

Registered number: 07973833

**INCJ SJ Investment Limited**

**Annual report and financial statements  
for the year ended 31 March 2020**



# **INCJ SJ Investment Limited**

## **Company information**

<b>Directors</b>	P Niklai H Taiko T Toyoda
<b>Registered number</b>	07973833
<b>Registered office</b>	1 Chamberlain Square Cs Birmingham United Kingdom B3 3AX
<b>Registered auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **INCJ SJ Investment Limited**

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# **INCJ SJ Investment Limited**

## **Directors' report for the year ended 31 March 2020**

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2020.

### **General information**

The company is a limited liability company, domiciled and incorporated in the United Kingdom. The registered office is 1 Chamberlain Square Cs, Birmingham, United Kingdom, B3 3AX.

### **Principal activity**

The principal activity of the company during the year is to act as a holding company of an Associate whose principal activity is to own and operate self-propelled jack up vessels servicing the offshore wind and oil & gas industries.

### **Results and dividends**

Total comprehensive expense for the year amounted to \$20,028,000 (2019: \$14,277,000).

The directors do not recommend the payment of a dividend (2019: \$Nil).

### **Directors**

The directors who served during the year and up to the date of signing this report, unless otherwise stated, were:

P Niklai  
I Osuka (resigned 3 February 2020)  
H Taiko (appointed 3 February 2020)  
T Toyoda

### **Qualifying third party indemnity provisions**

A directors' and officers' liability insurance policy was maintained by the Innovation Network Corporation of Japan group throughout the financial year and is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

### **Going concern**

The company recorded a total comprehensive expense of \$20,028,000 for the year (2019: \$14,277,000), however the company has both net current and net overall assets, including positive cash resources at the balance sheet date.

This year as part of the assessment of going concern the directors also considered the impact of COVID-19 on the assets and the investment in Associate as described in note 4. The Associate has faced difficulties and underwent major debt restructuring with its lenders to reduce cash outflows in order to continue meeting its obligations. However, with outstanding shareholder guarantees and a significant order backlog the directors of the Associate have a reasonable expectation the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Having considered the company's cash position and low level of committed expenditure the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

# **INCJ SJ Investment Limited**

## **Directors' report (continued) for the year ended 31 March 2020**

### **Future developments**

The future developments and results of this company are largely driven by the performance of its Associate, Atlantis Investorco Limited. The future prospects for the Associate remain positive as there are strong government efforts in Northern Europe, the US and Asia Pacific to significantly increase the level of offshore wind based electricity production.

The oil and gas maintenance market also has high potential due to old Infrastructure with significant maintenance overhang and a need for well Intervention services. These factors are expected to drive future demand for the Associate's vessels in FY 2020 and beyond.

### **Post balance sheet events**

During 2020 and into 2021, the COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The pandemic and corresponding measures have caused material disruption to businesses, resulting in an economic slowdown. We expect it may have a material impact on the Associate in future periods, including cash flows from operating activities and liquidity. The extent of COVID-19's impact on the company and its Associate business has been under continuous review. The Associate HQ has been remote working since March 2020 and the Associate has renegotiated repayment terms on loan facilities.

### **Disclosure of information to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditor**

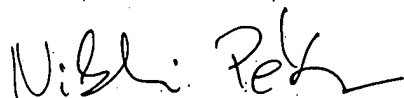
The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Small company exemptions**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies exemption under section 414B of the Companies Act 2006 and not prepared a Strategic report.

This report was approved by the board on 4 March 2021 and signed on its behalf by:



**P Niklai  
Director**

## **INCJ SJ Investment Limited**

### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

# **Independent auditor's report to the members of INCJ SJ Investment Limited**

## **Opinion**

We have audited the financial statements of INCJ SJ Investment Limited (the "company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

## **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of INCJ SJ Investment Limited (continued)**

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities, 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **Independent auditor's report to the members of INCJ SJ Investment Limited (continued)**

### **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.



Michael Simms (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
55 Baker Street  
London  
W1U 7EU  
Date: 4 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## INCJ SJ Investment Limited

### Statement of comprehensive income for the year ended 31 March 2020

	Note	2020 \$000	2019 \$000
Administrative expenses	10	(56)	(64)
<b>Operating loss</b>		<b>(56)</b>	<b>(64)</b>
Share of loss of Associate	4	(19,701)	(12,771)
<b>Loss before income tax</b>		<b>(19,757)</b>	<b>(12,835)</b>
Income tax charge	12	-	-
<b>Loss for the year attributable to equity owners</b>		<b>(19,757)</b>	<b>(12,835)</b>
Share of other comprehensive expense of Associate	4	(271)	(1,442)
<b>Total comprehensive expense for the year</b>		<b>(20,028)</b>	<b>(14,277)</b>

All of the activities of the company relate to continuing operations.

The notes on pages 11 to-20 are an integral part of these financial statements.

# INCJ SJ Investment Limited

Registered number: 07973833

## Statement of financial position as at 31 March 2020

	Note	2020 \$000	2019 \$000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in Associate	4	257,097	277,069
		<u>257,097</u>	<u>277,069</u>
<b>Current assets</b>			
Other receivables	6	-	3
Cash and cash equivalents	7	698	762
		<u>698</u>	<u>765</u>
<b>Total assets</b>		<u>257,795</u>	<u>277,834</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	8	43	54
		<u>43</u>	<u>54</u>
<b>Total liabilities</b>		<u>43</u>	<u>54</u>
<b>Net assets</b>		<u>257,752</u>	<u>277,780</u>
<b>Shareholders' equity</b>			
Share capital	9	268,000	268,000
Other reserves		(1,184)	(913)
Retained (deficit)/earnings		(9,064)	10,693
<b>Total equity</b>		<u>257,752</u>	<u>277,780</u>

The notes on pages 11 to 20 are an integral part of these financial statements.

The directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The financial statements on pages 7 to 20 were approved and authorised for issue by the board of directors on 4 March 2021 and were signed on its behalf by:

  
P Niklai  
Director

## INCJ SJ Investment Limited

### Statement of changes in equity for the year ended 31 March 2020

	Share capital \$000	Other reserves \$000	Retained (deficit)/ earnings \$000	Total equity \$000
<b>At 1 April 2018</b>	268,000	529	23,528	292,057
Loss for the year	-	-	(12,835)	(12,835)
Other comprehensive expense	-	(1,442)	-	(1,442)
<b>Total comprehensive expense for the year</b>	-	(1,442)	(12,835)	(14,277)
<b>At 31 March 2019</b>	<b>268,000</b>	<b>(913)</b>	<b>10,693</b>	<b>277,780</b>
<b>At 1 April 2019</b>	268,000	(913)	10,693	277,780
Loss for the year	-	-	(19,757)	(19,757)
Other comprehensive expense	-	(271)	-	(271)
<b>Total comprehensive expense for the year</b>	-	(271)	(19,757)	(20,028)
<b>At 31 March 2020</b>	<b>268,000</b>	<b>(1,184)</b>	<b>(9,064)</b>	<b>257,752</b>

#### Share capital

Share capital represents the issued and fully paid up equity share capital of the company.

#### Other reserves

Other reserves represents the company's share of its Associate's cumulative gains and losses arising on hedging instruments used to manage interest rate and foreign currency risk.

#### Retained earnings

Retained earnings represent the cumulative profits/losses attributable to the company.

The notes on pages 11 to 20 form part of these financial statements.

## INCJ SJ Investment Limited

### Statement of cash flows for the year ended 31 March 2020

	Note	2020 \$000	2019 \$000
<b>Cash flows used in operating activities</b>			
Loss for the year	13	(64)	(69)
<b>Net cash used in operating activities</b>		<u>(64)</u>	<u>(69)</u>
<b>Net cash decrease in cash and cash equivalents</b>		<u>(64)</u>	<u>(69)</u>
Cash and cash equivalents at start of year		762	831
<b>Cash and cash equivalents at end of the year</b>	7	<u><u>698</u></u>	<u><u>762</u></u>

The notes on pages 11 to 20 are an integral part of these financial statements.

# **INCJ SJ Investment Limited**

## **Notes to the financial statements for the year ended 31 March 2020**

### **1. General information**

The principal activity of INCJ SJ Investment Limited is to act as a holding company of an associate whose principal activity is to own and operate self-propelled jack up vessels servicing the offshore wind and oil & gas industries.

The company is a limited liability company, domiciled and incorporated in the United Kingdom. The registered office is 1 Chamberlain Square Cs, Birmingham, United Kingdom, B3 3AX.

### **2. Summary of significant accounting policies**

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

#### **2.1 Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS, and IFRIC interpretations. The financial statements have been prepared under the historical cost-convention.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### **2.2 Changes in accounting policy and disclosures**

New and amended standards adopted by the company

IFRS 16, as issued, is effective for the company's financial year beginning 1 April 2019. The company does not have any direct impact from implementation of the new standard, however, the company's financial results may be indirectly impacted through 'share of profit or loss of Associate' once IFRS 16 is adopted by the associate. Management of the associate is continuing to assess the expected impact of new standard.

#### **2.3 Associates**

Associates are entities over which the company has significant influence but not control, generally demonstrated by a shareholding of between 20% and 50% of voting rights.

Investments in Associate entities are initially recognised at cost and are accounted for using the equity method of accounting. The company's share of its associate's post acquisition profit or loss is recognised in the statement of comprehensive income.

# **INCJ SJ Investment Limited**

## **Notes to the financial statements for the year ended 31 March 2020**

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Going concern**

The company recorded a total comprehensive expense of \$20,028,000 for the year (2019: \$14,277,000), however the company has net current assets and is in a net assets position, supported by positive cash resources at the end of the reporting year.

This year as part of the assessment of going concern the directors also considered the impact of COVID-19 on the assets and the investment in Associate as described in note 4. The Associate has faced difficulties and underwent major debt restructuring with its lenders to reduce cash outflows in order to continue meeting its obligations. However, with outstanding shareholder guarantees and a significant order backlog the directors of the Associate have a reasonable expectation the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Having considered the company's cash position and low level of committed expenditure the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

#### **2.5 Functional and presentation currency**

The functional and presentational currency is the United States dollar. All financial information presented in United States dollar has been rounded to the nearest thousand dollars (US\$000) unless otherwise indicated.

#### **2.6 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Revenue, costs and non-monetary assets and liabilities are translated at the exchange rates ruling at the dates of transactions. Foreign exchange gains and losses are included in the statement of comprehensive income.

#### **2.7 Financial assets**

The company classifies its financial assets as loans and receivables. At 31 March 2020, the company's only financial assets are cash and cash equivalents.

Cash and cash equivalents comprise deposits with banks, bank balances and cash balances which are readily accessible in 3 months or less.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

# **INCJ SJ Investment Limited**

## **Notes to the financial statements for the year ended 31 March 2020**

### **2. Summary of significant accounting policies (continued)**

#### **2.8 Financial liabilities**

The company classifies its financial liabilities as trade and other payables.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

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

Financial liabilities are derecognised when the obligation specified in the contract is extinguished, discharged, cancelled or expired.

#### **2.9 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **2.10 Taxation**

Current tax is provided for at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full using the liability method on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

#### **2.11 Impairment of assets**

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the investment for which the estimates of cash flows have not been adjusted.



## INCJ SJ Investment Limited

### Notes to the financial statements for the year ended 31 March 2020

#### 2. Summary of significant accounting policies (continued)

##### 2.12 Critical accounting estimates and judgements

In the application of the company's accounting policies, management 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 estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

##### *Asset impairment testing*

The company reviews its non-current assets for impairment at each balance sheet date. In order to assess if impairment exists, management estimates discounted future cash flows, residual values and the remaining economic lives of assets. Market factors affecting future revenue, operating expenses and residual values may affect the discounted future cash flows. Actual outcomes may vary significantly from the estimates of these cash flows.

Management considers losses of the Associate as an impairment indicator and therefore undertook an impairment assessment of the investment.

The investee group of companies has forecast a recovery in both rates earned and utilisation of the vessels over the next two years. In doing so, management has considered the current backlog for the vessels and contracts under negotiation at the time of preparing these financial statements.

Management determined the recoverable amount of the investment based on a discounted cash flow analysis of the investee group of companies. Forecast cash flows used are based on estimated cash flows from the business of the investee representing pre-tax projections covering approximately a 30 year period. Management used a discount rate of 7.3% (2019: 8.3%) on the cash flow projections of the investee's business and estimated a head room above carrying value of the investment of \$299,000,000 (2019: \$274,000,000).

The projected cash flows are sensitive to changes in discount rate and profits generated by the investee's business which are largely dependent upon revenue arising from the operations of its vessels.

If the pre-tax discount rate rose to 11.05% (2019: 11.3%) or higher or the revenue rate and utilisation forecasts of the Associate reduce by 16.4% (2019: 14.5%) or higher, this would have resulted in an impairment charge.

## INCJ SJ Investment Limited

### Notes to the financial statements for the year ended 31 March 2020

#### 3. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company's board of directors meets on a regular basis to monitor the company's sensitivity to financial risk.

##### *(i) Interest rate risk*

The company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The company is only exposed to interest rate risk on its cash and cash equivalents. Fluctuations in the interest rate are not expected to have a significant impact upon the company's results.

##### *(ii) Credit risk*

The company is only exposed to credit risk on its cash and cash equivalents. Concentration of credit risk exists to the extent that all of cash and cash equivalents are held with one financial institution with a credit rating according to Moody's Investor Service of A1.

The company's finance department monitors credit risk on a regular basis and manages risk by placing cash with blue chip financial institutions.

##### *(iii) Currency risk*

The company is not exposed to any significant currency risk at the balance sheet date.

##### *(iv) Liquidity risk*

The company's finance department monitors the liquidity position of the company by preparing cash-flow forecasts to ensure sufficient funds are available. The company is not exposed to significant liquidity risk at the balance sheet date.

##### *(v) Capital structure*

The capital structure of the company includes all components of equity. Total equity at 31 March 2020 was \$257,752,000 (2019: \$277,780,000).

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern;
- to enhance the ability of the Associate interest in future projects by sustaining a strong balance sheet position; and
- to provide an adequate return to its shareholders.

The board reviews the capital structure of the company regularly. It is the company's policy to always maintain adequate levels of equity which enables the Associate group to borrow at competitive rates and to provide adequate collateral for bank financing, thus maintaining access to capital markets and keep borrowing costs under control.

# INCJ SJ Investment Limited

## Notes to the financial statements for the year ended 31 March 2020

### 4. Investment in Associate

The company owns 45% of the ordinary share capital of Atlantis Investorco Limited, a company incorporated at South Denes Business Park, South Beach Parade, Great Yarmouth, Norfolk, NR30 3QR, United Kingdom, and accounts for this investment as an Associate.

Atlantis Investorco Limited is a holding company of a group that owns and operates self-propelled jack up vessels servicing the offshore wind and oil & gas industries.

The movement in the investment is accounted for using the equity method and can be summarised as follows:

	2020 \$000	2019 \$000
At 1 April	277,069	291,282
Share of loss for the year	(19,701)	(12,771)
Share of other comprehensive expense	(271)	(1,442)
<b>At 31 March</b>	<b>257,097</b>	<b>277,069</b>

Set out below is the summarised financial information of Atlantis Investorco Limited and a reconciliation to the carrying amount of the investment at 31 March:

	Associate 2020 \$000	Company's 45% share 2020 \$000	Associate 2019 \$000	Company's 45% share 2019 \$000
Revenue	53,738	24,182	70,269	31,621
Cost of sales	(40,625)	(18,281)	(38,303)	(17,236)
Operating expenses	(49,403)	(22,231)	(48,125)	(21,656)
Interest income	277	125	1,527	687
Finance costs	(22,386)	(10,074)	(21,629)	(9,733)
Gain on derivatives	682	306	1,664	749
Loss before tax	(57,717)	(25,973)	(34,597)	(15,568)
Tax	13,938	6,272	6,216	2,797
Loss for the year	(43,779)	(19,701)	(28,381)	(12,771)
Other comprehensive expense	(602)	(271)	(3,204)	(1,442)
<b>Total comprehensive expense</b>	<b>(44,381)</b>	<b>(19,972)</b>	<b>(31,585)</b>	<b>(14,213)</b>

# INCJ SJ Investment Limited

## Notes to the financial statements for the year ended 31 March 2020

### 4. Investment in Associate (continued)

	Associate 2020 \$000	Company's 45% share 2020 \$000	Associate 2019 \$000	Company's 45% share 2019 \$000
Non-current assets	1,003,898	451,754	1,022,402	460,081
Current assets	33,399	15,030	32,536	14,641
Total assets	1,037,297	466,784	1,054,938	474,722
Non-current liabilities	(321,939)	(144,873)	(331,126)	(149,007)
Current liabilities	(144,030)	(64,814)	(108,103)	(48,646)
Total liabilities	(465,969)	(209,687)	(439,229)	(197,653)
Net assets	571,328	257,097	615,709	277,069

### 5. Financial instruments by category

	2020 \$000	2019 \$000
<b>Assets</b>		
Cash and cash equivalents	698	762
<b>Liabilities</b>		
Trade and other payables	43	54

The fair values of cash and cash equivalents and trade and other payables are approximate to their carrying amounts.

### 6. Other receivables

	2020 \$000	2019 \$000
Other receivables	-	3

### 7. Cash and cash equivalents

	2020 \$000	2019 \$000
Cash at bank	698	762

# INCJ SJ Investment Limited

## Notes to the financial statements for the year ended 31 March 2020

### 8. Trade and other payables

	2020 \$000	2019 \$000
Trade payables	-	5
Accruals	43	49
<b>Total trade and other payables</b>	<b>43</b>	<b>54</b>

### 9. Ordinary share capital

	2020 \$000	2019 \$000
<b>Authorised, issued and fully paid</b>		
268,000,016 (2019: 268,000,016) ordinary shares of \$1 each	268,000	268,000

The issued shares are fully paid, are of the same class and have the same voting rights.

### 10. Expenses by nature

	2020 \$000	2019 \$000
Legal and professional fees	44	45
Foreign exchange losses	12	19
<b>Total administrative expenses</b>	<b>56</b>	<b>64</b>

The company has no employees. The directors received no emoluments for services as the company's directors during the year.

### 11. Auditor remuneration

The company obtained the following services from the company's auditor:

	2020 \$000	2019 \$000
Fees payables to company's auditor for:		
The audit of the company financial statements	6	7

# INCJ SJ Investment Limited

## Notes to the financial statements for the year ended 31 March 2020

### 12. Income tax expense

There is no current tax for the financial year ended 31 March 2020 for the previous financial year.

The company is subject to taxation in the UK at a standard rate of 19% (2019: 19%).

The factors affecting the tax charge for the year are as follows:

	2020 \$000	2019 \$000
Loss before income tax	(19,757)	(12,835)
Loss before income tax multiplied by the weighted average rate of corporation tax in the UK of 19% (2019: 19%)	(3,754)	(2,439)
Tax effects of:		
Share of Associate losses	3,743	2,427
Losses not recognised for deferred tax asset	11	12
<b>Income tax charge</b>	-	-

### Factors affecting current and future tax charges

In the March 2020 Budget the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

As at 31 March 2020, the company had an unrecognised deferred tax asset of \$67,475 (2019: \$50,925) as there was insufficient evidence that the loss would be offset against future profits.

### 13. Cash used in operations

	2020 \$000	2019 \$000
Loss before income tax	(19,757)	(12,835)
Adjustment for:		
Share of loss of Associate	19,701	12,771
Changes in working capital:		
Other receivables	3	(3)
Trade and other payables	(11)	(2)
<b>Cash used in operations</b>	(64)	(69)

## **INCJ SJ Investment Limited**

### **Notes to the financial statements for the year ended 31 March 2020**

#### **14. Parent undertakings and controlling party**

At 31 March 2020, the company's immediate parent undertaking was INCJ Limited a wholly owned subsidiary of Japan Investment Corporation. The ultimate parent undertaking and controlling party was Japan Investment Corporation, an organisation incorporated in Japan, and under the control of the Government of Japan.

#### **15. Post balance sheet events**

During 2020 and into 2021, the COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The pandemic and corresponding measures have caused material disruption to businesses, resulting in an economic slowdown. We expect it may have a material impact on the Associate in future periods, including cash flows from operating activities and liquidity. The extent of COVID-19's impact on the company and its Associate business has been under continuous review. The Associate HQ has been remote working since March 2020 and the Associate has renegotiated repayment terms on loan facilities.