain locations may be affected by factors outside the Company's control. These include changes to political, economic and environmental conditions in existing and new territories.

Brexit

In the UK the economic climate has also been influenced by the potential impact of Brexit since the UK's decision to leave the EU in 2016. Based on the results of the trade negotiations and given that the Group's business is significantly UK based, both in terms of customers and supply chains, the Board remains confident that there will be minimal disruption to the business, and at this time no significant risk factors have been identified which would materially impact the Company.

Competitive

Cape Environmental Services Offshore Limited has a significant presence in the energy and natural resources sectors which relies on stable, long-term demand for oil, gas and electricity. In addition, losing certain key clients with which the Company has several contracts could have an adverse effect on the Company's revenues.

Operational and commercial

Health and safety

Many of the Company's operating environments have associated health and safety risks and failure to maintain the highest safety standards on site could result in injury to our employees, damage to the environment and a loss of clients, as well as damage to the Company's reputation.

Contract and project performance

The terms and conditions inherent in the Company's contracts, as well as actual project performance, could expose the Company to cost overruns resulting in adverse financial performance.

Financial

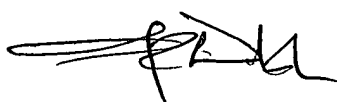
The Company has exposure to foreign exchange and interest rate risks which are managed regionally by experienced local finance teams and overseen at Group level by an experienced finance, tax and treasury team in Altrad Investment Authority.

Credit risk, the risk of financial loss to the Company if a customer fails to meet its contractual obligations, is managed regionally and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Any customer requiring credit above twice the limit recommended by Coface or equivalent external rating agency must be approved by Altrad Investment Authority.

Events after the reporting period

There have been no significant events since the balance sheet date which need to be considered for a complete understanding of these financial statements.

on behalf of the Board



John Walsh
Director

Date: 26 May 2021

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The directors present their report and the audited financial statements of the Company for the year ended 31 August 2020.

Results for the year

Revenue for the period was £2,527,000 (2019: £3,663,000).

The profit for the period of £70,000 (2019: £672,000) has been transferred to reserves.

No dividends were paid during 2020 (2019: £nil).

Directors

The following persons served as directors during the year and up to the date of signing the financial statements:

J A M Walsh
T Hellum
P Somers

The directors had no beneficial interests in the shares of the Company.

Going concern

Whilst the COVID-19 pandemic brings general uncertainty and may impact across many functions of the business with the most likely impact on the business to be a reduction in the volume of services procured by clients. The Directors have prepared a cash flow forecast which, taking into account of reasonable possible downside scenarios, shows that the Company will be able to operate within the level of its current capacity and will have sufficient funds to meet its liabilities as they fall due for the next 12 month period to the end of May 2022.

The directors believe that the Company is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the company will have adequate resources to continue in operation for at least 12 months to the end of May 2022 from the signing of these financial statements.

Whilst the operations of the Company continue to be cash generative and the latest forecast indicating likewise, COVID-19 has created a degree of uncertainty and any future impact cannot be fully quantified at this stage.

The directors acknowledge the general uncertainty provided by COVID-19 and as such have obtained a written confirmation of financial support from its ultimate parent undertaking, Altrad Investment Authority (125 rue du Mas de Carbonnier, 34000 Montpellier, France) for a period of at least 12 months to the end of May 2022 from the date of approval of these financial statements. The Directors have made relevant enquiries of Group which indicates Altrad Investment Authority is in a strong financial position with sufficient amounts of liquid assets available, are therefore satisfied that the ultimate parent undertaking has adequate resources to provide any support to the company if it is needed

The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Coronavirus

At the date of signing these financial statements, the directors have considered the effect of the Coronavirus pandemic on the company with the information available to it, and do not believe it will affect the company's ability to continue for the foreseeable future. As with most businesses there will be short term practical difficulties which we have addressed and are managing. However, a number of our clients operate in 'essential' industries and as a result we have continued to generate turnover from a significant number of contracts. See note 1a for further details.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Qualifying third party indemnity provisions

As permitted by the Companies Act 2006, all directors are covered by indemnities from the parent undertaking. The directors are indemnified in respect of proceedings which may be brought by third parties and such indemnification was in place throughout the year and up to the date of approval of these Financial Statements. Neither these indemnifications nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly.

The Company has not made any qualifying indemnity provisions.

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

So far as each director is aware there is no relevant audit information of which the Company's auditor is unaware. Relevant information is defined as information needed by the Company's auditors in connection with preparing their report. Each director has taken all the steps he/she ought to have taken as a director (taking account of their individual capacity) in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom laws 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 Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS101 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, including FRS 101, 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 Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

On behalf of the Board



John Walsh
Director

Date:

26 May 2021

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the financial statements of Cape Environmental Services Offshore Limited for the year ended 31 August 2020 which of the Income Statement, the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 18, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 August 2020 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MEMBERS OF CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

FOR THE YEAR ENDED 31 AUGUST 2020

Other information

The other information comprises the information included in the annual report, 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 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 pages 6 and 7, 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.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE MEMBERS OF CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

FOR THE YEAR ENDED 31 AUGUST 2020

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.

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.



Tehseen Ali (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 27 May 2021

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	2020 Total £'000	2019 Total £'000
Turnover	3	2,527	3,663
Cost of sales		(2,352)	(2,761)
Gross profit		175	902
Other income	4	184	-
Administrative expenses		(314)	(188)
Profit on ordinary activities before Interest and Taxation	2	45	714
Finance income	8	22	48
Profit before tax		67	762
Tax	9	3	(90)
Profit for the year		70	672

The company has no recognised income or expenses other than those included in the results above, and therefore no separate statement of comprehensive income has been presented.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 AUGUST 2020**

	Issued share capital £'000	Retained earnings £'000	Total equity £'000
At 1 September 2019	-	3,200	3,200
Profit for the period	-	672	672
Total comprehensive income for the year	-	672	672
At 31 August 2019		3,872	3,872
Profit for the period	-	70	70
Total comprehensive income for the year	-	70	70
At 31 August 2020		3,942	3,942

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**STATEMENT OF FINANCIAL POSITION****AT 31 AUGUST 2020**

	Notes	2020 £'000	2019 £'000
Non-current assets			
Tangible assets	10	372	486
Amounts owed by Group undertakings	14	763	741
Deferred tax assets	15	135	141
Total non-current assets		1,270	1,368
Current assets			
Inventories	11	133	31
Trade and other receivables	12	1,895	2,035
Cash and cash equivalents		1,814	1,479
Total current assets		3,842	3,545
Total assets		5,112	4,913
Current liabilities			
Creditors: Amounts falling due within one year	13	(1,170)	(1,041)
Total current liabilities		(1,170)	(1,041)
Net current assets		2,672	2,504
Total assets less current liabilities		3,942	3,872
Net assets		3,942	3,872
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		3,942	3,872
Total shareholders' funds		3,942	3,872

These Financial Statements on pages 11 to 27 were approved by the board of directors and signed on its behalf by:



John Walsh
Director

Date:

26 May 2021

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Cape Environmental Services Offshore Limited (the "Company") for the year ended 31 August 2020 were authorised for issue by the board of directors on 26th May 2021 and the statement of financial position was signed by the board on behalf of Cape Environmental Services Offshore Limited, a Company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements contain information about Cape Environmental Services Offshore Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included with its subsidiary undertakings in the consolidated financial statements of Cape PLC. The financial statements of Cape PLC can be obtained from the Company Secretary by writing to 47 Esplanade, St. Helier, Jersey, JE1 0BD.

The principal accounting policies adopted by the Company are set out below.

a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

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

- IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of paragraph 38 of IAS 1 'Presentation of financial statements' regarding comparative information requirements in respect of:
 - Paragraph 79 (a) (iv) of IAS 1;
 - Paragraph 73 (e) of IAS 16 'Property, plant and equipment';
 - Paragraph 118 (e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10 (d) statement of cash flows;
 - 10 (f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

a) Basis of preparation (continued)

- 40A-D (requirements for a third statement of financial position);
- 111 (cash flow statement information); and
- 134-136 (capital management disclosures).
- IAS 7 'Statement of cash flow';
- The requirements of paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements of paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The disclosure of related party transactions with other wholly owned members of the group headed by Cape plc .

Going Concern

Whilst the COVID-19 pandemic brings general uncertainty and may impact across many functions of the business with the most likely impact on the business to be a reduction in the volume of services procured by clients. The Directors have prepared a cash flow forecast which, taking into account of reasonable possible downside scenarios, shows that the Company will be able to operate within the level of its current capacity and will have sufficient funds to meet its liabilities as they fall due for the next 12 month period to the end of May 2022.

The directors believe that the Company is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the company will have adequate resources to continue in operation for at least 12 months to the end of May 2022 from the signing of these financial statements.

Whilst the operations of the Company continue to be cash generative and the latest forecast indicating likewise, COVID-19 has created a degree of uncertainty and any future impact cannot be fully quantified at this stage.

The directors acknowledge the general uncertainty provided by COVID-19 and as such have obtained a written confirmation of financial support from its ultimate parent undertaking, Altrad Investment Authority (125 rue du Mas de Carbonnier, 34000 Montpellier, France) for a period of at least 12 months to the end of May 2022 from the date of approval of these financial statements. The Directors have made relevant enquiries of Group which indicates Altrad Investment Authority is in a strong financial position with sufficient amounts of liquid assets available, are therefore satisfied that the ultimate parent undertaking has adequate resources to provide any support to the company if it is needed

The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

Changes to accounting policies and disclosures

The Company has applied the following standards for the first time for reporting periods commencing on or after 1 September 2019:

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over income tax treatments;
- IFRS 9 (amendments) – Prepayment features with negative compensation;
- IAS 28 (amendments) – Long term interests in joint ventures;
- IAS 19 (amendments) – Plan amendments, curtailment or settlement;
- Annual improvements to IFRSs 2015-17 Cycle; amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.

Their adoption has not had any material impact on the disclosure or on the amounts reported in the financial statements.

New and amended standards and interpretations not yet adopted

The following standards and interpretations in issue which may have an effect for the Company, have not yet been adopted by the Company:

	Effective dates
Amendments to references to conceptual framework in IFRS standards	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Company is currently assessing the impact of these standards and plans to adopt the new standards on the required effective date.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

b) Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Foreign currencies

a) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Sterling which is the parent company's functional and presentational currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within operating profit.

Non-monetary items that are measured in terms of their historic cost in a foreign currency are translated using the exchange rates at the date of their initial transaction.

Tangible assets

Property, plant and machinery and fixtures and fittings are stated at cost net of accumulated depreciation and any provision for impairment. Cost comprises purchase cost together with any incidental costs of acquisition. Interest is capitalised on qualifying assets as defined by IAS 23 'Borrowing Costs'.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives with the exception that no depreciation is provided on freehold land. The assets' residual values and useful economic lives are reviewed, and adjusted as appropriate, at the date of each statement of financial position. The following useful economic life is applied:

- freehold buildings – 50 years
- leasehold land and buildings – the shorter of 50 years and the period of the lease
- plant and machinery – 3 to 15 years
- fixtures and fittings – 3 to 10 years.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit before other items in the income statement. When re-valued assets are sold, the amounts included in other reserves are transferred to retained earnings.

The Company assesses at each reporting date whether its property, plant and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

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

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

b) Significant accounting policies (continued)

Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Provisions

Provisions are recognised when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation applying a pre-tax discount rate that reflects current risks specific to the liability. Where there is appropriate insurance in place, the benefit of any insurance reimbursement is recognised only when virtually certain.

Leases previously held under IAS 17

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets; and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the term of the lease or the useful economic life, if shorter.

Inventories

Inventories which include raw materials and consumables are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less selling expenses. Allowance is made for obsolete and slow moving items based on annual usage.

Revenue recognition

Revenue is recognised in accordance with IFRS 15 – Revenue from Contracts with Customers. Revenue is shown net of value added tax, returns, rebates and discounts.

Claims on customers are claims made for work outside of contractual terms and, as such, are only recognised in revenue once accepted by the customer.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

b) Significant accounting policies (continued)

Construction contracts

The Company has adopted IFRS 15 using a modified retrospective approach of adoption with the date of initial application being 1 January 2018.

The Company's revenue streams are not considered particularly complex in nature. IFRS 15 requires the identification of separate performance obligations within the contract. For those contracts where Company provides a single discipline within a maintenance contract, the identification of the performance obligations has not had an impact on the revenue recognition, as maintenance contracts are accounted for on an earned value basis.

For those multi-disciplinary construction contracts, under IFRS 15, revenue must be recognised separately for each performance obligation identified. The nature of the multi-disciplinary construction contracts is such that a work carried out means that each discipline provided is highly interdependent upon the others and, as a result, could be classed as one performance obligation, therefore there has been no material impact on the recognition of IFRS 15.

Maintenance contracts

Revenues from maintenance contracts are recognised where persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be reliably measured and collection of the related receivable is reasonably assured.

IFRS 15 requires the identification of separate performance obligations within a contract. For those contracts where the company provides a single discipline, there has not been any impact under the new standard. Where the company provides multi-disciplinary services within a maintenance contract, the identification of performance obligations has not had an impact on how the company recognises revenue and profit or loss, as maintenance contracts are accounted for on an earned value basis.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted and are expected to apply to the accounting period.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future.

Resultant deferred taxation assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted, or where there are deferred tax liabilities against which the assets can be recovered.

Deferred taxation 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 and laws enacted or substantively enacted at the Statement of Financial Position date.

Defined contribution pension schemes

A defined contribution pension scheme is a scheme to which the Company makes fixed contributions with no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle its post-employment benefits. The pension expense for defined contribution schemes represents contributions payable in the year.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

Trade debtors

Trade receivables are initially recognised and carried at fair value and subsequently measured at amortised cost, less any provision for impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Trade creditors

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Share capital

Ordinary shares are classified as equity.

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency, cash flow interest rate and fair value interest rate risks), credit risk and liquidity risk. Altrad Investment Authority manages financial risk factors regionally and in line with an authority matrix operated across the Group. Assessment and early escalation of issues to Altrad management team is a responsibility of individual regional managers.

c) Significant judgements and estimates

Certain of the Company's accounting policies described in note 1 section b require critical accounting estimates that involve subjective judgements and the use of assumptions, some of which may relate to matters that are inherently uncertain and susceptible to change.

Judgements

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

(i) Revenue recognition of maintenance contracts and assessment of long-term contract performance

The Company accounts for revenue in accordance with IFRS 15. This requires judgement to determine accurate estimates of the extent of progress towards contract completion and may involve estimates of the total contract costs, remaining costs to completion, total revenues, contract risks and other judgements.

(ii) Carrying value of property, plant and equipment

Assessing whether property, plant and equipment may be impaired requires a review for indicators of impairment and, where such indicators exist, an estimate of the asset's recoverable amount by reference to value in use. Management are required to exercise significant judgement in reviewing for and identifying asset indicators of impairment and subsequently calculating value in use.

(iii) Trade and other receivables

The Company provides for likely non-recovery of receivables to the extent that the carrying value is more than the present value of expected future cash flows. Assessing the value of the provision requires significant management judgement and review of individual receivables based upon individual customer creditworthiness, current economic trends and analysis of historical bad debts.

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****1. Accounting policies (continued)****c) Significant judgements and estimates (continued)****(iv) Deferred tax assets**

The Company recognises deferred tax assets on all applicable temporary differences where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the amount of deferred tax that can be recognised based on the magnitude and likelihood of future taxable profits.

Estimates

The key assumptions affected by future uncertainty that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are:

(i) Onerous contracts

Provision is made for future losses on long-term contracts where it is considered that the contract costs are likely to exceed revenues in future years. Estimating future losses involves assumptions of contract performance targets and likely levels of future cost escalation over time.

(ii) Income tax

The company can be subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of required tax provisions on the basis of professional advice and the nature of current discussions with the tax authority concerned.

2. Profit / (loss) on ordinary activities before investment income, interest and taxation

	2020	2019
	£000	£000
Loss / profit on ordinary activities before investment income, interest and taxation is stated after charging:		
Services provided by the company's auditors	16	8
Depreciation on tangible fixed assets:		
- owned assets	110	118

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****3. Revenue**

Geographical analysis by origin and destination	2020 £000	2019 £000
Turnover		
Continuing operations		
United Kingdom	2,527	3,663
	2,527	3,663
Assets related to contracts with customers	2020 £000	2019 £000
Amounts recoverable on contracts	43	364
	43	364

4. Other income

	2020 £000	2019 £000
Government grants	184	-
Other income	184	-

During the year the Company has received Government grants under the United Kingdom's Job Retention Scheme as a result of the Covid-19 pandemic for operations in the United Kingdom as part of the Government initiative to provide immediate financial support. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance. Access to the grants has been made possible by retaining these staff.

Other income from Government grants in the year is presented below the gross profit line. However the majority of the associated payroll cost is within Cost of Sales, above the gross profit line. To aid comparison with the prior year, we have shown below the net position of the grant and associated payroll cost:

	2020 £000	2019 £000
Turnover	2,527	3,663
Cost of sales	(2,352)	(2,761)
Other income related to cost of sales	184	-
Total	359	902
%	14.2%	24.6%

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****5. Directors' emoluments**

The directors' remuneration, including pension contributions, was borne by another group company for services during the year.

6. Employees

	2020 No.	2019 No.
The average monthly number of persons employed by the company (including directors) during the year was as follows:		
Female	-	-
Male	22	24
	22	24

7. Employee costs

	2020 £000	2019 £000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,371	1,346
Social security costs	102	119
Other pension costs	19	5
	1,492	1,470

During the year the Company has received government grants of £184,443 as part of a Government initiative to provide immediate financial support as a result of COVID-19. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance. Government grant income is offset by the cost of retaining additional staff. Access to the grants has been made possible by retaining these staff. The Government grant income is presented as Other income (see note 5.)

8. Finance income

	2020 £000	2019 £000
Interest receivable from group companies	22	48
Finance income	22	48

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****9. Tax on profit on ordinary activities**

	2020 £000	2019 £000
Current tax:		
United Kingdom		
- Corporation tax at 19% (2019: 19%)	(10)	88
- Adjustment in respect of previous years	1	(48)
Total (credit) / current income tax charge	(9)	40
Deferred tax – United Kingdom		
- Origination and reversal of timing differences	24	50
- Adjustment in respect of previous years	(1)	-
- Difference in tax rates	(17)	-
Total deferred tax charge	6	50
Tax (credit) / charge in the income statement	(3)	90

The tax assessed for the year differs from that resulting from applying 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	67	762
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	13	145
Effects of:		
Adjustment to tax in respect of previous years	-	(48)
Expenses not tax deductible	1	-
Change in tax rates	(17)	(7)
Total tax (credit) / charge reported in the income statement	(3)	90

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****10. Tangible assets**

	Plant, machinery, fixtures and Fittings £000	Total £000
Cost or valuation:		
At 1 September 2019	3,164	3,164
Disposals	(285)	(285)
At 31 August 2020	2,879	2,879
Accumulated depreciation:		
At 1 September 2019	(2,680)	(2,680)
Charged during the year	(110)	(110)
Disposals	283	283
At 31 August 2020	(2,507)	(2,507)
Net book values:		
At 31 August 2020	372	372
At 31 August 2019	486	486

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****11. Inventories**

	2020	2019
	£000	£000
Raw materials and consumables	133	31

12. Debtors

	2020	2019
	£000	£000
Trade debtors	469	720
Amounts recoverable on contracts	43	364
Amounts owed by group undertakings	216	549
Taxation and social security costs	383	-
Other debtors	779	400
Prepayments	5	2
	1,895	2,035

The amounts owed by group undertakings are unsecured and will be repaid as and when agreed between the applicable parties.

13. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	-	230
Amounts owed to group undertakings	718	563
Taxation and social security costs	-	45
Other creditors	16	13
Accruals and deferred income	436	190
Total current liabilities	1,170	1,041

The amounts owed to group undertakings are unsecured and will be repaid as and when agreed between the applicable parties.

There are no obligations under finance leases and hire purchase contracts as at 31 August 2020 (2019: none).

CAPE ENVIRONMENTAL SERVICES OFFSHORE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020****14. Amounts owed by/(to) group undertakings**

	2020 £000	2019 £000
Amount owed by group undertakings – greater than one year	763	741
Amount owed by group undertakings – less than one year	216	549
Amount owed to group undertakings – less than one year	718	563

The amounts owed by and to group undertakings are unsecured. Interest is paid on the balance based on the average UK LIBOR interest rate for the year plus a margin.

15. Deferred tax assets

	2020 £000	2019 £000
Provided		
Accelerated capital allowances	135	141
Net deferred tax asset	135	141

	2020 £000	2019 £000
Net deferred taxation asset		
At 1 September	141	191
Amount charged to Income Statement	(6)	(50)
At 31 August	135	141

16. Called up share capital

	2020 £	2019 £
Allotted and fully paid:		
100 (2019: 100) ordinary shares of £1 each	100	100

17. Pensions

Pension costs incurred for the period of £20,023 (2019: £5,112), with no amounts outstanding and yet to be transferred at period end (2019: nil).

18. Ultimate parent undertaking

The immediate parent undertaking is Cape Intermediate Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking of Cape Environmental Services Offshore Limited is Altrad Investment Authority SAS, a company registered in France. Copies of the financial statements of Cape PLC and Altrad Investment Authority SAS can be obtained from the Company Secretary, 125 Rue du Mas de Carbonnier, 34000 Montpellier, France.