

Company Registration No. 04851172 (England and Wales)

BOSKALIS SUBSEA SERVICES LIMITED
(formerly Rever Offshore UK Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

COMPANY INFORMATION

Directors

Stuart Ian Cameron	(Appointed 18 January 2021)
Barry John MacLeod	
Jane Martin McConnachie	(Appointed 18 January 2021)
Robert Campbell Bryce	(Resigned 18 January 2021)

Company number

04851172

Registered office

Westminster House
Crompton Way
Segensworth West
Fareham
Hampshire
United Kingdom, PO15 5SS

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

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BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activities of Boskalis Subsea Services Limited are the project management and execution of offshore inspection, repair, maintenance and construction services to the offshore industry.

Change in ownership

Boskalis Subsea Services Limited ("the Company" or "BSSL"), formerly Rever Offshore UK Limited ("ROUK") was a wholly-owned subsidiary of Rever Offshore International Limited for most of 2020. Rever Offshore International Limited itself is part of the Fara Holdco Limited Group ("Fara" or "the Group"). During the year, as part of a pre disposal restructuring, Rever Offshore International Limited transferred its interests in ROUK to a fellow subsidiary within the Fara Group, Rever Offshore North Star Limited (now Boskalis Subsea North Star Limited). On 23 December, the Fara Group disposed of its interests in a number of entities within the Group, including ROUK and its immediate parent, Rever Offshore North Star Limited, to Boskalis Offshore Contracting BV. Boskalis Offshore Contracting BV is itself a wholly owned subsidiary of Royal Boskalis Westminster NV, a Company listed on Euronext Amsterdam ("Boskalis" or "Boskalis Group"). Subsequent to the year end, on 18 January 2021 following the acquisition by Boskalis, the Company changed its name to Boskalis Subsea Services Limited.

Review of the business

The Company reported revenue of £80.5m (2019: £113.1m) and an operating loss before exceptional items of £33k (2019: £18.7m). An exceptional credit of £0.3m was incurred (2019: exceptional costs of £3.4m). This credit relates to the treatment of intercompany balances across the Fara Group. As part of a pre-disposal restructuring, intercompany balances were reviewed with balances due between entities remaining within the Fara Group ("legacy entities") and entities being disposed of to the Boskalis Group ("target entities") being capitalised, settled or forgiven. As a result of this review, the Company was formally released from its obligation to repay loans to legacy entities resulting in the Company recognising a capital contribution of £13.1m. Further, net residual trading balances amounting to £0.3m which were due to be paid by the Company to legacy entities were also forgiven with this element being recognised in the profit and loss account. The exceptional costs in the prior year related to restructuring and redundancy costs (£2.3m) and a provision against an irrecoverable foreign VAT balance (£1.1m).

During 2020 the Company achieved a dramatic improvement in its results whilst continuing to work in challenging conditions as a result of the COVID-19 pandemic. Despite a reduction in revenue from £113.1m to £80.5m, the Company reported almost breakeven operating profit before exceptional items, compared to a loss of £18.7m in the prior year. This is mainly due to the decision made in late 2019 to take one of the DSV's, the Rever Sapphire, out of the fleet resulting in a lower vessel cost base. Projects executed in the year were generally profitable with lump sum risk significantly reduced when compared to 2019. Overheads reduced from £14.3m to £9.6m mainly as a result of headcount restructuring following the reduction to fleet size and then again during the early stages of the COVID-19 pandemic. A temporary reduction in staff costs of 20% was in place from April 2020 through to the end of the year. The Company also made use of the Government Job Retention Scheme and furloughed a small number of staff for a period of time in 2020, receiving a grant of £0.2m which has been reported as other income. The Company incurred £2.2m of additional operating costs throughout the pandemic. This was mainly in relation to increased pre-mobilisation crew costs as extra offshore personnel had to be tested and placed in quarantine to ensure a full crew could be mobilised for projects, as well as PCR testing costs and other incidental costs, which is reported within costs of sales. The Company was able to recover £1.7m revenue against these costs from clients leaving the Company with a net cost of £0.5m.

Market outlook

Whilst market conditions remained challenging in 2020 for the reasons noted above, the Company has continued to secure new work, maintain service levels and achieve ongoing trust from customers. As at 31 August 2021, 80% and 71% of the utilisation target for the Polaris and Topaz respectively has been contracted at current market rates. Whilst the DSV market environment continues to be competitive, and notwithstanding the impact of the COVID-19 pandemic, the Company has viewed early market activity in 2021 and more stable vessel rates than in recent years. Following the change of ownership to the Boskalis Group, the directors look forward to the future and remain confident that the Company will have the strength and flexibility to capitalise on new opportunities.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

During the year ended 31 December 2020, the Company's governance framework was incorporated within that of the wider Fara Holdco Group. Fara's governance framework includes clear and delegated authorities on business performance monitoring and ensuring appropriate insurance for a wide range of potential risks. The framework for risk management governance is defined by the board and support functions including Finance, QHSE, IT and HR. These functions apply risk management processes and controls and also develop policies and standards which the business align to their processes. Following the acquisition of the Company by Boskalis, a detailed management of change process is being followed to bring the Company under the Boskalis governance framework. The narrative below describes the processes which were in place for the year ended 2020. Similar, if not more stringent processes will continue to be followed going forward under the Boskalis governance framework.

Risk was monitored and reported through regular board meetings and monthly leadership team meetings. Monthly Finance, QHSE, IT and HR reports are provided to the leadership team. The Corporate Risk Register ("CRR") was used to capture risk, controls, monitor risk realisation and risk assurance and verification activities. The CRR was reviewed and revised at least quarterly and was tabled at board meetings.

The tables below set out how the key risks within the business are linked to business strategy, how we have rated the risks and the key performance indicators used to monitor the risks. There are a number of other risks that are managed that are not considered to be key risks. In addition to the risks detailed in the tables below, the Company also faced risks associated with the COVID-19 pandemic. These are covered in further detail later in this strategic report in the COVID-19 section.

Principal risk and uncertainties	Mitigation	Performance indicators
Competition The Company faces competition to win work to maintain utilisation for its vessel. This results in both pricing and contractual pressures, where terms can be more onerous and impact the financial performance of projects.	<ul style="list-style-type: none"> • We have a strong customer focus, differentiating ourselves with the quality of service provided to clients. 	Client feedback through FPAL Order backlog
Vessels may have to be taken out of service for unexpected lengths of time or require extensive repairs or modifications. The delay in the provision of services to clients may have a material adverse effect on our business, results of operations, financial condition and prospects. Insufficient funds to cover costs of unpredictable and substantial dry-dock repairs. A delay in vessel maintenance could affect our contracted project schedule and have a material adverse effect on our business and results of operations.	<ul style="list-style-type: none"> • We adopt a robust asset management programme integrating asset integrity and assurance programmes, condition based monitoring and the adoption of a reliability centred maintenance approach; and • We use market intelligence to understand the availability of charter vessels. 	Offshore days
Climate change risks Rising sea levels and extreme weather conditions impact the business in timing of project delivery and pricing on projects customers.	<ul style="list-style-type: none"> • Waiting on weather clauses included in project contracts 	Project margins Vessel utilisation Offshore days

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risk and uncertainties	Mitigation	Performance indicators
<p>Financial risks The Company's activities expose it to a number of financial risks including credit risk, market risk and liquidity risk and is operating in a challenging economic environment.</p>	<ul style="list-style-type: none"> • The Group has robust internal procedures to monitor cash and liquidity. Regular trading and cash flow forecasts are prepared and appropriate mitigation steps taken where necessary. Going forward, detailed reviews will be undertaken by the Boskalis Group Treasury function; • Exchange rate exposure is managed as far as is possible through contractual terms or matching costs in the same currencies; • The Company enters forward contracts or hedges as considered appropriate; • The Company monitors the credit risk with customers. Receivables stated in the balance sheet are net of allowances for expected credit losses; • The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with recognised credit ratings assigned by international credit-rating agencies; and • Derivatives are not entered on a speculative basis. 	<p>Cash flow</p> <p>Foreign exchange gains or losses</p> <p>Expected credit losses</p> <p>Trade receivable days</p>
<p>Reduced service delivery onshore and offshore. The award of work is dependent on being able to offer new and existing customers the correct level of service delivery. Service delivery includes the quality of work delivered, the level of contractual risk retained and the price of services delivered.</p> <p>Failure to offer the correct service delivery may result in the Company failing to secure budgeted utilisation. Failure to build the correct pricing and risk profile in our projects at tendering stage may result in operational losses.</p>	<ul style="list-style-type: none"> • We focus on building the correct risk profile at tendering stage; • We have high quality resource planning, scheduling and delivery through the implementation of robust process and procedure and defined roles and responsibilities; • Customer focused approach utilising stakeholder feedback and continuous improvement through monitoring, audit and review; • We utilise Project Delivery lessons learned data; and • We have rigorous supply chain management policies to reduce expenditure and enhance efficiencies. 	<p>Tendering win rate</p> <p>Percentage of repeat clients</p> <p>Client feedback</p>
<p>Unable to attract and retain sufficient skilled personnel to meet our operational requirements The inability to attract or retain highly skilled personnel for our manned diving and remote intervention operations could have a material adverse effect on our business, financial condition and results of operations.</p>	<p>We use market intelligence to assist in resource and contingency planning;</p> <p>We realise the talent of our people through dedicated learning and development programmes; and</p> <p>We have developed offices across the UK to access new talent pools.</p>	<p>Staff retention rates</p>

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risk and uncertainties	Mitigation	Performance indicators
<p>The United Kingdom leaving the European Union (EU) Although the United Kingdom has now left the EU, it is still unclear what long term impact "Brexit" will have on the Company. This may impact the business by resulting in increased documentation requirements to trade with suppliers, increased tariffs and cost of goods as well as significant delays in transporting goods in and out of the EU. There may also be travel disruption affecting project planning and crewing. Early signs are that there will be no material impact but this is continuing to be monitored.</p>	<ul style="list-style-type: none"> • The Company is involved in an industry wide Oil and Gas UK Brexit Risk Mitigation workgroup; • Internal Group Brexit impact Group has been formed to share knowledge; • Review of suppliers to determine those based in the EU and liaise with key suppliers to ensure that they have considered risk to their supply chain; • Monitor legislative changes; • Logistics team are actively considering shipment and customs formalities; and • Project planning reviewing travel risks for crewing vessels 	<p>Project cost reviews</p> <p>Key supplier management</p>
<p>Fluctuating oil price The fluctuating oil price impacts upon expenditures by our clients as they look to cut costs, cease operations on some oil and gas assets and defer work on others. Any reduction in activity could lead to a decline in the demand for our services and impact both utilisation as well as day rates. A prolonged downturn could materially and adversely impact our strategic intent and results.</p>	<ul style="list-style-type: none"> • Maximise backlog and plan assets and resources appropriately; • Focus on customer services and new products and services so that clients see us best in the field; • Focus on cost control; and • Regular two-way dialogue with key clients to understand their activity plans in order to understand any risk of cancellation or deferral at the earliest opportunity and to communicate asset schedule availability to obtain optimum asset utilisation. 	<p>Client feedback</p> <p>Project cost reviews</p> <p>Rolling cash and performance planning</p>
<p>COVID-19 The majority of 2020 was impacted by a novel strain of coronavirus ("COVID-19") which surfaced in China at the end of 2019 and spread around the world resulting in worldwide business and social disruption. This had an impact on the Company during the year ended 31 December 2020, with a robust emergency response plan being put in place by the directors to manage the impact of the COVID-19 pandemic. Whilst there were still risks, the business adjusted well to working within this environment as can be seen from the results achieved in the business in 2020 which are discussed in further detail above in the review of the business section of this strategic report. As a result the Company maintained scheduled operations throughout the pandemic but was impacted by higher costs related to containing the virus as detailed in the review of the business above. In order to protect employees, the Company rolled out PCR testing for offshore personnel and adhered to Government advice in relation to attendance on vessels and onshore sites. Access to onshore sites was only permitted for essential or emergency business, with staff working from home, along with strict monitoring of access to the warehouse in order to reduce the risk of potential cross-contamination. Visitors onto the vessels used by the Company were restricted to essential personnel only. Offshore staff were required to confirm recent travel history and a clear PCR test prior to being mobilised onto the vessels. Where possible, these costs were shared with clients. The Company also followed advice from various industry bodies with regards to health and safety in light of third parties postponing the provision of offshore survival and medical training. In order to mitigate the costs to the Company and also to relieve cash flow constraints, the Company made use of the various schemes introduced by the UK Government such as furlough grants and delaying payments to HMRC under HMRC's time to pay arrangements that were introduced in response to the pandemic. The operational measures described above continue to be followed in 2021, and will continue to be followed for as long as is required in order to protect the health and safety of employees.</p>		

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

As well as the direct impact of COVID-19 on the mobilisation of staff on vessels and closing access to onshore sites, the COVID-19 pandemic had a knock on impact on the oil price and therefore projects undertaken by clients. The risk of oil price fluctuations is assessed in the assessment of principal risks and uncertainties above. The directors viewed some work scopes being deferred from 2020 into future years and took steps to mitigate against this. The directors, whilst aware that a prolonged disruption due to the COVID-19 pandemic or any future disruptions from future waves of the virus could have further impact on the oil price and therefore the projects planned by clients, remain positive in light of early market activity in 2021 and an increase in secured backlog as referred to in the market outlook above. Furthermore, the business quickly adjusted to working safely and effectively in the COVID environment and management remain in continuous dialogue with key clients to understand their future requirements in order to manage resources and assets effectively.

Key performance indicators

The directors managed the business of the Company on a wider UK business basis and therefore key performance indicators are not deemed relevant for the Company on a standalone basis.

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 ("section 172") provides that a director of a company must act in a way that he 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 various other stakeholder interests - below are the six key factors:

- 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

The narrative below describes the process which was in place for the year ended 2020. Over the course of 2021, steps will be taken in order to integrate the Company's processes to be in line with those of the Boskalis Group. A detailed management of change process will be followed and in doing so, the directors will ensure that the requirements of section 172 are met in adopting any changes.

In order to ensure good corporate governance, including the necessity to meet the requirements of section 172, the Company's directors met on a frequent basis. These meetings occurred at least weekly, and more often where required, particularly whilst working in the COVID-19 environment. In order to ensure that all pertinent matters were addressed, these meetings often included the directors of the Company as well as members of the leadership team who had more detailed responsibility delegated to them in relation to the day to day running of the business. Further, regular meetings were also held with the directors of the Fara Holdco Limited, which was the ultimate parent company for much of the year ended 31 December 2020 until the acquisition of the Company by the Boskalis Group at the end of December. As the ultimate parent company, Fara Holdco Limited was viewed as being a key stakeholder of the Company during the year. These meetings provided the directors of the Company an opportunity to discuss key issues and decisions with this stakeholder to ensure that the proposed outcomes aligned with the Fara Board's long term strategy for the wider Group. For example, more frequent meetings were held whilst discussing the Fara Board's intention to dispose of its interest in the Company to the Boskalis Group, although these meetings were held with only the directors of the Company for confidentiality reasons.

From 2021 onwards, a key stakeholder in the Company is the Board and leadership team of the wider Boskalis Group. Boskalis Group operates a fixed monthly cycle of reporting whereby local management present the results and key issues to the Offshore Energy Divisional management team. There is also a structured quarterly reporting cycle in order for local management to present the results and key issues to the Boskalis Board of Management. This process provides the directors with the information that they require to ensure that the Company is aligned to the long term strategy of the wider Group.

Other key stakeholders along with how the directors engage with them to protect their interests are detailed below.

BOSKALIS SUBSEA SERVICES LIMITED **(Formerly Rever Offshore UK Limited)**

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

i Employees

The employees are fundamental to the business. As further detailed in the principal risks and uncertainties section of the strategic report, the Company has a requirement for highly skilled personnel for the manned diving and remote intervention operations. The inability to retain and motivate employees would have a detrimental impact on the business, results and relationships with key clients. Training and learning and development programmes are offered to staff. Employees are encouraged to feed back to management through mediums such as town hall meetings and employee surveys. Communication with employees is vital, news and announcements are posted within Engage (business management system) and employee surveys are issued regularly. To remain engaged with the offshore workforce, the directors and members of the leadership team commit to a timetable of vessel visits throughout the year. Since the year end, there have been fortnightly townhalls with management to address any concerns staff may have following the Boskalis acquisition of the Company, where the leadership team update the staff on progress with integration as well as updates on how the Company is performing and staff have the opportunity to present questions either in advance or during the townhall meeting.

ii Contractors and suppliers

Delays in the provision of services to clients may have a material adverse impact on the Company's business, results and reputation. As referred to in the principal risks and uncertainties section of the strategic report, it is of the utmost importance to ensure that vessels do not have to be taken out of service for unexpected lengths of time. It is also critical to ensure access to chemicals and gases required for the provision of manned diving services. The commercial department collaborates with contractors, suppliers and the full supply chain, including providers of charter vessels to ensure uninterrupted supply of vessels to clients, to share best practice and improve performance with feedback provided to the directors. Regular supplier audits are also carried out, following a standardised checklist to allow consistent comparison between suppliers. Feedback is provided to the directors, and where necessary, the directors will also engage with key suppliers and contractors to ensure that good working relationships are maintained.

iii Customers

As detailed in the principal risks and uncertainties section of the strategic report, the award of tenders from clients is dependent on being able to offer both new and existing customers exceptional levels of service delivery which includes the quality of the work for a fair price. Whilst project managers lead the day to day delivery of service to the client, utilising a customer focused approach, obtaining feedback from clients through monitoring, audit and review and ensuring any lessons learned are actioned. The project managers provide feedback to the directors, and the directors will also regularly meet with key customers to ensure that the Company's reputation is upheld. Regular discussions were held during the year ended 2020 with customers in order to discuss the impact of the COVID-19 pandemic and the steps required to ensure safe operations.

iv Industry bodies

The company is a member of IMCA (International Marine Contractors Association), Oil and Gas UK and Decorn North Sea. The Company's CEO is a member on the industry board of Subsea UK. The Company's management system, Engage is certified as an integrated system to ISO 9001, 14001 and 45001.

Environmental performance is reviewed through an Environmental Committee which reports to the leadership team. This committee is responsible for setting the environmental agenda and areas for improvement as well as reporting on key environmental key performance indicators including vessel fuel usage.

Whilst the Company was a wholly owned subsidiary of the Fara Group during the year, the directors provided information to the external shareholders of the Group given the significance of the Company's activities and performance to the Fara Group. The majority shareholders of the Fara Group had Board representation and the relationship between the directors and the Fara Board is already discussed earlier in this statement. The directors acted fairly between all members of the Group by providing bi-annual information, including commentary on the Company's results, via a shareholders' portal to allow minority shareholders access to information on the Company's performance and provide the shareholders the opportunity to ask questions on this information.

BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Events after the balance sheet date

As discussed elsewhere in this strategic report, on 18 January 2021 the Company changed its name from Rever Offshore UK Limited to Boskalis Subsea Services Limited following the disposal of the Company from the Fara Holdco Group to the Boskalis Group.

This report was approved by the Board and signed on its behalf

DocuSigned by:

Jane McConnachie

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Jane McConnachie

Director

Date: 9 September 2021

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Results

The loss for the year, after taxation, amounted to £7.8m (2019: £29.9m). The directors do not propose the payment of a final dividend.

Dividends

No dividends were declared or paid in the current or prior year.

Directors

The directors, who served throughout the year and up to the date of signing except as noted, were as follows:

Barry John MacLeod	
Robert Campbell Bryce	(resigned 18 January 2021)
Stuart Ian Cameron	(appointed 18 January 2021)
Jane Martin McConnachie	(appointed 18 January 2021)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. The indemnity insurance covers the directors for their director roles in fellow Group companies.

Political donations

No charitable donations were made during the current or prior year.

Going concern

The Company's operating activities, together with details of the acquisition of the Company by the Boskalis Group are set out in the strategic report. The business of the Company remains the same following the change in ownership, as detailed on page 1 of the strategic report. The acquisition of the Company's business by Boskalis places the Company on a strong grounding for future development, performance and positioning within the market. The Company now forms part of Boskalis Subsea Services, a business unit within the Offshore Energy division. The Subsea Services division operates 5 DSV's, including the Polaris and Topaz

As noted in the strategic report on page 4 the Company has been both directly and indirectly impacted by the COVID-19 pandemic. However, throughout the COVID-19 outbreak, the Company has successfully continued to provide essential services to clients who are mostly major operators in the UKCS, achieving satisfactory utilisation and rates as the industry adapts to operating in these conditions. There is reasonable visibility as to the Company's order portfolio in the next 12 months, however, due to the nature of the Company's operations there is a trend of seasonable unpredictability as to the value and timing of short term cash inflows from clients. The Company continues to have constructive and positive conversations with clients to assist in planning vessel utilisation with market intelligence suggesting demand will grow in 2022 and 2023.

In considering whether the Company has the cash reserves required to enable it to continue to trade for at least 12 months from the date of approval of the financial statements a severe downside has been considered.

Additional information on going concern is set out on note 1.3 of the financial statements.

The directors have formed the judgement that at the time of approving the financial statements, the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future based on the current operating climate. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

BOSKALIS SUBSEA SERVICES LIMITED

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DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future outlook

Whilst market conditions remained challenging in 2020 as detailed in the strategic report, the Company has continued to secure new work, maintain service levels and achieve ongoing trust from customers. Following the change in ownership to Boskalis Group, the Company has viewed early market activity in 2021, stable vessel rates and an increase to backlog. As at 31 August 2021, 75% of the utilisation target for the vessels operated by the business have been contracted at current market rates. The directors look forward to the future with confidence that the Company will have the strength and flexibility to capitalise on new opportunities.

Financial risk management objectives and policies

Details of the financial risk management objectives and policies are discussed in the Principal Risks and Uncertainties section of the strategic report on page 3.

Energy and carbon reporting

Following new Streamline Energy and Carbon Reporting (SECR) Regulations the company presents its consumption and carbon emission data looking at relevant business activities, mainly the fleet and equipment involved in operations. This is the first year of reporting emissions therefore no comparatives are provided.

	Emissions (*) (tCO₂e) 2020
Scope 1 – Direct activities	
Emissions from transport fuel used in project fleet and equipment	22,289
Scope 2 – Indirect activities	
Emissions from gas consumption	14
Emissions from electricity consumption	137
Emissions from total scope 1 and 2 activities	22,440
Total energy equivalent (kWh)	85,550,592
Intensity ratio – CO₂e / £m turnover	0.28

* this information is unaudited

It is not practical for the Company to track scope 3 emissions and therefore these have not been reported.

The Company is aware of the environmental impacts of its activities and as a global business is committed to improving energy efficiency. The Company pursues emissions-reducing technology, work methods and behaviours to optimise its operational fuel efficiency. The wider Boskalis Group is exploring carbon offset and credits as well as focusing research and development for low carbon fuels and technologies that will power the fleet of vessels and equipment in the future, such as hydrogen, methanol, ethanol and ammonia as alternative fuels. The Boskalis Group has committed to become climate neutral by 2050.

The Company's approach follows the UK Government's Environmental Reporting Guidelines for streamlined energy and carbon reporting guidance and in calculating our emissions, we have used the 2020 UK Government conversion factors for greenhouse gas (GHG) reporting.

Events after the balance sheet date

Details of significant events since the balance sheet date are detailed in the strategic report on page 7 and in note 26 to the financial statements.

BOSKALIS SUBSEA SERVICES LIMITED
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DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Existence of branches outside the UK

The Company has branches, as defined in S1046(3) of the Companies Act 2006, outside the UK as follows:

Trinidad and Tobago
The Netherlands
Ireland

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the Board and signed on its behalf

DocuSigned by:

Jane McConnachie

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Jane McConnachie

Director

Date: 9 September 2021

BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual 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), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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.

BOSKALIS SUBSEA SERVICES LIMITED

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INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

In our opinion the financial statements of Boskalis Subsea Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period 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.

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

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 course of 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.

BOSKALIS SUBSEA SERVICES LIMITED **(Formerly Rever Offshore UK Limited)**

INDEPENDENT AUDITOR'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included anti-bribery legislation and local health and safety laws and regulations.

We discussed among the audit engagement team, including tax specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in respect of judgments associated with determining the percentage complete of lumpsum contracts ongoing at year-end. To address the fraud risks we:

- enquired from management about ongoing lumpsum contracts at year-end;
- assessed the progress of lumpsum projects at year-end;
- inspected customer contracts; and
- assessed the revenue recognition accounting policy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

INDEPENDENT AUDITOR'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

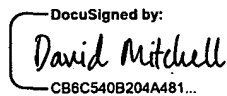
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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David Mitchell CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
9 September 2021

BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £000	2019 £000
Revenue	5	80,463	113,092
Cost of sales		(71,132)	(118,005)
Gross profit / (loss)		9,331	(4,913)
Administrative expenses		(9,594)	(14,257)
Government grant income	6	230	-
Other operating income		-	434
Operating loss before exceptional items		(33)	(18,736)
Exceptional items	4	285	(3,405)
Operating profit / (loss)	6	252	(22,141)
Finance income	9	7	27
Finance costs	10	(8,101)	(6,532)
Loss before taxation		(7,842)	(28,646)
Tax (charge) / credit on loss	11	-	(1,282)
Loss for the financial year		(7,842)	(29,928)
Items that may be reclassified to profit or loss			
Currency translation differences		27	(29)
Total items that may be reclassified to profit or loss		27	(29)
Total comprehensive loss for the year		(7,815)	(29,957)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Investments	12	-	-
Property, plant and equipment	13	24,623	33,414
		<u>24,623</u>	<u>33,414</u>
Current assets			
Inventories	14	814	1,218
Trade and other receivables	15	3,658	25,645
Current tax recoverable		188	352
Cash and cash equivalents		8,362	5,624
		<u>13,022</u>	<u>32,839</u>
Current liabilities			
Trade and other payables	16	(58,497)	(83,712)
Current tax liabilities	11	(1,621)	(1,650)
Provisions	18	-	(1,370)
Lease liabilities	17	(7,633)	(7,281)
		<u>(67,751)</u>	<u>(93,950)</u>
Net current liabilities		<u>(54,729)</u>	<u>(58,154)</u>
Total assets less current liabilities		<u>(30,106)</u>	<u>(24,740)</u>
Non-current liabilities			
Lease liabilities	17	(17,854)	(25,487)
Net liabilities		<u>(47,960)</u>	<u>(53,247)</u>
Equity			
Called up share capital	19	17,000	17,000
Capital contribution	20	13,102	-
Accumulated losses		(78,062)	(70,247)
Total deficit		<u>(47,960)</u>	<u>(53,247)</u>

The financial statements of Boskalis Subsea Services Limited were approved by the board of directors and authorised for issue on 9 September 2021 and are signed on its behalf by:

DocuSigned by:

Jane McConnachie

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Jane McConnachie
 Director

Company Registration No. 04851172

BOSKALIS SUBSEA SERVICES LIMITED
(Formerly Rever Offshore UK Limited)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £000	Capital contribution £000	Accum'd losses £000	Total £000
Balance at 1 January 2019	17,000	-	(40,290)	(23,290)
Year ended 31 December 2019:				
Loss for the year	-	-	(29,928)	(29,928)
Other comprehensive income:				
Currency translation differences	-	-	(29)	(29)
Total comprehensive loss for the year	-	-	(29,957)	(29,957)
Balance at 31 December 2019	17,000	-	(70,247)	(53,247)
Year ended 31 December 2020:				
Loss for the year	-	-	(7,842)	(7,842)
Other comprehensive income:				
Currency translation differences	-	-	27	27
Total comprehensive loss for the year	-	-	(7,815)	(7,815)
Capital contribution (note 20)	-	13,102	-	13,102
Balance at 31 December 2020	17,000	13,102	(78,062)	(47,960)

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Boskalis Subsea Services Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is Westminster House, Crompton Way, Segensworth West, Fareham, United Kingdom. The nature of the Company's operations and its principal activities are set out in the strategic report.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

1.1 Accounting convention

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company has chosen to adapt the formats of the statement of financial position and statement of comprehensive income and has applied the relevant presentation requirements of IAS 1 "Presentation of Financial Statements".

The financial statements are presented in Great British Pounds (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The financial statements have been prepared on the historical cost basis unless otherwise specified within these accounting policies and in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006. The principal accounting policies adopted are set out below.

A current tax liability of £1,650k had been incorrectly presented as a long-term provision at 31 December 2019. To correct the prior period error, the balance sheet at 31 December 2019 has been restated to increase current tax liabilities from the previously reported £nil to £1,650k and the provisions previously reported are reduced by the same amount to £1,370k. Both amounts had been previously incorrectly presented as long-term liabilities, now restated to be presented as short term-liabilities. The restatement has no impact on previously reported net assets as at 31 December 2019 or the result or cash flows for the year then-ended.

The Company meets the definition of a qualifying entity under FRS 101.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 "Business Combinations";
- the requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement";
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 "Property Plant and Equipment";
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 "Presentation of Financial Statements";
- the requirements of IAS 7 "Statement of Cash Flows";
- the requirements of paragraph 17 of IAS 24 "Related Party Disclosures";
- the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 "Impairment of Assets"; and
- the requirements of IFRS 7 "Financial Instruments: Disclosures".

BOSKALIS SUBSEA SERVICES LIMITED **(Formerly Rever Offshore UK Limited)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.3 Going concern

The Company's operating activities, together with details of the acquisition of the Company by the Boskalis Group are set out in the strategic report. The Company has considered the current performance in the year to date, the projected vessel utilisation and rates through to the end of 2021 and beyond and has carefully considered the level of cash reserves required to enable it to continue to operate for at least 12 months from the date of approval of the financial statements.

The base case forecast for the next 12 months assumes a normalised level of utilisation based on repeat business from key clients. The Company has a robust business development function that includes tracking market activity and liaising directly with Client's on future requirements. Several long-term agreements are agreed with key clients contributing to stability when forecasting day rates for the next 12 months. It is not unusual for bookings for next summer not to be made at this time and whilst winter periods are expected to remain competitive the Company is confident in the high level of service that continues to be delivered to clients with the expectation being that repeat business will be successfully maintained throughout the 12 month period similar to prior year levels.

The directors have considered a downside scenario where no further work is won in the winter season based on restricted utilisation and revenue through the forecasted period. This severe downside relies on the Boskalis Group not seeking repayment of £7.3 million currently due to Boskalis Finance B.V and demonstrates that no additional financial support is required. Boskalis Finance B.V has confirmed that it will not seek repayment of the amounts due at the balance sheet date for the period covered by the forecast. The directors have also received confirmation from the immediate parent company and a fellow subsidiary of Royal Westminster Boskalis N.V that a combined £47.3m due to the two parties at 31 December 2020 will not require repayment within 13 months of approval of these financial statements.

Accordingly, the directors have formed the judgement that at the time of approving the financial statements, the Company has access to adequate cash resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Consequently, the financial statements have been prepared on a going concern basis.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.4 Turnover

Turnover is largely derived from the provision of project management and execution of offshore inspection, repair, maintenance and construction services to the oil and gas sector, recognised when provided to customers, and is stated net of discounts and sales taxes. The directors consider all activities of the Company to fall within the offshore sector within two distinct geographical regions. A segmental analysis can be found in note 5 below.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. See note 5 for detailed breakdown of revenue by contract.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis to its residual value over their expected useful economic lives, as follows:

Vessel fleet and equipment	From date of purchase to the vessel age of 30 years
Other:	
Plant and equipment	1 to 5 years
Leasehold improvements	Over the lease term
Right-of-use assets ("ROU assets")	Over the lease term

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.7 Fixed asset investments

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

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.8 Borrowings and finance costs

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance costs, including direct issue costs, are recognised in the profit and loss account over the term of the related instruments.

1.9 Impairment of tangible assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash-generating unit (CGU), the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1.10 Inventories

Inventories comprises consumables and is stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Cost is calculated using weighted average method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.11 Long term contracts

Where the outcome of a long-term contract can be estimated reliably; revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 5.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.12 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost using the effective interest method:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The Company's financial assets comprise only those measured at amortised cost.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

The Company has no purchased or originated credit-impaired financial assets.

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 9).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- 1) the financial instrument has a low risk of default;
- 2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- 3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of the financial terms of the contract with the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- 1) significant financial difficulty of the issuer or the borrower;
- 2) a breach of contract, such as a default or past due event;
- 3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- 4) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 5) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

BOSKALIS SUBSEA SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The Company does not have compound instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company only has financial liabilities subsequently measured at amortised cost.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

BOSKALIS SUBSEA SERVICES LIMITED

(Formerly Rever Offshore UK Limited)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing differences and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

BOSKALIS SUBSEA SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructuring provisions

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

1.15 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

BOSKALIS SUBSEA SERVICES LIMITED **(Formerly Rever Offshore UK Limited)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Cost of sales' or 'Administrative expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

1.16 Foreign exchange

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The assets and liabilities of overseas branches denominated in currencies other than GBP are translated into GBP at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates prevailing in the month of the transactions. The exchange differences arising on translation of overseas branches are recognised in other comprehensive income.

BOSKALIS SUBSEA SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (continued)

1.17 Pension costs

The Company participates in various defined contribution schemes for employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.18 Exceptional items

Items that are considered material either because of their size or their nature are shown as exceptional items to assist the understanding of the Company's underlying performance within their relevant consolidated profit and loss category and are explained in the notes to the financial statements.

1.19 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. The amounts received are presented in other income while the related expense is presented separately in cost of sales or administration expenses.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7;
- COVID-19-Related Rent Concessions Amendment to IFRS 16;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IAS 1 and IAS 8 Definition of material.

BOSKALIS SUBSEA SERVICES LIMITED **(Formerly Rever Offshore UK Limited)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Critical accounting estimates and judgements

In applying the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements

The following are the critical judgements, apart from those involving estimations (the directors have not identified any key sources of estimation uncertainty impact these financial statements), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue and margin recognition on long term contracts

Revenue on unfulfilled contracts is recognised based on the estimated stage of completion and only when the outcome of the contract can be estimated reliably. At 31 December 2020 there were no contracts (2019: nil) in the course of completion which required an assessment of the stage of completion and expected profitability. The stage of completion is reviewed on a contract by contract basis. For wholly lump sum projects margin is only recognised once at least 25% of the offshore phase of a long-term contract has been completed. If a loss is forecast this is recognised immediately.

In the current year management have concluded that the most reliable measure of completion against performance obligations is based on the proportion of the total contract costs incurred to date.

Trinidad & Tobago indirect taxes

The Company continues to have an open Value Added Tax (VAT) assessment from the Trinidad and Tobago tax authorities (Board of Inland Revenue, "BIR"). The assessment relates to output VAT assessed by the BIR in respect of a customer project completed in 2008 in the amount of £3.4m (TT \$31.5m). The Company is exploring options to have the assessment reversed emphasising that the BIR suffered no loss with the VAT under assessment being fully reclaimable by the Company's client. The outcome of these options is unknown at this stage.

Further, the BIR exercised statutory power to offset a £1.3m (TT \$8m) receivable by the Company against the open assessment. The VAT receivable relates to input VAT on purchases in Trinidad and Tobago as well as output VAT previously paid over to the BIR in relation to a customer which subsequently entered into Chapter 11 bankruptcy proceedings receivable under bad debt relief provisions (see note 4). The Company has written off this VAT refund receivable as at the present time it is unlikely that this will be repaid given the period of time the VAT assessment matter has been open with no resolution.

BOSKALIS SUBSEA SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Exceptional items

	2020 £000	2019 £000
Forgiveness of intercompany debt	285	-
Redundancy and cold stacking	-	(2,291)
Provision against irrecoverable Trinidad and Tobago VAT balance	-	(1,114)
	<u>285</u>	<u>(3,405)</u>

An exceptional credit of £0.3m was incurred in relation to the treatment of intercompany balances across the Fara Group. As part of a pre-disposal restructuring, intercompany balances were reviewed with balances due between legacy entities and target entities being capitalised, settled or forgiven. As a result of this review, the Company was formally released from its obligation to repay loans to legacy entities, namely Huskisson Shipping Limited and Rumford Tankers Limited, resulting in the Company recognising a capital contribution of £13.1m (see note 20). Further, net residual trading balances amounting to £0.3m which were due to be paid by the Company to legacy entities were also forgiven with this element being recognised in the profit and loss account.

Following a strategic review at the end of the year ended 31 December 2019, the Fara Group announced its intention to "cold stack" the Rever Sapphire DSV. The Rever Sapphire is owned by other subsidiaries in the Fara Group but was utilised by the Company, as a member of the Fara Group, at the time of the strategic review. As well as removing this DSV from the fleet, management decided to cease certain ROVSV activities. As well as the costs to be incurred in relation to preparing the vessel for cold stacking, the Company also incurred redundancy costs in relation to employees who worked on the Rever Sapphire and in ROV operations as well as a reduction in headcount in support of these operations. This resulted in the Company recognising £2.3m in relation to redundancy, restructuring and cold stacking costs.

During the year ended 31 December 2019, the Company provided against VAT which is receivable from the Trinidad and Tobago tax authorities ("BIR"). This relates mainly to VAT previously paid over on revenue in relation to a customer which subsequently entered Chapter 11 bankruptcy proceedings. As the customer defaulted on payment, the VAT balance paid to the BIR is therefore receivable under bad debt relief provisions. However at the present time it remains unlikely that this will be recovered as the BIR has applied this amount towards the disputed VAT payable amount discussed in the critical judgments section (see note 3) and contingent liabilities (note 23).

Exceptional items impacting operating loss are wholly classified as cost of sales.

BOSKALIS SUBSEA SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Revenue from contracts with customers

5.1 Disaggregated Revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended 31 December 2020				
	Cons £000	IRM £000	Decom £000	Other £000	Total £000
Type of service					
Revenue from vessel contracts	5,667	44,471	4,649	509	55,296
Revenue from project management and engineering	1,946	4,414	973	541	7,874
Procurement revenue	2,151	7,164	2,845	13	12,173
Fuel revenue	171	1,279	348	-	1,798
Other revenue	2,116	389	728	89	3,322
Total revenue with contracts with customers	12,051	57,717	9,543	1,152	80,463
Geographical markets					
Europe	12,051	57,717	9,543	1,152	80,463
Timing of revenue recognition					
Goods transferred at a point in time	2,151	7,164	2,845	13	12,173
Services transferred over a period of time	9,900	50,553	6,698	1,139	68,290
Total revenue with contracts with customers	12,051	57,717	9,543	1,152	80,463
	For the year ended 31 December 2019				
	Cons £000	IRM £000	Decom £000	Other £000	Total £000
Type of service					
Revenue from vessel contracts	12,450	26,025	30,195	-	68,670
Revenue from project management and engineering	1,778	2,752	3,235	-	7,765
Procurement revenue	7,249	7,786	13,444	-	28,479
Fuel revenue	1,935	2,520	3,402	-	7,857
Other revenue	-	-	-	321	321
Total revenue with contracts with customers	23,412	39,083	50,276	321	113,092
Geographical markets					
Europe	23,412	39,083	50,276	321	113,092
Timing of revenue recognition					
Goods transferred at a point in time	7,249	7,786	13,444	-	28,479
Services transferred over a period of time	16,163	31,297	36,832	321	84,613
Total revenue with contracts with customers	23,412	39,083	50,276	321	113,092

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Revenue from contracts with customers (continued)

All revenue generated in the current and prior years is with external customers.

Inspection, repair and maintenance = "IRM"

Decommissioning = "Decom"

Constructions = "Cons"

5.2 Contract balances

	2020	2019
	£000	£000
Trade receivables	1,621	6,175
Accrued revenue	592	4,351
Deferred revenue	385	591

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

5.3 Performance obligations

The transaction price is determined by reference to the contract with each customer. On a contract by contract basis the Company determines whether it has a single or multiple performance obligation(s). An estimate of progress towards complete satisfaction of the performance obligation(s) for contracts that qualify for revenue recognition over time is selected and applied to the overall transaction price. Where multiple performance obligations are identified these comprise:

Vessel revenue

This represents the day rate of the vessel (including any equipment spreads specifically included within the day rate) plus any mobilisation and demobilisation fees. It is not possible to debundle this revenue any further per the terms of IFRS 15.

Performance obligations in relation to the vessel revenue are recognised on a continuous basis usually based on days worked by the project. The timings regarding the performance obligation will be specified in the terms of the contract or the call off order from a master contract.

Project management & engineering

This relates to the provision of the onshore personnel supporting the project contractually rechargeable the client. Personnel rates are specified within the contract. Performance obligations are recognised on a continuous basis based on time charged to the project.

Procurement

Procurement relates to third party services and/or procurement required for project execution that can be contractually recharged to the client. The contract specifies the mark up to be applied. Performance obligations are recognised on a continuous basis when the goods or service has been received.

Fuel

Fuel relates to the cost of fuel utilised during the course of vessel operations that can be contractually recharged to the client. The contract specifies the calculation for the cost of fuel and mark up to be applied. Performance obligations are recognised on a continuous basis as fuel is consumed by the vessel.

Unsatisfied contracts

At the year end, the Company has contracts with which there are remaining performance obligations either partially or fully unsatisfied of £385k (2019: £591k). These obligations are expected to be satisfied within 12 months of the year end date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Operating profit / (loss)

	2020	2019
	£000	£000
Operating profit / (loss) for the year is stated after charging /		
Foreign exchange loss	66	105
Depreciation of owned assets	487	1,251
Depreciation of right-of-use assets	8,379	8,812
Loss on disposal of fixed assets	3	-
Government grant for the purpose of immediate financial support	(230)	-
Auditors' remuneration - audit fees	95	115
Auditors' remuneration – audit related services	20	-
Operating lease expense - other	<u>2,077</u>	<u>5,822</u>

In 2020, government grants of £230k (2019: £nil) were received as part of a Government initiative to provide immediate financial support as a result of the COVID-19 pandemic. These have been recognised as other income in the year. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

The Company did not incur any non audit fees in either the current or prior year.

7 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2020	2019
	£000	£000
Management	24	35
Operations	91	119
Administration	<u>33</u>	<u>43</u>
	<u>148</u>	<u>197</u>

Their aggregate remuneration comprised:

	2020	2019
	£000	£000
Wages and salaries	9,834	15,134
Social security costs	1,072	1,536
Pension costs	<u>452</u>	<u>800</u>
	<u>11,358</u>	<u>17,470</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Directors' remuneration

During the year the directors were paid emoluments in relation to their services to the Company and its fellow subsidiaries by this Company and also by another Company in the Fara Group prior to the acquisition of the Company by the Boskalis Group. It is not practical to apportion directors' services to specific companies across the Group. Total emoluments paid by Group companies to the directors in relation to their services to the Group amounted to £507k (2019: £1,131k).

Two (2019: seven) executive directors are members of money purchase pension schemes and company contributions in the year were £16k (2019: £70k).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	£000	£000
Total amount of emoluments	<u>314</u>	<u>212</u>

Contributions of £9k (2019: £15k) have been made to a money purchase scheme on behalf of the highest paid director.

9 Finance income

	2020	2019
	£000	£000
Interest on bank deposits	<u>7</u>	<u>27</u>

10 Finance costs

	2020	2019
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	5,476	4,902
Interest on other financial liabilities:		
Interest on lease liabilities	<u>2,625</u>	<u>1,630</u>
	<u>-8,101</u>	<u>6,532</u>

BOSKALIS SUBSEA SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Income tax expense

	2020	2019
	£000	£000
Current tax		
UK corporation tax on loss for the current period	-	45
Adjustments in respect of prior periods	-	46
Foreign taxes and reliefs	-	1,191
Total tax charge	-	1,282

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

	2020	2019
	£000	£000
Loss before taxation	(7,842)	(28,646)
Expected tax credit based on a corporation tax rate of 19% (2019: 19%)	(1,490)	(5,443)
Effect of expenses not deductible in determining taxable profit	326	1,258
Adjustment in respect of prior years	-	239
Group relief	-	1,429
Capital allowances in advance of depreciation	-	(1,416)
Research and development tax credits	-	44
Effect of overseas tax	-	958
Deferred tax not recognised	1,164	2,689
Adjustment due to change in deferred tax rate	-	316
Adjustment to losses	-	1,208
Taxation charge for the year	-	1,282

The tax charge for the year resulted in a current tax receivable of £188k at the year end (2019: £351k).

Deferred tax assets for the taxable losses in the Company of £55.5m (2019: £49.3m) have not been recognised as recoverability is dependent on future profitability which is considered uncertain.

Following the enactment of the Finance Act 2020 on 22 July 2020, the UK Corporation Tax rate (from 1 April 2020) has been maintained at 19% and has not reduced to 17% as previously legislated. The UK Budget announcement on 3 March 2021 proposed to increase the UK Corporation Tax rate to 25% from 1 April 2023. This rate change was substantively enacted on 24 May 2021. As this was substantively enacted after the reporting date, the UK unrecognised deferred tax balances as at 31 December 2020 continue to be measured at 19%.

In 2012 the Trinidad and Tobago tax authorities ("BIR") reopened the corporate tax assessments relating to 2008 and 2009. The Company received a notice of assessment on which penalties and interest were levied. The enquiry was subsequently extended to 2010 and 2011 resulting in a further notice of assessment with penalties and interest. The Company contested these assessments and had initially provided £0.7m in relation to this. During the year to 31 December 2019, the Company entered further settlement negotiations. As a result of these negotiations, agreement has been reached to settle all outstanding Trinidad and Tobago tax matters at £1.65m. This agreement was lodged in court in July 2020. During the year ended 31 December 2020, a payment of £29k was made in order to settle part of this liability following a request for payment from the BIR. No further requests for payments have been made.

The prior year balance sheet has been restated to correct the presentation of the Trinidad and Tobago Tax current tax liability (see note 1.1).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Fixed asset investments

	2020 £000	2019 £000
Subsidiary companies		
At 1 January 2020 and 31 December 2020	-	-

Details of the investments in which the Company held 20% or more of the nominal value of any class of share capital are as follows:

	Percentage of ordinary equity share capital held	Registered office	Country of incorporation	Principal activity
Rever Offshore Freighters Limited	100%	1	United Kingdom	Dormant
Rever Offshore Singapore Pte Limited	100%	2	Singapore	Non trading

1. 1 Park Row, Leeds, LS1 5AB

2. 1 Kaki Bukit Road 1, #02-44 Enterprise 1, 415934, Singapore

During the year, as part of a pre disposal restructuring the Company disposed of its investment in Rever Offshore Singapore Pte Limited to another subsidiary in the Fara Group for £nil consideration. Further, during the year, Rever Offshore Freighters Limited was dissolved following a period of non trading. At the end of the year, the Company did not hold any investments in subsidiary entities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible fixed assets

	Vessel fleet and equipment	Other	ROU asset property	ROU asset fleet	Total
Cost					
At 1 January 2020	1,742	8,336	11,082	29,460	50,620
Additions	-	81	-	-	81
Disposals	(53)	(2,317)	-	-	(2,370)
At 31 December 2020	1,689	6,100	11,082	29,460	48,331
Accumulated depreciation and impairment					
At 1 January 2020	1,220	7,174	1,122	7,690	17,206
Charge for the year	181	306	1,122	7,257	8,866
Disposals	(47)	(2,317)	-	-	(2,364)
At 31 December 2020	1,354	5,163	2,244	14,947	23,708
Carrying amount					
At 31 December 2020	335	937	8,838	14,513	24,623
At 31 December 2019	522	1,162	9,960	21,770	33,414

Other tangible assets with a total net book value of £nil (2019: £146k) which are pledged as security against related finance lease agreements.

The right-of-use assets are held under lease arrangements. Further details relating to these leasing arrangements are included in note 17.

14 Inventories

	2020 £000	2019 £000
Spares and consumables	814	1,218

There is no material difference between the balance sheet value of stocks and their replacement cost as at 31 December 2020 (2019: nil).

BOSKALIS SUBSEA SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Trade and other receivables

	2020	2019
	£000	£000
Trade receivables	1,621	6,175
Other receivables	569	312
VAT recoverable	289	225
Amounts owed by fellow group undertakings – loan	-	9,524
Amounts owed by fellow group undertakings – trading	-	4,153
Prepayments and accrued income	1,179	5,256
	<u>3,658</u>	<u>25,645</u>

Interest is not charged on intercompany trading balances and are repayable on demand. Intercompany loan balances are not interest bearing and are repayable on demand.

16 Trade and other payables

	2020	2019
	£000	£000
Trade payables	3,368	2,690
Amounts owed by fellow group undertakings – loan	41,673	66,064
Amounts owed by fellow group undertakings – trading	8,439	8,713
Accruals and deferred income	3,860	5,350
Other taxes and social security	623	495
Other payables	534	400
	<u>58,497</u>	<u>83,712</u>

Intercompany loan balances attract interest at a rate of 8.0%. Interest is not charged on intercompany trading balances. Intercompany balances are repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£000	£000
Current liabilities	7,633	7,281
Non-current liabilities	17,854	25,487
	<u>25,487</u>	<u>32,768</u>
Interest on lease liabilities	<u>2,625</u>	<u>1,630</u>
Maturity analysis:		
Within 1 year	9,672	9,871
In 2 years	11,066	9,672
In 3 years	1,732	11,066
In 4 years	1,844	1,732
In 5 years	1,844	1,844
In over 5 years	<u>5,215</u>	<u>7,060</u>
Total undiscounted liabilities	31,373	41,245
Future finance charges and other adjustments	<u>(5,886)</u>	<u>(8,477)</u>
Lease liabilities in the financial statements	<u>25,487</u>	<u>32,768</u>

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored in line with the Company's ongoing monitoring of trading and cash flow.

At 31 December 2019, the lease liability due within one year includes leases accounted for under IFRS 16 and all short term HP loans.

The Company leases several assets, including buildings, equipment and vessels. The average lease terms is 3 years for vessel fleet and 10 years for property.

The Company's obligations are secured by the lessors' title to the leased assets for such leases.

The Company extended the vessel charter in 2019 for a 3 year non-cancellable period ending 31 December 2022 with further one-year extension options ending on 31 December 2025. Presently the Company is not reasonably certain to exercise these options, and accordingly these are excluded from the lease term and are therefore not included in the measurement of the right-of-use asset and corresponding lease liability. Further, the charter contains variable lease payment terms that are linked to the utilisation of the vessel, with a higher rate being charged if the vessel is operational than if it is on standby. The breakdown of lease payments for the vessel is as follows:

	2020	2019
	£000	£000
Fixed payments	7,874	8,348
Variable payments	<u>197</u>	<u>951</u>
	<u>8,071</u>	<u>9,299</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Lease liabilities (continued)

	2020	2019
	£000	£000
Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	8,379	8,812
Interest expense on lease liabilities	2,625	1,630
Expense related to short-term leases	1,760	4,740
Expense related to leases of low value assets	120	131
Expense related to variable lease payments not included in the measurement of the lease liability	197	951

Overall the variable payments constitute up to 2% (2019: 10%) of the Company's total lease payment for the vessel. The variable payments depend on the operational status of the vessel during the period following the fixed operational term. The vessel was on standby at a lower rate after the end of the fixed operational term in 2020 compared to 2019, when it was operational for a longer period at the winter operational rates.

The total cash outflow for leases amount to £11.6m (2019: £15.8m).

18 Provisions

	2020	2019
	£000	£000
Balance at 31 December	-	1,370

**Restructuring
provision
£000**

At 1 January 2019

Restructuring and redundancy provision 1,370

At 31 December 2019

1,370

Year ending 31 December 2020:

Utilisation of provision

(1,370)

At 31 December 2020

-

BOSKALIS SUBSEA SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Provisions for liabilities (continued)

At the end of the year ended 31 December 2019, following a strategic review, the Fara Group announced its intentions to "cold stack" the Rever Sapphire vessel. This vessel is owned by other companies within the Fara Group. At the time of this decision, the vessel was utilised by the Company. A further consequence of this decision was to cease certain ROVSV activities. As well as the costs incurred in relation to preparing the vessel for cold stacking the Company also incurred redundancy costs in relation to employees who worked on the Rever Sapphire and in ROV operations as well as a reduction in headcount in support of these operations. These costs, where not spent in 2019, were provided for at the year end and the costs were incurred by the Company in early 2020.

Provisions have been restated as set out in note 1.1.

19 Share capital

	2020	2019
	£000	£000
Ordinary share capital		
<i>Issued and fully paid</i>		
17,000,150 Ordinary shares of £1 each	17,000	17,000

20 Capital contribution reserve

	2020	2019
	£000	£000
Capital contribution reserve	13,102	-

As part of a pre-disposal restructuring, intercompany balances were reviewed with balances due between legacy entities and target entities being capitalised, settled or forgiven. As a result of this review, the Company was formally released from its obligation to repay loan amounts to Huskisson Shipping Limited and Rumford Tankers Limited, resulting in the Company recognising a capital contribution of £13.1m.

21 Financial commitments

The Company had capital commitments of £nil at 31 December 2020 (2019: £249k).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Other leases	
	2020	2019
	£000	£000
Within one year	97	92
Between one and five years	119	8
	216	100

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Employee benefits - defined contribution scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £452k (2019: £800k). There were outstanding pension contributions of £99k at 31 December 2020 (2019: £104k).

23 Contingent liabilities

As at 31 December 2020, performance guarantees outstanding to customers and suppliers of the Company amounted to £nil (2019: £291k).

The Company continues to have an open Value Added Tax (VAT) assessment from the Trinidad and Tobago tax authorities (Board of Inland Revenue, "BIR"). The assessment relates to output VAT assessed by the BIR in respect of a customer project completed in 2008 in the amount of £3.4m (TT \$31.5m). The Company is exploring options to have the assessment reversed emphasising that the BIR suffered no loss with the VAT under assessment being fully reclaimable by the Company's client. The outcome of these options is unknown at this stage.

Further, in 2019, the BIR exercised statutory power to offset a £1.3m (TT \$8m) receivable by the Company against the open assessment. The VAT receivable relates to input VAT on purchases in Trinidad and Tobago as well as output VAT previously paid over to the BIR in relation to a customer which subsequently entered into Chapter 11 bankruptcy proceedings receivable under bad debt relief provisions (see note 4). The Company wrote off this VAT refund receivable in the year ended 31 December 2019 as at the present time it is unlikely that this will be repaid given the period of time the output VAT assessment matter has been open with no resolution.

24 Related party transactions

The Company has taken advantage of the disclosure exemption under FRS 101 which exempts them from disclosing related party transactions with fellow group undertakings as outlined in IAS 24, as 100% of the voting rights are controlled by the ultimate parent undertaking. During the year, until 23 December 2020, the ultimate parent undertaking was Fara Holdco Limited. From 23 December, following the acquisition of the Company by Boskalis Offshore Contracting BV, the ultimate parent company is Royal Boskalis Westminster NV.

The Company considers the directors to be key management personnel and their remuneration is disclosed in note 8.

25 Ultimate parent company and controlling party

Until 23 December 2020, the Company was a wholly owned subsidiary undertaking of Fara Holdco Limited, the ultimate parent company, a company registered in Jersey.

From 23 December, following the acquisition of the Company by Boskalis Offshore Contracting BV, the ultimate parent company is Royal Boskalis Westminster NV, a company incorporated in The Netherlands and listed on Euronext Amsterdam, which is the largest and smallest parent company preparing Group financial statements which include Boskalis Subsea Services Limited. A copy of its financial statements may be obtained from Rosmolenweg 20, 3356LK, Papendrecht, The Netherlands.

The parent company is not considered to have a single controlling party.

26 Post balance sheet events

Subsequent to the year end on 18 January 2021, following the acquisition of the Company by the Boskalis Group, the Company changed its name from Rever Offshore UK Limited to Boskalis Subsea Services Limited.