

Registered Number: SC583752

Centurion 3 Limited

**Annual Report and Consolidated Financial Statements
For the Year Ended 31 December 2020**



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Directors and Advisors

Directors

Mr E Leask
Mr M Raper

Secretary

Blackwood Partners LLP

Independent Auditor

Deloitte LLP
Statutory Auditor
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Strategic Report

Centurion 3 Limited ("the Company") and its subsidiary undertakings, collectively referred to as "the Group", is a global leader in the supply of critical rental, infrastructure and support services to a number of end-markets including the energy, mining, infrastructure, power, environmental and renewable energy industries. The Group has a global reach with operations in key service locations: Canada, America, UK & Europe, Caspian, Australia and South East Asia.

The Company is a wholly owned subsidiary of Centurion Group Limited, a Cayman registered company ("the Parent"). The Company's principal activity is to act as a holding company for its subsidiary undertakings.

Business review

Our vision is to build **a successful, global and sustainable services company** supporting our chosen end-markets including energy, mining, infrastructure, power, environmental and renewable sectors. The focus is on improving market recognition, adding more valuable services and getting closer to the customer through the development of stronger institutional relationships.

Successful refers to our commitment to safety, quality and to consistently delivering superior results compared to our market peers. **Global** refers to the strong presence in key markets that creates reach and market access while providing stability and optionality. **Sustainable** refers to employee satisfaction, environmental consciousness and a commitment to profitability, cash generation and financial prudence that creates both value and cycle resilience.

This vision is supported through our core values:

- **We Do The Right Thing:** Centurion people are proud of what they do, because we do the right thing every time. We are safe. We are open, transparent and professional. We create value. **We care.**
- **We Do What We Say:** Centurion people are honest, supportive, responsive and easy to work with. We honour every commitment and expect the same from others. We listen. We respect differences. **We develop and deliver fit-for-purpose solutions.**
- **We Work Together:** Centurion people use their skills, knowledge and experience to build positive relationships wherever they can. We work as one team, locally and globally. We learn. We teach. **We actively share knowledge and insight.**
- **We Go The Extra Mile:** Centurion people are hardworking, committed and innovative. Always looking for new ways and new opportunities to improve, large and small. We drive change. **We challenge the status quo.**

Our goal is to create a highly integrated Group that delivers innovative and differentiated solutions to our customers. Our strategy continues to evolve, and to maximise our chances of success, we continue to focus on our three strategic pillars:

- **Increase scale and diversification:** Accelerating our growth on the back of our market reach and improving core markets. Continued diversification at both a geographical and segmental level, specifically in adjacent scopes to augment cross selling potential.
- **Accelerate our cross-selling and differentiation:** Continue to cross-sell to differentiate, provide more critical and more differentiated equipment and service packages.
- **Add more technical and "greener" offerings:** Elevate our technical sophistication to differentiate and compete in more complex projects, while prioritising our ambition to actively participate in both the decarbonisation of the energy industry and the growth of the renewables sector.

By achieving all the above, we will not only aim to grow but continue to develop strong cycle resilience and long-term sustainability.

Strategic Report (continued)

Business review (continued)

The COVID-19 pandemic presented a challenge to every person, country and business around the world. The scale, speed and economic impact of the pandemic were unexpected, requiring companies, governments and many other stakeholders to take unprecedented actions. Our first priority was the health and safety of our employees and we quickly implemented government and regional guidelines in our operating locations.

In late Q1'20 the Group deployed its' downturn management strategy focusing on safety, cost reduction, cash generation and capital expenditure rationalisation. This was implemented rapidly and successfully. These actions allowed the Group to continue operating, protect the balance sheet, generate cash and maintain liquidity, become more competitive in the new market and to continue to pursue strategic options.

As a result of these early actions and the robust nature of the Centurion platform, due to scale, multiple offerings, segmental and geographic diversification, the Group delivered a strong financial performance.

Group revenue decreased by 41% to \$295.0m (2019: \$501.7m) reflecting the impact of the COVID-19 pandemic on the global economy and customer activity.

The stability, resilience and sustainability of the Group was demonstrated by a reduction of only 24% in Group EBITDA from \$62.2m to \$47.1m despite a 36% reduction in Revenue before exceptional and adjusting items to \$294.6m (2019: \$458.0m).

While Gross profit before exceptional and adjusting items decreased by \$42.1m to \$69.7m, Gross margin before exceptional and adjusting items remained flat at 24% (2019: 24%). This reflects the Group's efforts to focus on profitable infrastructure projects and cost control measures. Early strategic cost reductions resulted in a 25% reduction in Administrative expenses before exceptional and adjusting items from \$91.0m in 2019 to \$68.0m in 2020 proving the flexibility of the business model.

The loss after tax for the year increased to \$34.8m (2019: \$8.7m) due to the impact of COVID-19 pandemic on the global economy and customer activity and is stated after \$24.2m of exceptional and adjusting items, the majority of which relates to impairment charges outlined below.

Included within the exceptional and adjusting items are estimated losses of \$0.8m arising from two large lump sum underground pipeline contracts reported within the Infrastructure Segment that were contracted in 2018. The Group no longer undertakes large lump sum underground pipeline contracts. Commercial negotiations to recover contract variations have been concluded with the same client on two of these contracts in March 2021 with \$12.8m of contract variations and holdbacks recovered in April 2021. The recognised loss of \$0.8m at 31 December 2020 (and \$20.6m at 31 December 2019) reflects the estimated loss on these contracts and excludes the contract variations recovered in 2021. Included within exceptional and adjusting items are impairment charges totalling \$19.8m, of which \$16.4m related to the Group's USL Accommodation business unit and \$3.4m related to the RoW Drilling, Completion, Production business unit. The impairment charges reflect a reduction in the medium-term trading outlook in these business units as a result of the COVID-19 pandemic.

Refer to note 6 and note 11 of the financial statements for further details of exceptional and adjusting items and impairment charges.

The Group generated \$49.8m cash from operations which allowed us to start investing in capital expenditure for revenue enhancing project opportunities in late 2020 and into 2021. During 2020, the Group invested \$23.8m in capital equipment, of which 47% was self-funded from capital equipment disposals. New investment was focussed on technical and value-added offerings supporting our strategy of increasing our scale, segmental and geographic diversification.

Strategic Report (continued)

Business review (continued)

The Group is organised into three business segments and four geomarkets:

Business Segments

- *Accommodation and Modular Solutions ("AMS")*: AMS delivered 27% of Group EBITDA in 2020 (2019: 45%) and operates three main sub-segment product and service lines: Accommodation & Ancillaries, Tanks & Containers, and Waste & Water Treatment.
- *Drilling, Completion and Production ("DCP")*: DCP accounted for 43% of Group EBITDA in 2020 (2019: 37%) and operates three main sub-segment service lines: Drilling & Completions, Production & Testing, and Subsea.
- *Infrastructure ("INF")*: INF delivered 30% of Group EBITDA in 2020 (2019: 18%) and operates three main sub-segment service lines: Access & Environmental, Piling & Foundations and Project Management.

Geomarkets

- *US Land ("USL")*: USL geomarket delivered 22% of Group EBITDA in 2020 (2019: 48%) and operates four main sub-segment product and services lines: Accommodation & Ancillaries, Waste & Water Treatment, Drilling & Completions and Production & Testing.
- *Canada Rentals & Services ("CRS")*: CRS geomarket delivered 13% of Group EBITDA in 2020 (2019: 11%) and operates three main sub-segment product and services lines: Accommodation & Ancillaries, Waste & Water Treatment and Drilling & Completions.
- *Canada Infrastructure ("CINF")*: CINF delivered 30% of Group EBITDA in 2020 (2019: 18%) and operates three main sub-segment service lines: Access & Environmental, Piling & Foundations and Project Management.
- *Rest of World ("RoW")*: RoW delivered 35% of Group EBITDA in 2020 (2019: 23%) and operates three main sub-segment service lines: Accommodation & Ancillaries, Tanks & Containers, Waste & Water Treatment, Production & Testing.

Financing and Liquidity

On 3 November 2020, the Group extended the term of its existing multi-currency credit facility from 31 December 2021 to 31 December 2022, whilst maintaining the level of its existing facilities, with the existing consortium of banks comprising: Amegy Bank National Association, ATB Financial, Clydesdale Bank, HSBC plc, Iberia Bank Corporation, Royal Bank of Scotland plc and Wells Fargo Bank NA. The extended facilities are required to be repaid over a longer term and provide the Group with \$128.5m of undrawn facilities as at the date of this report for acquisitions, capital expenditure and working capital subject to customary bank covenants and credit agreement conditions.

Net debt (comprising gross debt excluding exchangeable shares and unamortised issue costs less cash) at 31 December 2020 was \$134.3m, \$24.6m lower than the prior year despite a \$23.9m investment in capital equipment and acquisitions. Group net debt to adjusted EBITDA leverage ratio before exceptional and adjusting items was 2.9x at 31 December 2020 compared to 2.6x at 31 December 2019.

Future developments

In addition to free cash flow generation, the Group has cash and cash resources of \$17.2m, and the ability to draw down a further \$128.5m of debt funding under the existing Revolving Credit Facility ("RCF") as of the date of this report to fund continuing investment in capital equipment, acquisitions and working capital. The Group continues to pursue acquisition targets and to explore opportunities in new geographies on a selective basis.

As a result, the directors believe that the Group is well positioned to enhance its position as a global leader in the supply of critical rental, infrastructure and support services to a number of end-markets including the energy, mining, infrastructure, power, environmental and renewable energy industries and to continue to remain a strong and robust platform ideally positioned to capitalise on market conditions.

Strategic Report (continued)

Future developments (continued)

The Group is focussed on continuing to build a highly integrated business that combines the Group's global strengths with a strong local presence to become more globally recognised, but also more locally relevant across all its markets.

Key performance indicators (KPIs)

The directors consider the following as key performance indicators (KPIs).

	2020	2019
Revenue (*) (\$000)	294,625	458,017
Gross margin (*) (%)	24%	24%
Adjusted EBITDA (\$000)	47,072	62,159
Adjusted EBIT (\$000)	81	19,619
Adjusted PAT (\$000)	(10,605)	13,977
Unlevered Free cash flow (\$000)	47,951	51,354
Net debt (\$000)	134,299	158,871

*Pre-exceptional and adjusting items

- Adjusted EBITDA is defined as Earnings before IFRS 16, Interest, Other gains and losses, Tax, Depreciation, Amortisation and Exceptional and Adjusting Items.
- Adjusted EBIT is defined as Adjusted EBITDA after Depreciation of property, plant and equipment and Amortisation of intangible assets.
- Unlevered Free Cash Flow is defined as Adjusted EBITDA plus or minus operating cashflow movements, plus or minus working capital movements, minus capital expenditures plus disposal proceeds.
- Adjusted PAT is defined as Profit after Tax before Exceptional and Adjusting Items.
- Net Debt is defined as Gross Debt (excluding Exchangeable Shares and Unamortised Issue Costs) less Cash.

These KPIs are monitored and tracked to budget and reviewed monthly. These measures are influenced by external factors such as global economic activity and commodity prices (energy and minerals).

Principal risks and uncertainties

Principal risks and uncertainties faced by the Group include geographical, political, fiscal, operational, commodity price volatility and financial risks. The Group's compliance framework, policies and management processes seek to mitigate adverse effects of these on the performance of the Group.

COVID-19 Virus

The COVID-19 pandemic presents a challenge to all businesses including the Group. In addition to the health risks posed to our employees and the employees of our customers and suppliers, the consequences of COVID-19 include, but are not limited to: demand for the Group's products and services, supply and manufacturing disruptions, workforce restrictions and global travel restrictions.

The Group is a global business with locations in a number of jurisdictions. The health and safety of our employees is our priority and we are following government and regional guidelines closely in the locations in which we operate. This advice has included migrating all non-critical office-based workforce globally to work from home, wherever possible, leveraged off the Group's investment in IT services. The Group has put in place effective social distancing measures across all key operational bases to ensure key employees can operate and work effectively. The Group and its customer base have worked collaboratively to be able to continue to provide its essential services, in a safe manner, whilst ensuring it protects the health and well-being of its own and its customers employees, suppliers and assets.

The COVID-19 pandemic and lower global economic activity levels have had an adverse impact on the Group's customers in 2020. Management have taken proactive steps to systematically reduce the direct and indirect cost base to mitigate reduced revenues and have focussed on cash generation through active working capital management.

Strategic Report (continued)

Principal risks and uncertainties (continued)

COVID-19 Virus (continued)

The Group is confident that the measures already taken and it will continue to take, together with its financial strength, including cash and cash reserves of \$17.2m, and the ability to draw down a further \$128.5m of debt funding under the existing Revolving Credit Facility, as of the date of this report, provide a solid foundation for the future success of the Group.

Geographical, political and fiscal risks

As a global business operating in a number of international locations, the Group has regard to the countries in which it does business. In conducting its business in a country, the Group considers the country in which business is proposed; the customers, agents and/or other prospective business partners who would be involved; and assesses this information against the legal, compliance and ethical framework within which it seeks to conduct business. The Group also considers each of these countries' fiscal regimes, enabling assessment of the anticipated effects of taxes on the overall tax burden borne by the Group.

The Group generates approximately 2% of its revenues from the EU, excluding the UK, and as such does not believe that the UK's departure from the EU has had a material impact on the Group's performance.

Operational risks

The nature of the Group's activities gives rise to a variety of operational risks:

- Health, safety & welfare risks arise from the nature of the services provided and the locations in which these are undertaken. The welfare of personnel is paramount and careful research is undertaken before individuals are deployed to locations, including assessing the level of support that customers will provide. The Group has an uncompromising commitment to health, safety and welfare.
- Operational contracting risks arise from the nature of agreements with some customers, including lump sum or fixed price agreements. In addition, where customers request work at short notice, the timing and quantum of work over the life of such contracts is difficult to predict and can provide operational challenges. In some geographies, the Group operates in harsh environments and contract outcomes can be adversely affected by extreme weather conditions.
- Acquisition risks arise from the strategy involving the undertaking of business combinations. The Group's policy is to conduct an appropriate level of due diligence on any business purchase to assist in mitigating the risks that such purchases may bring.

Commodity price volatility

Reduction in the price of energy impacts the willingness of companies to invest, which in turn impacts the level of activity by our customers and potential customers. Energy prices are primarily determined by supply, demand, government regulations relating to oil and natural gas production and processing, and international political events, none of which can be accurately predicted. The Group's geographic and segmental diversification provides a level of risk mitigation to commodity price volatility.

All of the above-mentioned risk factors should be considered in connection with any forward-looking statements in these financial statements.

The Group's financial risks are discussed in the Directors' Report on page 10.

Strategic Report (continued)

Going concern

At the date of this report the Group has cash and cash reserves of \$17.2m, and the ability to draw down a further \$128.5m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. In November 2020 the Group extended its existing bank facilities to 31 December 2022. Having assessed the financial position and trading prospects for the Group, including possible downside scenarios as a result of COVID -19, through the going concern period, the directors have developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in their preparation of the annual financial statements.

Events after the balance sheet date

As noted above, included within the exceptional and adjusting items are estimated losses of \$0.8m arising from two large lump sum underground pipeline contracts reported within the Infrastructure Segment. Commercial negotiations to recover contract variations have been concluded with the same client on two of these contracts in March 2021 with \$12.8m of contract variations and holdbacks recovered in April 2021. The recognised loss of \$0.8m at 31 December 2020 (and \$20.6m at 31 December 2019) reflects the estimated loss on these contracts and excludes the contract variations recovered in 2021.

On 26 May 2021 the Group signed a Share Purchase Agreement with the shareholders of an acquisition target ("the Transaction"). The completion of the Transaction is dependent on a number of conditions which include regulatory approvals and other actions to be fulfilled by the target's shareholders. Control of the acquisition target will only transfer to the Group on successful completion of these conditions.

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

The directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, to be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year.

This includes considering the interests of our customers, suppliers, and employees, maintaining high standards of business ethics and conduct and considering the Group's impact on local communities and the environment.

Employees

The Group's employees are a key component and asset of the business.

All our employees are encouraged to take an active role in health, safety and environmental issues and in maintaining and continually developing excellence in service delivery. In addition to actively promoting safety and operational best practice, regular safety notices are distributed to all employees. In addition, group meetings are held, and specific notices circulated to all relevant personnel in order to achieve a common awareness of all employees in relation to strategy of the Group and the relevant financial and economic factors that affect the performance of the Group.

The Group has established an employee intranet, Centurion Connect, to further improve the dissemination of information and encourage greater collaboration across its workforce.

Business relationships

The Group works closely to manage the important relationships it has with its customers, regularly engaging with them, and delivering high quality services to high standards of safety and reliability to consistently meet their requirements. The Group also works closely with its suppliers to ensure that they embrace standards of ethical behaviour that are consistent with our own. The Group works with suppliers and their supply chains to provide fully compliant, cost-effective goods, services and solutions.

Strategic Report (continued)

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

Impact on community and environment

The Group continues to be committed to operating its business in an environmentally responsible way, and environmental sustainability constitutes a key part of the Group's vision. This is centred on the following:

- *making Centurion greener:* through reducing, reusing and recycling waste, water and power usage in our operations.
- *helping our customers become greener:* helping our customers on their decarbonisation journey to zero emissions by providing more environmental solutions.
- *strengthen community relationships:* our goal is to build trust and respect whilst providing sustainability and economic opportunities in the communications in which we operate.

The Group is in the process of collating and measuring environmental data in relation to its business activities in order to meet the Streamlined Energy and Carbon Regulations (SECR) reporting requirements, where practical this information will be presented in future periods.

Reputations for high standards of business conduct

Responsible business conduct is fundamental to the long term-success of the Group. Centurion is committed to the highest standards of business ethics and corporate social responsibility toward the Group's clients, staff, suppliers and the communities in which it operates. The Group's Business Ethics and Conduct Policy and Anti Bribery and Corruption Policy sets out the standards and behaviours expected of all employees, contractors, and consultants, and details the guidance and support that the Group provides to help meet the high standards of business conduct, legally and ethically, that we expect.

Approved by the Board and signed on its behalf by:



E Leask
Director
31 May 2021

Directors' Report

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

Information on the principal activities, review of business, future developments, going concern, principal risks and uncertainties and events after the balance sheet date is included in the Strategic Report on pages 3 to 9.

Directors

The directors who served during the year and to the date of the approval of the financial statements are:

Mr E Leask
Mr M Raper

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 provisions also cover the directors in their roles as directors of subsidiary entities.

Charitable and political donations

During the year the Group made charitable donations of \$16k (2019: \$4k). There were no political donations during the current or prior year.

Research and development expenditure

During the year, the Group incurred \$96k (2019: \$27k) in research and development expenditure in respect of subsea engineering activities.

Dividends

No dividends were declared during the year (2019: nil).

Financial risk management policies and objectives

The Group's activities expose it to a number of financial risks including currency risk, credit risk, liquidity risk and interest rate risk. The Group does not use derivative financial instruments for speculative purposes:

Currency risk

The Group's activities primarily expose it to the movement of the British Pound ("GBP"), Canadian Dollar ("CAD"), Australian Dollar ("AUD") and Singapore Dollar ("SGD"). The Group seeks to naturally hedge such exposures and it only considers forward or fixed exchange rate contracts where it is deemed appropriate.

Credit risk

The Group's principal financial assets are trade and other receivables and cash and bank balances. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The credit risk on trade and other receivables is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods. The credit risk on liquid funds is considered limited with the counterparties being with banks with recognised credit ratings assigned by international credit rating agencies.

Liquidity risk

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long term and short-term finance.

Directors' Report (continued)

Financial risk management policies and objectives (continued)

Interest rate risk

The Group borrows in desired currencies at floating rates of interest, with consideration being given to fixed rate arrangements as considered appropriate. At 31 December 2020, no interest rate swap instruments were in place.

Disabled employees

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

Employee consultation

The Group places considerable value on the involvement of its employees and has sought to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the Group. This is currently achieved through formal and informal means, including staff meetings, notice boards, bulletins and the use of email.

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte have expressed their willingness to be reappointed and appropriate arrangements are being made in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



E Leask
Director

31 May 2021

Directors' Responsibilities Statement

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 are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and have chosen to prepare the financial statements of Centurion 3 Limited ('the Company') in accordance with Financial Reporting Standard 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 year.

In preparing the group and company financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

to the members of Centurion 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Centurion 3 Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statement of cash flows; and
- the notes to the consolidated financial statements 1 to 30

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group and the parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report (continued)

to the members of Centurion 3 Limited

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 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.

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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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 group's industry and its control environment and reviewed the group'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 frameworks that the group 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 the UK Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions that the group operates.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included regulations in the countries in which the group operates and anti-bribery and corruption legislation.

Independent Auditor's Report (continued)

to the members of Centurion 3 Limited

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

We discussed among the audit engagement team including relevant internal specialists such as valuations 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 value in use of the group's cash generating units. To address the fraud risks we:

- engaged an internal valuation specialist to evaluate and benchmark the discount rate;
- performed tests over the assumptions supporting the projected trading and capital expenditure cash flows;
- assessed the consistency of judgments made in developing the value-in-use; and
- performed a retrospective review of judgments made in the prior year.

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;
- 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.

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 has been prepared in accordance with applicable legal requirements.

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

We have nothing to report in respect of these matters.

Independent Auditor's Report

to the members of Centurion 3 Limited

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.



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

Consolidated Income Statement

For the year ended 31 December 2020

		2020	2019				
		Before	Exceptional		Before	Exceptional	
		exceptional	and		exceptional	and	
		and adjusting	adjusting		and adjusting	adjusting	
		items	items		items	items	
		\$000	(Note 6)	Total	\$000	(Note 6)	Total
Notes		\$000	\$000	\$000	\$000	\$000	\$000
Revenue	4	294,625	365	294,990	458,017	43,674	501,691
Cost of sales		(224,971)	(1,157)	(226,128)	(346,246)	(64,306)	(410,552)
Gross profit/(loss)		69,654	(792)	68,862	111,771	(20,632)	91,139
Administrative expenses		(68,011)	(24,123)	(92,134)	(90,975)	(3,374)	(94,349)
Profit/(loss) from operating activities		1,643	(24,915)	(23,272)	20,796	(24,006)	(3,210)
Finance income	7	160	-	160	27	-	27
Finance expense	7	(11,752)	-	(11,752)	(12,542)	-	(12,542)
Other gains and losses	8	(137)	-	(137)	627	-	627
(Loss)/profit before tax		(10,086)	(24,915)	(35,001)	8,908	(24,006)	(15,098)
Income tax	10	(519)	707	188	5,069	1,372	6,441
(Loss)/profit for the year	5	(10,605)	(24,208)	(34,813)	13,977	(22,634)	(8,657)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 \$000	2019 \$000
Loss for the year	(34,813)	(8,657)
Other comprehensive gains		
<i>Items that may be reclassified subsequently to the income statement in subsequent periods:</i>		
Foreign currency gain on translation of foreign operations	4,823	4,031
Total comprehensive loss for the year	(29,990)	(4,626)

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 \$000	2019 \$000
NON-CURRENT ASSETS			
Goodwill	11	103,770	120,482
Other intangible assets	12	17,122	25,288
Deferred tax assets	10	5,595	8,675
Property, plant and equipment	14	167,135	184,386
Right-of-use asset	15	39,223	39,802
Total non-current assets		332,845	378,633
CURRENT ASSETS			
Inventories	16	14,358	19,652
Trade and other receivables	17	91,974	123,818
Amounts due from parent company	26	1,015	-
Current tax assets		233	1,705
Cash and bank balances		6,995	27,912
Total current assets		114,575	173,087
TOTAL ASSETS		447,420	551,720
EQUITY			
Share capital	18	263,112	263,112
Other equity reserves	18	(19,122)	(25,587)
Merger reserve	18	94,775	94,775
Accumulated losses	18	(155,455)	(120,642)
TOTAL EQUITY		183,310	211,658
NON-CURRENT LIABILITIES			
Borrowings	19	88,426	110,242
Lease liabilities	15	36,770	38,630
Provisions	21	858	770
Deferred tax liabilities	10	8,822	15,020
Total non-current liabilities		134,876	164,662
CURRENT LIABILITIES			
Trade and other payables	22	46,822	69,822
Amounts due to parent company	26	-	96
Current tax liabilities		714	422
Borrowings	19	73,712	98,567
Lease liabilities	15	7,986	6,493
Total current liabilities		129,234	175,400
TOTAL LIABILITIES		264,110	340,062
TOTAL EQUITY AND LIABILITIES		447,420	551,720

The financial statements of Centurion 3 Limited, registered number SC583752, were approved on 31 May 2021 by the Board of Directors and signed on its behalf by:



E Leask
Director

Company Statement of Financial Position

As at 31 December 2020

	Notes	2020 \$000	2019 \$000
NON-CURRENT ASSETS			
Investment in subsidiaries	13	263,112	263,112
Total non-current assets		263,112	263,112
CURRENT ASSETS			
Trade and other receivables	17	493	318
Cash and bank balances		4	64
Total current assets		497	382
TOTAL ASSETS		263,609	263,494
EQUITY			
Share capital	18	263,112	263,112
Accumulated losses	18	(2,546)	(2,454)
TOTAL EQUITY		260,566	260,658
CURRENT LIABILITIES			
Trade and other payables	22	54	270
Amounts due to subsidiaries	26	2,989	2,566
Total current liabilities		3,043	2,836
TOTAL LIABILITIES		3,043	2,836
TOTAL EQUITY AND LIABILITIES		263,609	263,494

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The Company's loss for the year was \$92k (2019: \$807k).

The financial statements of Centurion 3 Limited registered number SC583752 were approved on 31 May 2021 by the Board of Directors and signed on its behalf by:



E Leask
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital \$000	Other equity reserves \$000	Merger reserve \$000	Accumulated losses \$000	Total \$000
Balance at 1 January 2019	252,640	(30,129)	94,775	(111,985)	205,301
Loss for the year	-	-	-	(8,657)	(8,657)
Foreign exchange gain on translation of foreign operations	-	4,031	-	-	4,031
Total comprehensive income/(loss) for the year	-	4,031	-	(8,657)	(4,626)
Issuance of share capital	10,472	-	-	-	10,472
Share based payments	-	511	-	-	511
Balance at 31 December 2019	263,112	(25,587)	94,775	(120,642)	211,658
Loss for the year	-	-	-	(34,813)	(34,813)
Foreign exchange gain on translation of foreign operations	-	4,823	-	-	4,823
Total comprehensive income/(loss) for the year	-	4,823	-	(34,813)	(29,990)
Share based payments	-	1,642	-	-	1,642
Balance at 31 December 2020	263,112	(19,122)	94,775	(155,455)	183,310

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital \$000	Accumulated losses \$000	Total \$000
Balance at 1 January 2019	252,640	(1,647)	250,993
Loss for the year	-	(807)	(807)
Total comprehensive loss for the year	-	(807)	(807)
Issuance of share capital	10,472	-	10,472
Balance at 31 December 2019	263,112	(2,454)	260,658
Loss for the year	-	(92)	(92)
Total comprehensive loss for the year	-	(92)	(92)
Balance at 31 December 2020	263,112	(2,546)	260,566

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 \$000	2019 \$000
Cash generated from operations	28	60,504	63,669
Tax refunded/(paid)		(981)	68
Finance costs paid		(9,760)	(9,154)
Net cash generated from operating activities		49,763	54,583
Cash flows from investing activities			
Payments to acquire plant, property and equipment	14	(23,791)	(24,861)
Acquisition of subsidiary investments		-	(25,274)
Receipts from disposal of property, plant and equipment	28	11,238	12,546
Interest received	7	160	27
Net cash used in investing activities		(12,393)	(37,562)
Cash flows from financing activities			
Proceeds from borrowings		110,346	65,102
Repayment of borrowings		(156,447)	(53,787)
Payment of debt issue costs		(2,999)	(1,521)
Payment of lease liabilities		(9,187)	(9,709)
Net cash (used in)/ generated from financing activities		(58,287)	85
Net (decrease)/increase in cash and cash equivalents		(20,917)	17,106
Opening cash and cash equivalents		27,912	10,806
Closing cash and cash equivalents		6,995	27,912

Company Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 \$000	2019 \$000
Cash generated from operating activities	28	(60)	64
Net increase in cash and cash equivalents		(60)	64
Opening cash and cash equivalents		64	-
Closing cash and cash equivalents		4	64

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. General information

The Consolidated Financial Statements of Centurion 3 Limited and its subsidiary undertakings (collectively referred to as "the Group") were approved by the Board and authorised for issue on 31 May 2021.

Centurion 3 Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland and is a wholly owned subsidiary of Centurion Group Limited ("the Parent"), a company registered in the Cayman Islands. The address of the Company's registered office is disclosed on page 2.

The principal activities of the Company are described in the Strategic Report on page 3.

Further information about the Group structure is provided in Note 25 and related party transactions are outlined in Note 26.

2. Significant accounting policies

2.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Consolidated Financial Statements have been prepared on a historical cost basis.

The principal accounting policies are set out below. Other than as discussed at Note 2.3 below the principal accounting policies have been applied consistently for all years presented in these Consolidated Financial Statements.

The financial statements are presented in United States Dollars (\$), which is the Group's presentational currency. The Company's functional currency is United States Dollars (\$), while the subsidiaries' functional currencies vary dependent on the currency in which they generate and spend their cash flows and largely reflect the respective geographic locations of the subsidiaries. Note 2.9 sets out the accounting policy for translation from functional to presentation currency.

Subsidiary audit exemption

Centurion 3 Limited has issued parental company guarantees under s479C of the Companies Act 2006. As a result, for the year ended 31 December 2020, the following subsidiaries of the Group were entitled to exemption from audit under s479A of the Companies Act 2006:

- Centurion 1 Limited (SC540138)
- Centurion 2 Limited (SC540315)
- Centurion 4 Limited (SC657607)
- Centurion Group Holdings Limited (SC435504)
- ATR Overseas Limited (SC317260)
- STH Holdings Limited (SC506774)
- 123456 Aberdeen Limited (SC153427)
- ATR Holdings Limited (SC305588)
- Osprey3 Limited (SC205751)
- Abenco Limited (SC253370)

2.2 Going concern

At the date of this report the Group has cash and cash reserves of \$17.2m, and the ability to draw down a further \$128.5m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. In November 2020 the Group extended its existing bank facilities to 31 December 2022. Having assessed the financial position and trading prospects for the Group, including possible downside scenarios as a result of COVID -19, through the going concern period, the directors have developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in their preparation of the annual financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.3 Adoption of new and revised standards

2.3.1 New and revised standards adopted in the period

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met.

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures. The Group has benefited from:-

- Reductions of lease payments in certain geomarkets. The waiver of lease payments has been accounted for as a negative variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of IFRS 9:3.3.1.
- Lease payment holidays ranging 3 to 6 months. The payment holiday reduces payments in the period to and extends the lease end date. There has been no adjustments to the lease liability arising from the lease payment holidays. The Group continued to recognise interest expense on the lease liability.

No other new and amended accounting standards effective in the current year have had an impact on the Group.

2.3.2 New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2.4 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the financial year ended 31 December 2020. Acquisition accounting has been adopted unless otherwise indicated.

The Company reassesses at least annually whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed below.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transitions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration payable or receivable is recognised directly in equity and attributed to the owners of the Company.

2.5 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method, unless under common control. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.5 Business combinations (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete at the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Where it is probable that deferred consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Changes in the estimated liability in respect of acquisitions completed before 31 December 2019 are reflected in the income statement.

2.6 Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.7 Revenue recognition

The Group recognises revenue from the following major sources:

- Hire of equipment and personnel;
- Labour and inspection;
- Sale of equipment; and
- Infrastructure construction services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer and if the following conditions are met:

- 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.

2.7.1 Revenue from hire of equipment and personnel

Revenue in respect of tool rental and associated personnel is recognised over the period which the rentals occur at the rates contracted with customers.

2.7.2 Revenue from labour and inspection

Revenue in respect of labour and inspection contracts is recognised over the period which the service is performed at the rates contracted with customers.

2.7.3 Revenue from sale of equipment

Revenue from the sale of equipment is recognised at a point in time when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the equipment;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the equipment sold.

2.7.4 Revenue from infrastructure and construction contracts

Revenue from infrastructure and construction contracts is recognised when the services are performed. Revenue from fixed price infrastructure projects and construction contracts is determined on the percentage of completion basis against individual performance obligations. Percentage complete is estimated based on the costs incurred to date and the forecast cost to completion of that performance obligation. Fixed price contract revenues are adjusted to reflect change orders that are highly probable. Where projects are forecast to incur a loss on completion, the full estimated loss is recognised immediately in the income statement when identified.

2.8 Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred, unless they are directly attributable to qualifying assets in which case they are capitalised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.9 Foreign currencies

2.9.1 Functional and presentation currency

For the purpose of the Consolidated financial statements, the results and the Group's financial position are expressed in US Dollars ("USD"). The individual financial statements of each of the subsidiaries are prepared using the currency of the primary economic environment in which the entity operates (its functional currency). The functional currencies are United States Dollar, Canadian Dollar ("CAD"), Australian Dollar ("AUD"), Singapore Dollar ("SGD") and UK Sterling ("GBP") for the subsidiaries located in the United States of America, Canada, Australia, Singapore and the United Kingdom respectively.

At 31 December 2020, the exchange rates of the functional currencies used throughout the Group, compared to the US Dollar, were as follows:

CAD	1.2732
AUD	1.2920
SGD	1.3214
GBP	0.7327

2.9.2 Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.9.3 Group companies

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2.10 Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to contributions.

2.11 Taxation

2.11.1 Current tax

Current tax payable or receivable is based on taxable result for the year. Taxable profit or loss differs from the result as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.11 Taxation (continued)

2.11.2 Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.11.3 Current and deferred tax

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the income statement, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

2.12 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Leasehold land and buildings	lower of 25 years or lease period
Hire fleet	1 to 15 years
Equipment	3 to 8 years

Assets under construction are capitalised as costs are incurred. Once complete the assets are transferred to the appropriate asset category and depreciated when ready for use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.13 Right of use asset

The right of use assets comprise the initial measurement of the corresponding lease liability (see note 2.15), lease payments made at or before the commencement day, any initial direct costs and any costs associated with returning the asset to a standard specified in the lease. They are subsequently measured at cost less accumulated depreciation and impairment.

Whenever the Group 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. 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 Group 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 Group applies IAS 36 Impairment of Assets to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in Note 2.16.

Variable rents that do not depend on an index or rate are not included in the measurement 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 the line "other expenses" in the statement of profit or loss.

2.14 Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

Customer relationships	5 to 10 years
Trade names	5 years
Other intangible assets	1 to 5 years

2.15 Leases

2.15.1 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements 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 (defined as a lease with total payments less than \$5,000). For these leases, the Group 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 asset 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 using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined by reference to the risk free interest rate as adjusted by the Group's external borrowing rate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.15 Leases (continued)

2.15.1 The Group as lessee (continued)

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- 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.

The Group 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 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 the initial 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); or
- 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 by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the year presented.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group 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 right-of-use assets are presented as a separate line in the consolidated statement of financial position.

2.15.2 The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.15 Leases (continued)

2.15.2 The Group as lessor (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

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

2.16 Impairment

2.16.1 Tangible and intangible assets (other than goodwill)

During each reporting period the carrying amounts of tangible and intangible assets (other than goodwill) are reviewed to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2.16.2 Goodwill

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit. Cash-generating units to which goodwill is allocated are tested for impairment at least annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.16.3 Recoverable amount

Recoverable amount is the higher of fair value less costs to dispose 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.16.4 Subsequent reversal of impairment

Where an impairment loss for tangible or intangible assets subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.17 Inventory

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated for each category of inventories using the weighted average method (consumables, raw materials and finished goods) or the First in First Out (FIFO) method (gravel). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the 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 present value of the expenditures required to settle the obligation using a pre-tax rate that reflects the current assessment of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2.19 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group 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.

2.19.1 Financial assets

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:

- 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 nature of the Group's financial assets is such that they largely meet the above conditions and therefore are subsequently measured at amortised cost.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.19 Financial instruments (continued)

2.19.1 Financial assets (continued)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 7).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL"). 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 Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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 Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.19 Financial instruments (continued)

2.19.1 Financial assets (continued)

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.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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.

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

- 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; or
- 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.

The Group 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.

Definition of default

The Group 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 financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group 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. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.19 Financial instruments (continued)

2.19.1 Financial Assets (continued)

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 guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Group 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 Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.20 Financial liabilities and equity

2.20.1 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.

2.20.2 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 Group 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.

2.20.3 Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

2.20.4 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 8) in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.20 Financial liabilities and equity (continued)

2.20.4 Financial liabilities at FVTPL (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

2.20.5 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.

2.20.6 Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

2.20.7 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 (note 8) 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.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

2.20.8 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group'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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.20 Financial liabilities and equity (continued)

2.20.8 Derecognition of financial liabilities (continued)

When the Group 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 Group 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: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

2.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less and bank overdrafts where there is a right of set-off.

2.22 Share based payments

The Company's parent company has granted rights to its equity instruments to certain employees of the Group. Such arrangements are accounted for as equity-settled share-based payment arrangements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

2.23 Exceptional and adjusting items

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

3. Key sources of estimation uncertainty and critical judgments

In the application of the accounting policies, outlined in note 2, 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.

3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements.

3.1.1 Lumpsum contracts revenue recognition

The Group has a number of fixed price projects that are accounted for in accordance with IFRS 15. These projects require identification of performance obligations and associated stage of completion. Identification of performance obligations is judgemental and requires identification of distinct deliverables under the customer contract. The deliverable is defined as distinct if the customer can benefit from use of it on its own or with other resources that are readily available to them and it is separately identifiable from other deliverables in the contract.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

3. Key sources of estimation uncertainty and critical judgments (continued)

3.1 Critical judgements in applying the Group's accounting policies (continued)

3.1.1 Lumpsum contracts revenue recognition (continued)

Estimating the stage of completion and final outcome for the performance obligations requires estimation of contract revenues and contract costs that depend on the outcome of future events. Uncertainties include the estimation of forecast costs to complete the contract, timing and recoverability of unagreed income from variations to the contract scope and claims. Estimates are updated regularly and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue income from scope variations and claims and projected costs to complete.

3.1.2 Classification of exceptional and adjusting items

Exceptional items are items which individually, or of a similar type in aggregate, by virtue of their size are considered to require separate disclosure to assist a reader's understanding of the financial statements. Adjusting items are items that are identified to be out with the ordinary trading activities of the Group and require separate disclosure from the Group's ordinary trading performance (Note 6). The identification of items as exceptional and adjusting involves management judgement.

3.2 Key sources of estimation uncertainty

The following are key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Impairment of goodwill and other intangible assets

Assessment of the recoverability of the carrying value of goodwill and other intangible assets attributable to each CGU requires of an estimation of the value in use. The value in use calculation requires Management to estimate the future cash flows expected to arise from each CGU and apply a suitable discount rate in order to calculate present value.

As a result of a reduction in the medium term trading outlook due to the COVID-19 pandemic a goodwill impairment charge of \$17,760k (2019: nil) has been recognised, of which \$16,433k related to the Group's USL Accommodation business unit and \$1,327k related to the RoW Drilling, Completion, Production business unit. At 31 December 2020 the carrying amount of goodwill is \$103,770k (2019: \$120,482k).

The cash flow projections for each CGU are identified as a key sources of estimation uncertainty. A sensitivity analysis has been performed allowing for a possible change in the projected cashflows. Refer to Note 11 for further details.

An additional impairment charge of \$2,006k was recognised against other intangible assets. This related to a reduction in the expected fair value of customer relationships within the RoW Drilling, Completion, Production business unit due to a lower medium-term trading outlook in this specific business units as a result of the COVID-19 pandemic.

3.2.2 Impairment of property, plant and equipment

Determining whether property, plant and equipment is impaired assessment for indicators of impairment and if required, estimation of the recoverable amount which is the higher of value in use or realisable value. In assessing whether there are indicators of impairment, management consider activity levels, including utilisation of fixed assets, and the net cash flows generated

No impairment charge or reversal of previous impairment has been recognised in 2020 (2019: nil) and the carrying amount of property, plant and equipment at 31 December 2020 is \$167,135k (2019: \$184,386k) per Note 14.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

4. Revenue

Analysis by category

	Group	
	2020	2019
	\$000	\$000
Hire of equipment and personnel	149,824	194,242
Labour and inspection	14,365	28,034
Sale of equipment	29,883	34,973
Infrastructure/construction services	95,403	236,895
Other	5,515	7,547
	294,990	501,691

Analysis by geographical location

	Group	
	2020	2019
	\$000	\$000
United States of America	108,871	163,077
Canada	111,065	258,936
Europe	43,398	53,041
Asia Pacific	23,379	23,214
Rest of World	8,277	3,423
	294,990	501,691

Analysis by operating segment

	Group	
	2020	2019
	\$000	\$000
AMS	58,507	98,320
DCP	145,113	173,811
INF	91,370	229,560
	294,990	501,691

Timing of revenue recognition

	Group	
	2020	2019
	\$000	\$000
At a point in time	191,483	261,571
Transferred over time	103,507	240,120
	294,990	501,691

Included within the infrastructure services segment in the Canadian geographical location and INF operating segment is revenue transferred over time is \$365k (2019: \$43,674k) identified as exceptional and adjusting. The revenue relates to loss making large lump sum underground pipeline contracts and is identified as exceptional due to size and nature. Refer to note 6 for further details.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

5. Loss for the year

Loss for the year is stated after charging/(crediting):

		Group	
		2020	2019
	Notes	\$000	\$000
Employee benefits expense	9	88,462	160,023
Amortisation of intangible assets	12	6,479	7,810
Depreciation of property, plant and equipment	14	40,512	34,730
Depreciation of right-of-use assets	15	9,295	8,316
Short term and low value leases		207	148
Government grant for the purpose of immediate financial support		(7,477)	-
Inventory recognised as an expense		8,252	19,614
Loss allowance on trade and other receivables	17	602	149
Gain on disposal of property, plant and equipment	28	(3,700)	(5,063)
Gain on derecognition of lease liabilities and right-of-use assets		(79)	-
Research and development expense		96	28

In 2020, government grants of \$7,477k were received as part of a various government initiatives to provide immediate financial support as a result of the Covid-19 pandemic. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

The loss for the year includes \$24,208k (2019: \$22,634k) of exceptional and adjusting items (note 6).

Adjusted EBITDA as discussed in the Strategic Report is a non-GAAP measure which is determined as follows:

		Group	
		2020	2019
	Notes	\$000	\$000
Loss from operating activities		(23,272)	(3,210)
Adjustments for:			
Amortisation of other intangible assets	12	6,479	7,810
Depreciation of property, plant and equipment	14	40,512	34,730
Depreciation of right-of-use assets	15	9,295	8,316
Lease liability payments	15	(10,778)	(9,493)
Gain on derecognition of lease liabilities and right-of-use assets		(79)	-
Exceptional and adjusting items (pre-tax)	6	24,915	24,006
Adjusted EBITDA		47,072	62,159

The analysis of the auditor's remuneration is as follows:

	2020	2019
	\$000	\$000
Fees payable to the Company's auditor for the audit of the Company's financial statements	87	87
Fees payable to the Company's auditor for other services to the Group		
- The audit of the Company's subsidiaries	453	391
Total audit fees	540	478
- Taxation compliance services	142	140
- Other taxation advisory services	446	399
- Other services	112	112
Total non-audit fees	700	651
Total remuneration	1,240	1,129

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

6. Exceptional and adjusting items

Exceptional and adjusting items have been identified in line with Group accounting policy as follows:

	Group	
	2020	2019
	\$000	\$000
Acquisition related expenses	597	1,367
Early settlement discount	484	-
Impairment of goodwill (note 11)	17,760	-
Impairment of other intangible assets (note 12)	2,006	-
Severance costs	1,817	-
Estimated losses on large lump sum underground pipeline contracts	792	20,632
Share based payments	965	676
Contractual and employee dispute	494	-
Group restructuring costs	-	314
Transaction costs	-	1,017
Total exceptional and adjusting items before tax	24,915	24,006
Income tax	(707)	(1,372)
Exceptional and adjusting items after tax	24,208	22,634

Acquisition related expenses relate to costs associated with investigation of acquisition opportunities. These expenses are identified as exceptional and adjusting items as they do not relate to the Group's ordinary trading activities.

Early settlement discount relates to a discount agreed with a customer in the Group's USL geomarket whose ability to settle an outstanding balance had been severely impacted by COVID-19. The discount is identified as an exceptional and adjusting item due to the "one-off" nature and the quantum. No other material arrangements of this nature were entered into.

As a result of a reduction in the medium term trading outlook due to the COVID-19 pandemic a goodwill impairment charge of \$17.8m (2019: \$nil) has been recognised, of which \$16.4m related to the Group's USL Accommodation business unit and \$1.4m related to the RoW Drilling, Completion, Production business unit. The impairment of \$17.8m is considered material and appropriate for separate disclosure.

An additional impairment charge of \$2.0m. was recognised against other intangible assets. This related to a reduction in the expected fair value of customer relationships within the RoW Drilling, Completion, Production business unit due to a lower medium-term trading outlook in this specific business units as a result of the COVID-19 pandemic. The recognised impairment is considered exceptional as it is not in the ordinary course of business.

Severance costs relate to costs incurred towards staff redundancies as a result of Covid-19. The group classifies severance costs as exceptional and adjusting due as they do not relate to ordinary trading activity.

The estimated loss on large lump sum underground pipeline contracts of \$0.8m relates to two contracts reported within the Infrastructure Segment that were contracted in 2018. The Group no longer undertakes large lump sum underground pipeline contracts. Commercial negotiations to recover contract variations have been concluded with the same client on two of these contracts in March 2021 with \$12.8m of contract variations and holdbacks recovered in April 2021. The recognised loss of \$0.8m at 31 December 2020 (and \$20.6m at 31 December 2019) reflects the estimated loss on these contracts and excludes the contract variations recovered in 2021.

Share based payments relate to the current year charge of the parent company share option plan and the cost of restricted shares issued by the parent company to certain members of the executive management team. These expenses are identified as exceptional and adjusting items as they do not relate to ordinary trading activities.

Contractual and employee disputes relate to the expected cost of settling various contractual legal matters. The associated costs are not considered to relate to the ordinary activities of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

6. Exceptional and adjusting items (continued)

Group restructuring costs in 2019 related to professional costs incurred as part of the group combination, rationalising headcount and rebranding. No similar costs have been incurred in 2020.

Transaction costs in 2019 related to the costs associated with advance planning and preparation to be able to contemplate the option of a future public listing if considered desirable. No similar costs have been incurred in 2020.

7. Finance income and expense

	Group	
	2020	2019
	\$000	\$000
Finance income		
Interest on short term bank deposits	(25)	(22)
Other interest	(135)	(5)
Total finance income	(160)	(27)
Finance expense		
Interest on borrowings	9,335	10,437
Interest lease liabilities (note 15)	2,207	1,978
Other interest	210	127
Total finance expense	11,752	12,542
Net finance costs	11,592	12,515

8. Other gains and losses

Other gains and losses comprise the following:

	Group	
	2020	2019
	\$000	\$000
Net foreign currency (losses)/gains	(137)	627
Total other gains and losses	(137)	627

Arising from:

	Group	
	2020	2019
	\$000	\$000
Financial assets and liabilities at amortised cost	(137)	627
Total other gains and losses	(137)	627

9. Employee benefits expense

	Group	
	2020	2019
	\$000	\$000
Wages and salaries, including termination benefits	84,683	151,799
Social security costs	2,920	7,312
Pension costs (note 23)	859	912
	88,462	160,023
Included in:		
Cost of sales	60,706	119,210
Administrative expenses	27,756	40,813
	88,462	160,023

The above is net of government grants of \$7,477k received as part of a various government initiatives to provide immediate financial support as a result of the Covid-19 pandemic.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

9. Employee benefits expense (continued)

The average number of employees (including executive directors) was:

	2020 Number	2019 Number
Operations	819	1,296
Managerial, sales, finance, and administration	318	410
	1,137	1,706

10. Taxation

Tax recognised in the consolidated income statement

	2020 \$000	2019 \$000
Current tax		
Current year	-	-
Adjustments in respect of prior year	350	(1,019)
Foreign tax	2,429	2,023
Total current tax charge	2,779	1,004
Deferred tax		
Current year	(3,408)	(7,144)
Change in tax rates	405	-
Adjustments in respect of previous periods	36	(301)
Total deferred tax credit	(2,967)	(7,445)
Total income tax credit	(188)	(6,441)

UK corporation tax is calculated at 19% (2019: 19%) of the estimated taxable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation of income tax credit

The income tax credit for the year is reconciled to the accounting loss as follows:

	2020 \$000	2019 \$000
Loss before tax	(35,001)	(15,098)
Income tax credit calculated at 19% (2019: 19%)	(6,645)	(2,868)
Expenses not deductible	4,448	680
Movement in un-provided deferred tax	(188)	(3,197)
Withholding taxes and unrelieved overseas taxes	1,636	1,357
Different tax rates of subsidiaries operating in other jurisdictions	193	(1,217)
Adjustments recognised in the current year in respect of prior year tax	386	(1,320)
Effect of changes in tax rates	405	40
Other	(423)	84
Total income tax credit	(188)	(6,441)

Following enactment of 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 deferred tax balances as at 31 December 2020 continue to be measured at 19%.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

10. Taxation (continued)

The provincial government of Alberta (Canada) had enacted legislation to decrease the general corporate income tax rate to 11% (from 12%) on 1 July 2019, with further 1% rate reductions every year, effective 1 January, until the general corporate tax rate reached 8% on 1 January 2022. On 29 July 2020, the Alberta provincial government announced that the corporate tax rate will now reduce to 8%, resulting in a combined federal and province rate of 23% with effect from 1 July 2020. The combined federal and province rate of 24% applies for this accounting period. This rate has been applied in respect of the Canadian deferred tax assets and liabilities.

Deferred tax liabilities

The deferred tax liabilities and assets recognised by the Group and the movement during the current and prior year is as follows:-

	2020 \$000	2019 \$000
Balance at 1 January	6,345	10,496
Credit for the year	(3,372)	(7,445)
- Credit in the year	(3,408)	(7,144)
- Adjustments in respect of prior years	36	(301)
Effect of changes in tax rates	405	-
On acquisition	-	2,947
Foreign exchange	(151)	347
Balance at 31 December	3,227	6,345

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax as presented on the statement of financial position is:

	2020 \$000	2019 \$000
Deferred tax liabilities	8,822	15,020
Deferred tax assets	(5,595)	(8,675)
	3,227	6,345

Arising from:	2020 \$000	2019 \$000
Intangible assets other than goodwill	(2,928)	(1,659)
Property, plant and equipment	23,148	26,755
Other temporary differences	2,517	3,391
Estimated tax losses	(19,510)	(22,142)
Total deferred tax	3,227	6,345

At the balance sheet date, a deferred tax asset arising from losses and other temporary differences, in the UK, of \$28.0m (2019: \$22.2m) has not been recognised as its recoverability is subject to future profitability and is uncertain. The tax losses may be carried forward indefinitely.

No deferred tax liability is recognised on the unremitted earnings of overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

11. Goodwill

	\$000
Balance at 1 January 2019	103,541
Foreign exchange	2,084
On acquisition	14,739
Fair value adjustment on finalisation of provisional values	118
Balance at 31 December 2019	120,482
Foreign exchange	2,394
Fair value adjustment on finalisation of provisional values	(1,346)
Impairment charge for the year	(17,760)
Balance at 31 December 2020	103,770

During the year, provisional amounts relating the acquisitions of G5S Energy Services LLC and Osprey3 Limited in 2019 were adjusted for new information obtained about facts and circumstances that existed as of the acquisition dates. As a result, a fair value adjustment totalling \$1.3m has been recognised in 2020 on finalisation of the provisional values.

Goodwill acquired in a business combination is allocated, on acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The goodwill attached to each CGU is as follows:

Segment	Brand	2020 \$000	2019 \$000
AMS	RoW Conserve Rentals & Services	24,659	23,868
AMS	RoW Tristar Water Solutions	38	35
AMS	USL Accommodation	6,630	23,063
AMS	CRS WTS Rentals	15,746	15,395
DCP	RoW ATR Offshore Holdings	3,273	3,168
DCP	RoW Safety & Technical Hydraulics	1,884	1,823
DCP	RoW Jacks Winches	7,432	6,735
DCP	RoW Rentair	-	1,285
DCP	RoW Seanic	1,024	1,024
DCP	RoW Osprey3	4,159	4,749
DCP	CRS Prospector	1,957	1,913
DCP	CRS Arctic Crane	1,134	1,109
DCP	CRS Tango Delta	1,587	1,552
DCP	USL Production & Downhole	15,510	15,510
DCP	USL Twilight	7,275	7,275
DCP	USL G5S	7,865	8,462
INF	CINF	3,597	3,516
Total goodwill		103,770	120,482

The Group performed an impairment assessment as at 31 December 2020. In considering goodwill, the recoverable amounts of the CGU's are determined from value in use calculations. Key assumptions include forecast trading cash flows, future growth rates and the application of appropriate discount rates. Management estimate the discount rates using pre-tax rates that reflect market assessment of the time value of money and the risks specific to the CGUs.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

11. Goodwill (continued)

Management has prepared cash flow projections for the five years ending 31 December 2025. These projections reflect the latest approved Group full-year forecast for the year ending 31 December 2021 with projections for future years. Assumptions are developed using a combination of external industry outlook reports, management judgement, historical information and analysis. In the period, up to 31 December 2025 annual growth is anticipated as CGU's benefit from an expected market growth, reflecting the cyclical nature of the oil and gas market as oil supply and demand rebalances. EBITDA annual growth rates have been estimated in each CGU in the financial years 2021 to 2025. These annual growth rates are based on industry outlook reports and are specific to each geography and market. Pre-tax discount rates ranging from 13.2% to 13.9% (2019: 10.8% to 12.2%) were applied in determining the value in use of each CGU, the rates vary by geographical market due to specific risks in the respective market.

The annual assessment at 31 December 2020, identified the following impairment which is recognised in the income statement:

	2020	2019
Brand	\$000	\$000
USL Accommodation	16,433	-
RoW Rentair	1,327	-
Total	17,760	-

At 31 December 2020, the estimated recoverable amount, based on value in use, for each of the above CGU's is as follows:

Brand	2020
	\$000
USL Accommodation	50,995
RoW Rentair	19,598

The decrease in the recoverable amounts reflect a reduction in the medium-term trading outlook in these business units as a result of the COVID-19 pandemic.

The impairment charge for the above CGU's has reduced the carrying values to the estimated recoverable amount. Any future adverse change in key assumptions in isolation will result in further impairment. Changes to the following key assumptions would lead to an increase/(decrease) in the impairment charge:

Assumption	Change	USL Accommodation \$000	RoW Rentair \$000
Pre-tax discount	+1%	4,607	1,385
	-1%	(5,492)	(1,639)
Annual cash flow	-10%	5,100	1,960
	+10%	(5,100)	(1,960)

Management concluded that no reasonably possible change in any of the key assumptions would, in isolation, cause the carrying amount of all other Group CGU's to materially exceed its recoverable amount and hence no additional goodwill impairment charge was recognised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

12. Other intangible assets

Group	Customer relationships \$000	Trade names \$000	Other intangibles \$000	Total \$000
Cost				
Balance at 1 January 2019	67,975	4,799	5,534	78,308
Acquisition through business combinations	6,483	384	1,321	8,188
Foreign exchange	1,589	172	84	1,845
Balance at 31 December 2019	76,047	5,355	6,939	88,341
Foreign exchange	1,976	93	88	2,157
Balance at 31 December 2020	78,023	5,448	7,027	90,498
Accumulated amortisation and impairment				
Balance at 1 January 2019	47,357	3,384	3,017	53,758
Charge for the year	6,505	386	919	7,810
Foreign exchange	1,258	140	87	1,485
Balance at 31 December 2019	55,120	3,910	4,023	63,053
Charge for the year	5,306	397	776	6,479
Impairment charge for the year	2,006	-	-	2,006
Foreign exchange	1,675	85	78	1,838
Balance at 31 December 2020	64,107	4,392	4,877	73,376
Net book value				
At 31 December 2020	13,916	1,056	2,150	17,122
At 31 December 2019	20,927	1,445	2,916	25,288

The amortisation charge for the year is included in administrative expenses in the consolidated income statement.

An impairment charge of \$2.0m has been recognised relating to customer relationships within the RoW Drilling, Completion, Production business unit. The impairment charge reflects a reduction to the medium-term trading outlook in these specific business units as a result of the COVID-19 pandemic. The expected future value of these assets has been deemed to be below the fair value less cost of disposal.

13. Fixed asset investments

Company	2020 \$000	2019 \$000
Investment in subsidiaries	263,112	263,112

Holdings of more than 20%

The Company directly holds more than 20% of the issued share capital of the following companies:

Company	Principal activity	Country of Incorporation	Shares held	
			Class	%
Centurion 1 Limited	Intermediate holding company	Scotland	Ordinary	100%
Centurion Group (USA) LLC	Corporate services	USA	Not applicable	100%

The registered address of Centurion 1 Limited is Blackwood House, Union Grove Lane, Aberdeen, Scotland, AB10 6XU.

The registered address of Centurion Group (USA) LLC is Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801, USA.

The list of entities in which the Company holds an indirect interest of more than 20% of the share capital is found at note 25.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

14. Property, plant and equipment Group

	Leasehold land and buildings \$000	Hire fleet \$000	Equipment \$000	Gravel rights \$000	Assets under construction \$000	Total \$000
Cost						
Balance at 1 January 2019	12,878	268,426	98,792	4,753	556	385,405
Acquisition of subsidiary	6	11,604	90	-	-	11,700
Additions	331	16,135	3,097	-	5,298	24,861
Disposals	(817)	(32,503)	(18,239)	(139)	-	(51,698)
Foreign exchange	504	5,230	3,980	212	4	9,930
Balance at 31 December 2019	12,902	268,892	87,720	4,826	5,858	380,198
Additions	142	21,282	2,367	-	-	23,791
Transfer from inventory	-	5,035	-	-	-	5,035
Transfers	-	5,808	-	-	(5,808)	-
Disposals	(156)	(9,888)	(18,342)	-	-	(28,386)
Foreign exchange	335	3,805	1,989	110	6	6,245
Balance at 31 December 2020	13,223	294,934	73,734	4,936	56	386,883
Accumulated depreciation and impairment						
Balance at 1 January 2019	6,612	134,623	56,966	1,260	-	199,461
Charge for the year	985	24,662	8,997	86	-	34,730
Disposals	(470)	(29,089)	(14,656)	-	-	(44,215)
Foreign exchange	303	3,192	2,287	54	-	5,836
Balance at 31 December 2019	7,430	133,388	53,594	1,400	-	195,812
Charge for the year	903	32,003	7,569	37	-	40,512
Disposals	(146)	(7,552)	(13,150)	-	-	(20,848)
Foreign exchange	225	2,468	1,544	35	-	4,271
Balance at 31 December 2020	8,412	160,307	49,557	1,472	-	219,748
Net book value						
At 31 December 2020	4,811	134,627	24,177	3,464	56	167,135
At 31 December 2019	5,472	135,504	34,126	3,426	5,858	184,386

Included in the total net book value of plant and equipment was \$nil assets held under finance lease arrangements (2019: \$79k).

There is a floating charge held over the assets noted above in relation to the Group's borrowings arrangements as detailed in note 19.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

15. Leases Group

Right of use asset	Offices and buildings \$000	Vehicles \$000	Equipment \$000	IT equipment \$000	Total \$000
Cost					
Initial application of IFRS 16	57,793	3,917	2,335	326	64,371
Additions	3,180	6,129	466	410	10,185
Disposals	(4,459)	(2,278)	(171)	(241)	(7,149)
Foreign exchange	1,642	134	51	14	1,841
Balance at 31 December 2019	58,156	7,902	2,681	509	69,248
Additions	3,879	4,552	674	148	9,253
Disposals	(4,085)	(1,259)	(2,113)	(86)	(7,543)
Foreign exchange	1,665	69	2	20	1,756
Balance at 31 December 2020	59,615	11,264	1,244	591	72,714
Accumulated depreciation					
Initial application of IFRS 16	23,175	2,575	1,227	263	27,240
Charge for the year	5,893	1,699	626	98	8,316
Disposals	(4,289)	(2,278)	(171)	(241)	(6,979)
Foreign exchange	754	79	34	2	869
Balance at 31 December 2019	25,533	2,075	1,716	122	29,446
Charge for the year	5,153	3,512	499	131	9,295
Disposals	(3,111)	(1,221)	(1,740)	(86)	(6,158)
Foreign exchange	881	34	(15)	8	908
Balance at 31 December 2020	28,456	4,400	460	175	33,491
Net book value					
At 31 December 2020	31,159	6,864	784	416	39,223
At 31 December 2019	32,623	5,827	965	387	39,802
Lease liabilities					
Initial application of IFRS 16	38,981	1,304	1,168	67	41,520
Additions	3,157	6,092	435	410	10,094
Disposals	(175)	-	-	-	(175)
Interest expense	1,773	137	52	10	1,972
Repayment of lease liability	(7,013)	(1,686)	(685)	(112)	(9,496)
Foreign exchange	1,028	53	17	12	1,110
Balance at 31 December 2019	37,751	5,900	987	387	45,025
Additions	3,890	4,052	674	199	8,735
Disposals	(1,013)	(40)	(411)	-	(1,464)
Interest expense	1,867	292	31	17	2,207
Repayment of lease liability	(6,445)	(3,729)	(469)	(135)	(10,778)
Foreign exchange	966	35	17	13	1,031
Balance at 31 December 2020	37,016	6,510	829	401	44,756

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

15. Leases (continued)

A maturity analysis of the Group's total lease liability is shown below:

	2020	2019
	\$000	\$000
Lease Liabilities		
Current	7,986	6,493
Non-current	36,770	38,630
Total	44,756	45,123

The amounts charged to operating profit/(loss) and amounts charged to finance costs are as follows:

	2020
Depreciation charge for right of use assets	
- Offices and buildings	5,153
- Vehicles	3,512
- Equipment	499
- IT Equipment	131
Short term and low value lease expense	207
Charged to operating profit	9,295
Interest expense related to lease liabilities	2,207
Charge to profit / (loss) before tax	11,502

The short term and low value lease expense of \$207k (2019: \$148k) has been included in the cash flow from operating activities. The Group leases various properties, vehicles and equipment. The majority of the lease liabilities relates to properties with leases generally entered into for fixed periods. Some leases have extension options as described below. Lease terms are negotiated individually and contain a wide range of terms and conditions. The lease arrangements do not impose covenants other than the security interests in the leased assets that are held by the lessor.

The Group recognised a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Groups incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contract in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right of use assets recognised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

16. Inventories

	Group	
	2020	2019
	\$000	\$000
Raw materials	3,496	2,022
Work-in-progress	345	124
Consumables, spares and finished goods	10,517	17,506
	14,358	19,652

The amount expensed in respect of impairment of inventory to net realisable value is \$132k (2019: \$512k).

17. Trade and other receivables

	Company		Group	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Trade receivables	-	-	66,344	93,223
Loss allowance	-	-	(1,542)	(940)
Net trade receivables	-	-	64,802	92,283
Prepayments and accrued income	493	247	18,189	18,554
Amounts recoverable on contracts	-	-	4,529	10,950
Other debtors	-	71	4,454	2,031
	493	318	91,974	123,818

Trade receivables disclosed above are classified as loans and receivables and are measured at amortised cost.

Trade receivables are considered past due when they become older than 30 days or longer in cases where specific credit terms have been agreed. The ageing of those trade receivables past due is as follows:

Ageing of past due but not impaired

	2020	2019
	\$000	\$000
Up to 3 months	25,329	37,451
Over 3 months	2,334	4,905
Total	27,663	42,356
Trade receivables days (countback)	75	75

Further details regarding the credit risk of trade receivables is provided within Note 29.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against all receivables over 365 days past due because historical experience has indicated that recoverability of these receivables is uncertain. No loss allowance is recognised for receivables less than 365 days past due unless there are specific factors indicating the receivables are impaired.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

17. Trade and other receivables (continued)

The movement on the loss allowance is as follows:

	Group	
	2020	2019
	\$000	\$000
At 1 January	940	791
Change in loss allowance due to new trade and other receivables originated net of those recognised due to settlement	602	149
At 31 December	1,542	940

18. Share capital and reserves

Authorised share capital

	2020
	Units
Ordinary Shares of £1 each	1
A Ordinary Shares of \$1 each	263,112,437
	263,112,438

The Ordinary Shares and the A Ordinary Shares rank pari passu.

Other equity reserves

Group	Currency translation reserve \$000	Share-based payments \$000	Total \$000
Balance at 1 January 2020	(26,977)	1,390	(25,587)
Share based payments	-	1,642	1,642
Exchange differences arising on consolidation	4,823	-	4,823
Balance at 31 December 2020	(22,154)	3,032	(19,122)

Currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentational currency are recognised directly in other comprehensive income and accumulated in the currency translation reserve.

Share-based payments

This reserve comprises the IFRS 2 'Share-based payments' charge relating to the Group's equity-settled share-based payments. See note 24 for further details.

Merger reserve

This reserve arose on the reorganisation of the Group in 2017 and 2018 when certain entities held under common control were brought into the Group and the difference between their net assets and the fair value of shares issued was transferred to the merger reserve.

Accumulated losses

This represents accumulated profit and losses for the current and prior years' net of dividends and other permissible transfers under IFRS.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

19. Borrowings

	Group	
	2020	2019
	\$000	\$000
Borrowings		
On demand and due within one year	77,074	100,354
Unamortised issue costs	(3,362)	(1,787)
	73,712	98,567
Between one and two years	89,755	111,964
Between two and five years	-	-
Unamortised issue costs	(1,329)	(1,722)
	88,426	110,242
Total borrowings	162,138	208,809

Borrowings as at 31 December 2020 comprise the following:

	Due within one year	Between one and two years	Between two and five years	Total
	\$000	\$000	\$000	\$000
£38.5m facility A1 bank borrowings	8,986	43,546	-	52,532
\$45.7m facility B1 bank borrowings	7,821	37,903	-	45,724
C\$12.8m facility C1 bank borrowings	1,714	8,306	-	10,020
\$31.7m drawn from the GBP revolving credit facility (RCF A)	31,683	-	-	31,683
C\$1.7m drawn from the CAD revolving credit facility (RCF B)	1,335	-	-	1,335
\$25.5m exchangeable shares	25,535	-	-	25,535
Unamortised issue costs	(3,362)	(1,329)	-	(4,691)
	73,712	88,426	-	162,138

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

19. Borrowings (continued)

Borrowings as at 31 December 2019 comprised the following:

	Due within one year \$000	Between one and two years \$000	Between two and five years \$000	Total \$000
£45.8m facility A1 bank borrowings	7,042	53,521	-	60,563
\$54.5m facility B1 bank borrowings	6,333	48,131	-	54,464
C\$15.2m facility C1 bank borrowings	1,357	10,312	-	11,669
\$22.7m drawn from the GBP revolving credit facility (RCF A)	22,683	-	-	22,683
C\$47.2m drawn from the CAD revolving credit facility (RCF B)	36,252	-	-	36,252
C\$1.5m CAD vendor loan notes	1,152	-	-	1,152
\$25.5m exchangeable shares	25,535	-	-	25,535
Unamortised issue costs	(1,787)	(1,722)	-	(3,509)
	98,567	110,242	-	208,809

The borrowings are denominated in the following currencies:

	2020			Total
	USD \$000	GBP \$000	CAD \$000	\$000
Bank borrowings	45,724	52,532	10,020	108,276
Bank revolving credit facility	31,683	-	1,335	33,018
Exchangeable shares	25,535	-	-	25,535
Unamortised issue costs	(618)	(3,374)	(699)	(4,691)
	102,324	49,158	10,656	162,138

	2019			Total
	USD \$000	GBP \$000	CAD \$000	\$000
Bank borrowings	54,464	60,563	11,669	126,696
Bank revolving credit facility	22,683	-	36,252	58,935
Vendor loan notes	-	-	1,152	1,152
Exchangeable shares	25,535	-	-	25,535
Unamortised issue costs	(357)	(2,774)	(378)	(3,509)
	102,325	57,789	48,695	208,809

On 3 November 2020, the term of the credit facility was extended from 31 December 2021 to 31 December 2022 with the existing consortium of banks comprising, Amegy Bank National Association, ATB Financial, Clydesdale Bank, HSBC plc, Iberia Bank Corporation, Royal Bank of Scotland plc and Wells Fargo Bank NA.

The terms of the bank borrowings at 31 December 2020 are:

- Facility A1 bears interest of three-month LIBOR plus a margin and is scheduled to be repaid in quarterly instalments of:
 - £1.7m commencing March 2021
 - £2.6m commencing March 2022
 - one final instalment of £24.2m in December 2022

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

19. Borrowings (continued)

- Facility B1 bears interest of three-month LIBOR plus a margin and is scheduled to be repaid in quarterly instalments of:
 - \$2.0m commencing March 2021
 - \$3.1m commencing March 2022
 - one final instalment of \$28.7m in December 2022
- Facility C1 bears interest of three-month LIBOR plus a margin and is scheduled to be repaid in quarterly instalments of:
 - CAD\$0.5m commencing March 2021
 - CAD\$0.9m commencing March 2022
 - one final instalment of CAD\$8.0m in December 2022
- \$31.7m has been drawn down from the GBP revolving credit facility (RCF A). The facility bears interest at one-month LIBOR plus a margin. The facility is repayable in December 2022.
- CAD\$1.7m has been drawn down from the Canadian Dollar revolving credit facility (RCF B). The facility bears interest on the Canadian Bank Prime Rate plus a margin. The facility is repayable in December 2022.

The interest margin payable on Facilities A1, B1 and C1 and the revolving credit facilities is based on a sliding scale depending on the leverage ratio and ranges from 2.5% to 4.5%.

Bank borrowings are stated net of unamortised bank loan issue costs which are being amortised over the periods of the loans.

Bank borrowings are subject to customary bank covenants and credit agreement conditions. The Group was in compliance with its bank covenants throughout the year and at year end.

The bank borrowings are secured by a floating charge over the assets of subsidiary entities who are obligors. A cross guarantee is in place between the respective group companies and the lenders.

There are no unsecured CAD loan notes (2019: \$1,152k).

Exchangeable shares were issued to certain former shareholders of SITE and WTS Rentals by the subsidiary company Centurion Group Holdings (Canada) Limited ("CGHCL") as part of the combination on 29 December 2018. Further exchangeable shares were issued to certain former shareholders of Tango Delta as part of the acquisition on 11 February 2019. These shares do not earn a fixed dividend and can only be redeemed by CGHCL on the authority of the ultimate parent, Centurion Group Limited ("CGL"). The funds to redeem these shares are required to be provided by CGL. The shares have no residual interest in CGHCL and the holders have a right to request redemption of their shares in cash subject, to approval by CGL.

Summary of revolving credit facilities

The Group has \$139m (2019: \$136m) in revolving credit facilities. The following amounts were undrawn as at 31 December:

	Group	
	2020	2019
	\$000	\$000
Gross amount unused	106,348	76,576

The base currencies of RCF A and RCF B are GBP and CAD respectively. These revolving credit facilities are multicurrency and can be drawn down in GBP, USD, AUD, Euro or any other currency which is readily available and convertible to the base currency in the currency market, subject to customary bank covenants and credit agreement conditions.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

20. Operating lease liabilities

The future aggregate minimum lease payments under operating lease commitments not included in Note 15 are as follows:

	Group	
	2020	2019
	\$000	\$000
Within one year	6	59
Total	6	59

The above leases are not capitalised in accordance with group policy as explained in note 2.15.

21. Provisions

	Group	
	2020	2019
	\$000	\$000
Non-current	858	770
	858	770

	Contractual and employee dispute provisions	Dilapidations provisions	Total
	\$000	\$000	\$000
At 1 January 2020	-	770	770
Provision in the year	494	-	494
Utilisation of provision in the year	-	(406)	(406)
At 31 December 2020	494	364	858

The provision for dilapidations represents management's best estimate of the Group's obligation to restore certain leased properties to a standard specified in the lease at the end of the lease term.

The provision for contractual and employee disputes represents management's best estimate of the expected cost of settling various contractual legal matters. Refer to note 6 for further details.

22. Trade and other payables

	Company		Group	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Trade payables	54	237	24,777	42,724
Payroll taxes and social security	-	-	1,714	3,840
Other payables	-	33	20,331	23,258
	54	270	46,822	69,822

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 75 days (2019: 75 days). For most suppliers no interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

23. Retirement benefit plans

The Group contributes to stakeholder plans for eligible employees. Pension costs charged in the year amounted to \$859k (2019: \$912k). Pension contributions \$128k (2019: \$193k) were outstanding at 31 December 2020.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

24. Share based payments

The Company's parent, Centurion Group Limited ("CGL"), has a share option plan for certain employees of its subsidiaries. Under this plan, options are awarded to purchase CGL shares at a future date for a price set at grant date (exercise price). Outstanding options at 31 December 2020 are exercisable at prices ranging from \$0.01 to \$2.01 and vest over periods ranging from zero to five years.

Options lapse at the earliest of the following:

- Attempt to transfer or reassign or have any charge or other security interest created over them (except in the event of the holder's death, in which case they are transferrable to the option holder's personal representatives); or
- Date specified in the option certificate; or
- Expiry of a period of seven years following the date of grant; or
- When the option holder becomes bankrupt or make voluntary arrangement with their creditors or takes similar steps under laws of any jurisdiction that correspond to those provisions of the insolvency act; or
- When the recipient ceases to hold office or employment, or the recipient gives or receives notice to terminate employment with a Group company:
 - Before the first anniversary of the date of grant the recipient shall forfeit the whole option;
 - Before the second anniversary of the date of grant the recipient shall forfeit two thirds of the option;
 - Before the third anniversary of the date of grant the recipient shall forfeit one third of the option.

At 31 December 146 employees (2019: 139 employees) participated in these schemes.

Details of the management units outstanding under the share option plan during the year are as follows:

	2020		2019	
	Number of	Weighted	Number of	Weighted
	Units	Average	Units	Average
	000's	Exercise	000's	Exercise
		Price		Price
		\$		\$
Outstanding at the beginning of the year	25,013	0.95	25,965	1.01
Awarded during the year	7,600	0.37	2,363	0.92
Forfeited during the year	(4,741)	1.31	(2,629)	1.38
Lapsed during the year	(1,152)	1.59	(686)	1.38
Outstanding at the end of the year	26,720		25,013	

The weighted average remaining contractual life of the units outstanding at year end was 3 years (2019: 2 years). The IFRS 2 'Share based payments' fair value of each award is estimated as of the grant date using a Black Scholes binomial model. Key inputs into the binomial model are as follows:

	2020	2019
Expected volatility	39.47%	39.47%
Expected life	3 years	2 years
Risk free rate	0.02%	0.39%-0.70%
Expected dividend yield	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the estimated fair value of comparable quoted companies over the previous four years. The expected life used in the model has been adjusted, based on management's best estimate after considering the effects of non-transferability, exercise restrictions, and behavioural considerations.

As at 31 December 2020 a charge of \$965k was expensed in the consolidated income statement in relation to the fair value of the units issued to date (2019: \$511k), including the restricted shares issued to certain members of the management team.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

25. Group information

The Consolidated Financial Statements of the Group comprise the following subsidiaries, all of which are 100% owned:

Name of subsidiary	Principal activity	Place of Incorporation
Centurion 1 Limited (1)	Holding company	Scotland
Centurion 2 Limited (1)	Holding company	Scotland
Centurion Group Holdings Limited (1)	Holding company	Scotland
Centurion 4 Limited (1)	Holding company	Scotland
Conserve Rentals & Services Limited (formerly Conserve Oilfield Services Limited) (2)	Rental of chemical tanks and cargo carrying units	England and Wales
Rentair Limited (2)	Rental of air compressors and associated equipment	England and Wales
ATR Holdings Limited (1)	Holding company	Scotland
123456 Aberdeen Limited (1)	Equipment rental, sale and services	Scotland
ATR Overseas Limited (1)	Holding company	Scotland
ATR Caspian Limited (3)	Equipment rental, sale and services	Gibraltar
Seanic Ocean Systems Limited (1)	Subsea and deck machinery equipment rental and sale	Scotland
ATR Lifting Solutions Limited (1)	Lifting equipment rental, sale and service	Scotland
STH Holdings Limited (1)	Holding company	Scotland
Safety and Technical Hydraulics Limited (1)	Hydraulic tool, bolting and instrumentation rental, sale and service	Scotland
Osprey3 Ltd (1)	Manufacture and rent of fluid filtration equipment	Scotland
Abenco Limited (1)	Holding company	Scotland
Dampier Subsea Corporation (4)	Holding company	USA
Mako Deepwater Inc (5)	Provider of engineered solutions and rental of ROV tooling	USA
Centurion Group Holdings (Australia) Pty Limited (6)	Holding company	Australia
Jacks Winches Australia Pty Limited (6)	Holding company	Australia
Jacks Winches Pty Limited (6)	Rental of winches and associated lifting equipment	Australia
Jacks Winches Hire Asia Pte Limited (7)	Holding company	Singapore
Jacks Winches Pte Ltd (7)	Rental of winches and associated lifting equipment	Singapore
Australasian Fluid Management Pty Limited (8)	Holding company	Australia
AFM Australia Pty Limited (8)	Holding company	Australia
Tristar Water Solutions Pty Limited (9)	Manufacture of water treatment plants and rental of same	Australia
MC Australia Holdings Pty Limited (8)	Rental of temporary accommodation units	Australia
Centurion Group Holdings (Canada) Limited (10)	Holding company	Canada
SITE Energy Services Partnership (11)	Holding company	Canada
SITE Energy Services Limited (11)	Corporate administration for SITE Canada division	Canada
SITE Resource Group Inc (12)	Construction operations	Canada
FIS Engineering Limited (14)	Engineering services	Canada
SITE Infrastructure Limited (11)	Payroll company for SITE Canada division	Canada
SITE Energy Access Solutions Inc (12)	Inactive	Canada
SITE Management Limited (11)	Payroll company for SITE Canada division	Canada

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

25. Group information (continued)

Name of subsidiary	Principal activity	Place of Incorporation
SITE Equipment Limited (12)	Equipment rental	Canada
Logan River Aggregates Limited (12)	Holder of gravel pit rights	Canada
Bear Access and Environmental Inc (13)	Land clearing, access and environmental contractor services	Canada
SLB (II) Inc (11)	Payroll company for SITE Canada division	Canada
Access Energy Inc (11)	Provider of resource services	Canada
SBL Inc (11)	Payroll company for SITE Canada division	Canada
Force Copps Inc (14)	Pile design and installation	Canada
2026774 AB Limited (11)	Inactive	Canada
SITE Energy Services (USA) Limited (11)	Corporate administrator for SITE US division	USA
SITE Energy (USA) Inc (15)	Construction operations	USA
SITE Equipment (USA) Limited (15)	Corporate administration	USA
SITE Management (USA) Limited (11)	Payroll company for SITE US division	USA
1844251 Alberta Limited (16)	Holdings company	Canada
Prospector Energy Services Inc (17)	Provider of rig support services	Canada
Waste Treatment Solutions Ltd (16)	Provider of utilities and accommodation	Canada
Arctic Crane Services Inc (18)	Lifting equipment, sale and services	Canada
Waste Treatment Equipment Limited (16)	Equipment rental	Canada
Tango Delta Rentals Inc (17)	Equipment rental	Canada
Centurion Group Holdings USA LLC (20)	Holdings company	USA
Oil Patch Group Inc (20)	Rental and service of drill pipe, accommodation units, water and sewer facilities, well testing equipment and personnel.	USA
Centurion Group (USA) LLC (20)	Holding company	USA
Twilight Services Holdings LLC (21)	Holding company	USA
Twilight Services LLC (22)	Provision of rental equipment and production services	USA
GSS Energy Services LLC (21)	Rental of frac stacks	USA
GSS Energy Services Holdings LLC (21)	Holding Company	USA

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

25. Group information (continued)

- (1) Registered office: c/o Blackwood House, Union Grove Land, Aberdeen, UK, AB10 6XU
- (2) Registered office: 20-22 Bedford Row, London, UK, WC1R 4 JS
- (3) Registered office: Suite B, Ground Floor, Regal House, Queensway Gibraltar
- (4) Registered office: Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801, USA
- (5) Registered office: 7941 Katy Freeway, Suite 291, Houston, Texas 77024, USA
- (6) Registered office: 47 Dowd Street, Welshpool, Western Australia 6009, Australia
- (7) Registered office: 80 Robinson Road #02-00, Singapore 068898
- (8) Registered office: 31 Carrington Street, Nedlands, Perth, Western Australia 6009, Australia
- (9) Registered office: 56 Peel Road, O'Connor, Perth, Western Australia 6163, Australia
- (10) Registered office: Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8, Canada
- (11) Registered office: #170, 120 Pembina Road, Sherwood Park, Alberta, T8H 0M2, Canada
- (12) Registered office: PO Box 210, Cold Lake, Alberta, T9M 1P1, Canada
- (13) Registered office: PO Box 7610, Bonnyville, Alberta, T9N 2H9, Canada
- (14) Registered office: PO Box 585 Red Deer, Alberta, T4N 5G1, Canada
- (15) Registered office: 501 Phair Street, Box 340, Carnduff, SK, S0C 0S0
- (16) Registered office: Box 1756, Nanton, Alberta, T0L 1R0, Canada
- (17) Registered office: 2504, 19th Avenue Nanton, AB T09 1R0
- (17) Registered office: Box 179, Bezanson, Alberta, T0H 0G0, Canada
- (18) Registered office: 14915 – 89th Street, Grand Prairie, Alberta, T8X 0J2, Canada
- (19) Registered office: Box 179, Bezanson, Alberta, T0H 0G0, Canada
- (20) Registered office: Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801, USA
- (21) Registered office: 600 Travis Street, STE 660, Houston, Texas 77002, USA
- (22) Registered office: 6401 Old Granbury Road, Granbury, Texas 76049, USA

The parent company of Centurion 3 Limited is Centurion Group Limited a company incorporated and registered in the Cayman Islands. The majority of the equity of Centurion Group Limited is owned by SCF VIII AIV LP and SCF VII AIV LP, Cayman Islands limited partnerships, which in turn are considered to be controlled by its general partner, LE Simmons & Associates Inc, a Delaware corporation whose controlling party is its president, L E Simmons.

26. Related party balances and transactions

Balances and transactions between the company and its wholly owned subsidiaries, have been eliminated on consolidation and are not disclosed below.

Related party balance

	Group	
	2020	2019
	\$000	\$000
Amount due from parent company	1,015	-
Amount due to parent company	-	(96)
Total	1,015	(96)

During the year, the Group settled liabilities on behalf of its ultimate parent company.

	Company	
	2020	2019
	\$000	\$000
Amounts due to subsidiaries	2,989	2,566
Total	2,989	2,566

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

26. Related party balances and transactions (continued)

Related party balances are interest free and do not have set repayment terms.

During the year \$16k (2019: \$228k) was charged by SCF Partners to the Group in relation to management services provided by SCF personnel and for travel expenses. The amount outstanding at the year-end was \$nil (2019: \$nil).

Compensation of key management personnel

Key management personnel comprise the Group Chief Executive Officer, Group Chief Financial Officer and Divisional Chief Executive Officers. The remuneration of directors and other members of key management personnel during the year was as follows:

	2020 \$000	2019 \$000
Short term benefits	1,845	2,880
Amounts receivable under long-term incentive plans	348	676
Post-retirement benefits	20	4
	2,213	3,560

The remuneration of the key management personnel is determined by the Board.

Directors' remuneration

	2020 \$000	2019 \$000
Emoluments:		
Amounts receivable (other than shares and share options)	508	586
Company contributions to defined contribution pension schemes	10	4
	518	590

	2020 Number	2019 Number
The number of directors who:		
Are members of a defined contribution pension scheme	2	2
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	2	2

	2020 \$000	2019 \$000
Remuneration of the highest paid director:		
Emoluments	330	424
Company contributions to money purchase schemes	2	3

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

26. Related party balances and transactions (continued)

Other related party transactions

During the year ended 31 December 2020, Group companies made the following transactions with entities owned by members of the Group's key management personnel:

Related Party	Description	Amounts due (to)/from			
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
JD Elzner Holdings	Rent	(1,102)	(1,059)	-	(4)
OF Equipment Rental	Equipment Rental	(2,210)	(3,723)	(491)	(1,532)
Beaver Creek Ranch	Purchases	(360)	(360)	-	-
Oil Patch Aviation	Services	(16)	-	(4)	-
STCC	Rent	-	(10)	-	-
Hunt with Heart	Purchases	-	(15)	-	-
1365597 Alberta Ltd	Rent	(130)	(145)	(4)	(4)
2W Livestock Equipment	Purchases	(36)	(35)	-	-
Roustabout Ventures	Purchases	(12)	(17)	-	-
Prosper Land Corp	Rent	(86)	(89)	(2)	(1)
RC & RC Holdings Limited	Purchases	(257)	(309)	-	-
Montrose Football Club*	Purchases	-	(2)	-	-
1375077 Alberta Ltd	Purchases	(18)	-	(1)	-
1662192 Alberta Ltd.	Rent	(476)	-	-	-
1713185 Alberta Ltd	Rent	(71)	-	-	-
BTSC Investments Inc	Rent	(152)	(14)	-	-
Reid Equity Ventures Ltd*	Purchases	-	(13)	-	(29)
Roaming Hill Investment Ltd*	Rent	-	(12)	-	-
Rock 'n Hills Farm	Purchases	(43)	-	-	-
TCC Properties Ltd	Rent	(193)	(19)	-	-

* In 2020 these entities do not meet the criteria of an Other related party.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

27. Commitments and contingencies

Capital commitments

	2020	2019
	\$000	\$000
At 31 December	334	-

Contingent liabilities

At 31 December 2020, the Groups' contingent liabilities, comprising guarantees arising in the normal course of business, amounted to \$392k (2019: \$355k).

The Company has issued a parental company guarantee under s479C of the Companies Act 2006, guaranteeing the liabilities of the following entities at 31 December 2020. The subsidiaries have the following third-party liabilities:

	2020	2019
	\$000	\$000
Centurion 1 Limited	-	-
Centurion 2 Limited	80,586	82,029
Centurion 4 Limited	-	-
Centurion Group Holdings Limited	1,450	2,996
123456 Aberdeen Limited	4,934	5,182
ATR Overseas Limited	-	-
STH Holdings Limited	-	-
ATR Holdings Limited	70	72
Abenco Ltd	30	29
Osprey3 Ltd	2,565	2,827
	85,562	93,426

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

28. Cash generated from operations

Group

	2020 \$000	2019 \$000
Loss for the year	(34,813)	(8,657)
Adjustments for:		
- Income tax credit	(188)	(6,441)
- Finance expenses	11,752	12,542
- Other gains and losses	137	(627)
- Finance income	(160)	(27)
- Depreciation of property, plant and equipment	40,512	34,730
- Depreciation of right of use assets	9,295	8,316
- Amortisation of intangible assets	6,479	7,810
- Exceptional and adjusting items	24,914	24,006
- Share based payments	-	511
- Gain on disposal of property, plant and equipment	(3,700)	(5,063)
- Gain on derecognition of lease liabilities and right of use assets	(79)	-
- Cash impacting exceptional and adjusting items	(3,690)	(23,330)
- Unrealised foreign exchange on working capital	572	2,475
	51,031	46,245
Operating cash flows before working capital movements:		
Decrease in inventories	259	2,512
Decrease in trade and other receivables	31,844	29,262
Decrease in trade and other payables	(22,630)	(14,350)
Net cash generated from operating activities	60,504	63,669

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2020 \$000	2019 \$000
Net book value of disposals	7,538	7,483
Gain on disposal of property, plant and equipment	3,700	5,063
Proceeds from disposal of property, plant and equipment	11,238	12,546

Company

	2020 \$000	2019 \$000
Loss for the year	(92)	(807)
Increase in trade and other receivables	(175)	(284)
Decrease in trade and other payables	(216)	(109)
Increase in amount due to subsidiary undertakings	423	1,264
Net cash generated from operating activities	60	64

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

29. Financial instruments

Capital management

For the purposes of the Group's capital management, capital includes share capital and all other reserves. The primary objectives of the Group's approach to capital management is to ensure appropriate resources to continue trading as a going concern and to maximise shareholder value.

The Group monitors a number of measures on a rolling 12-month basis including interest cover, cash cover and the ratio of net debt to EBITDA. These internal measures are monitored for compliance with banking facilities and to allow management to plan appropriate facilities.

The Group's financial instruments are classified as follows:

	2020 \$000 Carrying value	2019 \$000 Carrying value
Financial assets		
Loans and receivables held at amortised cost		
- Trade and other receivables	73,785	105,264
- Amount due from parent company	1,015	-
- Cash and bank balances	6,995	27,912
Financial liabilities		
Financial liabilities held at amortised cost		
- Bank borrowings	141,294	185,631
- Loan notes	-	1,152
- Exchangeable shares	25,535	25,535
- Lease liabilities	44,756	45,123
- Trade and other payables	46,822	69,822
- Amounts due to parent company	-	96

Except as detailed below the carrying amounts of the financial assets and liabilities recorded at amortised cost and approximate to their fair values.

Changes in liabilities arising from financing activities

	At 31 December 2019 \$000	Financing cash flows \$000	Other \$000	At 31 December 2020 \$000
Bank borrowings	185,631	(44,981)	644	141,294
Loan notes	1,152	(1,118)	(34)	-
Lease liabilities	45,123	(9,187)	8,820	44,756
Exchangeable shares	25,535	-	-	25,535
Total liabilities from financing activities	257,441	(55,286)	9,430	211,585

The Group's activities give rise to a variety of financial risks: cash flow risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Group's finance personnel who identify, evaluate and manage financial risks as considered appropriate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

29. Financial instruments (continued)

Cash flow risk

Cash flow risk is the risk that the fair value of future cash flows of a financial instrument fluctuate because of changes in market prices. The risk primary comprises; currency and interest rate risk.

Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currencies.

The Group's main foreign exchange risk relates to movements in the United States Dollar/GBP Sterling, GBP Sterling/Australian Dollar, Singapore Dollar/United States Dollar and United States Dollar/Canadian Dollar exchange rates. The following table demonstrates the impact on the Group's loss before tax of a reasonable possible change in the United States Dollar/UK Sterling, United States Dollar/Canadian Dollar, UK Sterling/Australian Dollar, Singapore Dollar/United States Dollar and United States Dollar/Canadian Dollar exchange rates, with all other variables held constant:

	2020 \$000	2019 \$000
Increase/(decrease) in loss before tax		
Change in United State Dollar rate against UK Sterling		
+10%	(197)	(35)
-10%	241	42
Change in United State Dollar rate against Australian Dollar		
+10%	240	166
-10%	(294)	(203)
Change in Singapore Dollar against United States Dollar		
+10%	(107)	(454)
-10%	131	555
Change in United State Dollar against Canadian Dollar		
+10%	440	(1,887)
-10%	(538)	2,306

Interest rate risk

The Group finances activities through long-term and short-term funding facilities. The Group borrows in desired currencies at floating rates of interest. At 31 December 2020, no interest rate swap instruments were in place.

The following table demonstrates sensitivity to a reasonable possible change in interest rates on that portion of the borrowings affected. With all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate borrowings as follows:

	2020 \$000	2019 \$000
Decrease/(increase) in profit/(loss) before tax		
Increase/decrease in basis points (bps)		
+25 bps	409	440
-25 bps	(409)	(440)

Credit risk management

The table above details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk primarily relates to its trade and other receivables and cash and bank balances. Responsibility for managing credit on receivables lies within each operating business with support being provided by Group management.

A customer evaluation is typically obtained from an appropriate credit rating agency. If deemed to be required, appropriate trade finance instruments, such as letters of credit, or payment prior to delivery, will be used to manage credit risk.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

29. Financial instruments (continued)

Credit risk management (continued)

The Group's major customers are typically larger companies which have credit ratings assigned by international credit rating agencies. The five largest trade receivables balance by client at 31 December was as follows:

	2020 \$000	2019 \$000
Client A	3,918	8,719
Client B	3,009	N/A
Client C	2,456	3,009
Client D	2,327	N/A
Client E	1,775	N/A
Client F	N/A	9,525
Client G	N/A	4,083
Client H	N/A	3,396

Management review trade and other receivables across the Group including receivable days' calculations to monitor exposure. There is significant management focus on receivables that are overdue. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

The credit risk on liquid funds is considered limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit related loss of financial assets is the aggregate of their carrying values as summarised on page 56.

Liquidity risk

With regard to liquidity, the Group's priority is to ensure continuity of funding. The Group uses a mix of long and short term finance and prepare cash flow projections, to estimate requirements and monitor ongoing and projected compliance with banking covenants. The Group is forecasting to have adequate facilities available.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

29. Financial instruments (continued)

Maturity

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities excluding interest that will be payable on those liabilities. The inclusion of information on non-derivative financial liabilities is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year \$000	1 to 5 years \$000	Group Greater than 5 years \$000	Total \$000
31 December 2020				
Bank borrowings	18,521	89,755	-	108,276
Revolving credit facility	33,018	-	-	33,018
Exchangeable shares	25,535	-	-	25,535
Lease liabilities	7,986	18,650	18,120	44,756
Trade and other payables	46,822	-	-	46,822
Total	131,882	108,405	18,120	258,407

31 December 2019				
Bank borrowings	14,732	111,964	-	126,696
Revolving credit facility	58,935	-	-	58,935
Loan notes	1,152	-	-	1,152
Exchangeable shares	25,535	-	-	25,535
Lease liabilities	6,493	17,945	20,685	45,123
Trade and other payables	69,822	-	-	69,822
Total	176,669	129,909	20,685	327,263

	Less than 1 year \$000	Company 1 to 5 Years \$000	Total \$000
31 December 2020			
Amount due to subsidiary undertaking	2,989	-	2,989
Total	2,989	-	2,989
31 December 2019			
Amount due to subsidiary undertaking	2,566	-	2,566
Total	2,566	-	2,566

The Group has access to a working capital facility as described above of which \$106.3m was unused at the end of the reporting period (2019: \$76.6m) and cash and bank balances of \$7.0m (2019: \$27.9m). The Group expects to meet its obligations from operating cash flows and the proceeds of maturing financial assets, without the need to utilise the working capital facility further.

The maximum amount the Group could be forced to settle under the financial guarantee contracts if the fully guaranteed amount is claimed by the counterparties to the guarantees is \$267k (2019: \$224k). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amounts will be payable under these contracts.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

30. Events after the balance sheet date

As noted above, included within the exceptional and adjusting items are estimated losses of \$0.8m arising from two large lump sum underground pipeline contracts reported within the Infrastructure Segment. Commercial negotiations to recover contract variations have been concluded with the same client on two of these contracts in March 2021 with \$12.8m of contract variations and holdbacks recovered in April 2021. The recognised loss of \$0.8m at 31 December 2020 (and \$20.6m at 31 December 2019) reflects the estimated loss on these contracts and excludes the contract variations recovered in 2021.

On 26 May 2021 the Group signed a Share Purchase Agreement with the shareholders of an acquisition target ("the Transaction"). The completion of the Transaction is dependent on a number of conditions which include regulatory approvals and other actions to be fulfilled by the target's shareholders. Control of the acquisition target will only transfer to the Group on successful completion of these conditions.