ALTUS INTERVENTION LIMITED

SC225200

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

ALTUS INTERVENTION LIMITED

COMPANY INFORMATION

Directors	Lars Bethuelsen Garry Michie Scott Milne Donald Prentice
Company secretary	Pinsent Masons Secretarial Limited
Company number	SC225200
Registered office	Badentoy Crescent Portlethen Aberdeen AB12 4YD
Business address	Badentoy Crescent Portlethen Aberdeen AB12 4YD
Auditor	Deloitte LLP Union Plaza 1 Union Wynd Aberdeen AB10 1SL
Bankers	Danske Bank London Branch 75 King William Street London EC4N 7DT
Solicitors	Pinsent Masons LLP 13 Queens Road Aberdeen AB15 4YL

ALTUS INTERVENTION LIMITED

CONTENTS

ALTUS INTERVENTION LIMITED

STRATEGIC REPORT
FOR YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for Altus Intervention Limited (the "company") for the year ended 31 December 2020.

Principal activities
The company's principal activity continues to be the provision of oilfield related support services to the UK and International onshore and offshore markets, encompassing well intervention, process and pipeline services. The company is incorporated in Scotland and domiciled in the United Kingdom.

Principal operations, businesses and segments
UK North Sea operations are our largest operating region and our day to day focus, providing a sound base from which to expand. The company also undertakes international operations, particularly in West Africa and Europe.

Objectives and strategic priorities
The directors' principal strategy is to invest in personnel, operational assets and facilities to sustain and develop the business. The directors are confident that this strategy and commitment from key customers will allow the company to take advantage of future opportunities.

Market overview and future outlook
The Covid-19 pandemic and drop in oil price during 2020 resulted in a market downturn and a high degree of uncertainty in the market. The outlook is still uncertain but with the vaccination programme making good progress and Covid-19 protocols now in place, the future outlook is now one of recovery. An increasing oil price has helped to support this view. A strategy of control and consolidation has been followed in response to the uncertain environment which the directors are confident that this will position the company strongly as the external environment continues to stabilize.

Financial performance and key performance indicators
The directors consider turnover, gross and operating profit margins to be key performance indicators for monitoring strategic and operational effectiveness. A range of non-financial KPIs are also monitored, including customer feedback and man-days worked.

For the year ended 31 December 2020, turnover decreased by 46% to £53.7 million with gross profit at £9.5 million, down from £30.3 million in 2019. Operating loss is £8.6 million compared to £9.0 million profit in 2019.

The company's net assets as at 31 December 2020 have decreased to £58.7 million from £68.4 million in 2019 mainly reflecting the profit for the year.

The company received 119 customer positive feedbacks in 2020 compared to 160 in 2019. Offshore mandays in 2020 were 31,700, down 44% on the 57,116 mandays in 2019.

The company has maintained good HSE performance. Further improvements in key areas in addition to safety were made during the year, including quality, environment and customer satisfaction, with all accreditations being maintained including ISO9001, ISO14001 and ISO45001.

We have maintained our commitment to our structured training program to further develop our employees' skills and competence and particularly to introduce new personnel to our sector.

Principal risks and uncertainties
The company operates in a competitive market and focuses on providing strong customer service to sustain relationships.

The company faces specific business risks including changes in oil and gas commodity prices which impact market activity levels, a very competitive marketplace, changing legislation and regulation, a competitive labour market and also extended delivery times from suppliers. The directors monitor changes in laws and other regulations and are conscious of the increasing costs of compliance. Regular reviews of safety procedures, equipment specifications, employment requirements, environmental procedures and insurance coverage are undertaken to ensure they continue to be appropriate and relevant.

ALTUS INTERVENTION LIMITED

STRATEGIC REPORT (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

Environmental sustainability risk
The risk to the company is that society, pressure groups and increased regulations will put pressure on the market, investors and other stakeholders to disassociate themselves from oil & gas related companies. The directors monitor these risks closely and make every effort possible to reduce our carbon footprint and minimize this risk. Our commitment to our environmental responsibilities is discussed further in the Directors' report.

Funding and cash flow
Cash flow is managed across the group by the group treasury function. As part of the group's bank borrowing arrangements the company is an obligor and has provided a guarantee in connection with such borrowings. The company expects to be cash generative but also has access to the group funding arrangements.

Section 172 (1) statement
Section 172(1) of the Companies Act 2006 provides that a director of a company must act in a way that he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interest. The six key factors being:

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

In discharging our Section 172 duties we have regard to the factors set out above. The directors have considered the company's objectives and strategic priorities and have processes in place for decision-making that allow due consideration of the consequences of decisions in the long term.

During the year, the directors set out a plan for the following year which takes into consideration, the relationships with suppliers, customers and employees. This also includes a review of strategy and assessment of the company's operations on the community & environment while ensuring the company maintains high standards of business conduct.

A key focus of this plan was assessing how to adapt the company to continue to operate during the global pandemic. This involved reviewing all procedures and work environments to ensure the safety of our staff and wider stakeholders. The cost base was reviewed to ensure it remains at the correct level to deliver operations which involved utilization of the government job retention scheme and entering into an employee consultation.

Day to day management of the company is delegated to the management team who are engaged in setting, approving and overseeing the execution of the business strategy and related policies. The management team have a duty to provide the directors with appropriate, precise and timely information on the operations and financial performance of the company for the directors to perform their duties.

Stakeholder engagement
The success of our business is linked, in part, to the quality of our engagement with our stakeholders. The principal decisions made by the business is invariably influenced by our desire to seek continuous improvement in service quality through engagement and feedback processes with our key stakeholders namely – our Employees, our Customers and our Suppliers. Our proactive engagement with our stakeholders helps deliver better outcomes for our business and the wider society and is fundamental to our long term success. More detail on Employee engagement is included in the Directors' report.

Brexit
The directors continue to assess the UK's departure from the European Union (EU) – Brexit. With the Brexit transition period ended on 31 December 2020, there continues to be a level of uncertainty as companies adapt to the new agreement.

A Brexit committee formed within the company has continually monitored developments and put in place strategies to allow the company to mitigate the risks associated with the UK exiting the EU. The risks associated with supply chain, tariff and personnel continue to be assessed as minor and no significant impact has been made on the company.

The directors continue to monitor Brexit developments closely and develop responses to mitigate risks identified as they arise. At the current time, Brexit is not viewed as an issue that will or has had a significant impact on the prospects for the company.

Covid-19
In March 2020, the outbreak of Covid-19 virus was declared as a global pandemic by the World Health Organization. The United Kingdom, together with many other countries, have taken national emergency measures in an attempt to contain the spread of the virus including extensive mandatory quarantines and travel restrictions.

The outbreak of Covid-19 virus has had a significant negative impact on the global economy and the company's operational activities in 2020. The financial impact to the company has been reduced by the utilization of the government job retention scheme and an employee consultation conducted during the year.

The company has made all reasonable and practical changes to its operating environment to reduce the risks of the Covid-19 pandemic to its employees, customers, suppliers and other stakeholders. These measures are in line with United Kingdom government guidance as a minimum.

With the significant uncertainty continuing, the directors continue to assess the impact of the pandemic and oil price on future cashflows. The directors are confident that the measures taken will put the company in a strong position to be able to manage the current global & economic environment and with the oil price increase, will recover to a cash generative position in 2021.

The company's financial risk management objectives and policies are disclosed in the Directors' report on page 6.

This report was approved by the board on 30 September 2021 and signed on its behalf by:

DocuSigned by:
Garry Michie
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Garry Michie
Director

ALTUS INTERVENTION LIMITED

DIRECTORS' REPORT
FOR YEAR ENDED 31 DECEMBER 2020

The directors present their report and audited financial statements for the year ended 31 December 2020. In preparing this report, the directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic report. The Strategic report includes a review of future developments.

Directors
The following directors held office throughout the year and to the date of this report:
Lars Bethuelsen
Garry Michie
Scott Milne
Donald Prentice

Results and dividends
The results for the year are shown in the income statement on page 12. The loss for the year after tax was £9.75 million (2019: £6.14 million profit). The directors have not declared or proposed a dividend (2019: £nil).

Going concern
The company expects to return to be cash generative and also has access to group funding arrangements. The company participates in the group's centralised treasury arrangements. As part of the group's bank borrowing arrangements the company is an obligor and has provided a guarantee in connection with such borrowings.

The company is owned by Altus Intervention Holding Limited, a company registered in Scotland. The ultimate parent company of the group is Altus Intervention Holding AS, a company registered in Norway.

The directors having considered the foregoing have developed a reasonable expectation that the company has adequate resources to continue to trade as a going concern for the foreseeable future. Accordingly, the financial statements continue to be prepared under the going concern basis. The directors have considered the financial position and performance of the group as a whole and have liaised with the directors of the wider group in coming to this decision.

Political and charitable contributions
The company made no political contributions during the year. Donations to charities amounted to £1,768 (2019: £4,465).

Employee communication and involvement
The directors recognise the importance of employee communication and involvement and place considerable emphasis on this. Quarterly employee meetings are held involving the operational Vice Presidents to communicate any relevant company, operational and market information to the various departments and personnel involved. These would be normally completed in small departmental groups but due to Covid-19 protocols and working from home the meetings have continued via MS Teams and have proved to be well attended with excellent input from personnel.

Minutes of these meetings are also circulated to all employees who cannot be in attendance on the day. In addition to these meetings, the company communicates via our intranet a monthly newsletter "Pulse" which gives a more in-depth review of certain topics, personnel, equipment and locations within the business. This new platform aligns with an increased use of social media to advise the employees of all ongoing and upcoming events in a modern way. The directors and management continually stress the need for employee involvement in all HSEQ matters and operate an employee improvement scheme and Safety Observation Program to encourage and facilitate involvement.

There is also a committee of volunteer employees, with members coming from all areas of the business, that looks to discuss and plan a proactive approach to wellbeing in the workplace and the organisation of activities and initiatives to support the company's wellbeing culture.

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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Research and development
The company operates in a technical and innovative market with continual changes in technologies, operations in challenging environments and where there is a constant demand for efficiency. The company engages in research and development activities through improving current technologies and developing new technologies as well as providing solutions in challenging environments where technical uncertainty exists.

ALTUS INTERVENTION LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

Existence of branches outside the UK
The company has registered branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK in Equatorial Guinea, Ivory Coast, Ghana, Norway, Denmark and Ireland.

Environment
Following new Streamline Energy and Carbon Reporting (SECR) Regulations the company presents its consumption and carbon emission data looking at relevant business activities, mainly relating to operating our facilities, fleet vehicles and business-related travel. This is the first year of reporting emissions therefore no comparatives are provided.

	Emissions (tCO2e)
Scope 1 – Direct activities	
Emissions from stationary and mobile combustion sources	401
Scope 2 – Indirect activities	
Emissions from purchased electricity (location based)	263
Emissions from purchased electricity (market based)	Nil (residual balanced/offset)
Scope 3 – Value chain	
Emissions from business related travel by car	11
Total emissions (using grid average location based emissions for scope 2)	675
Intensity ratio CO2e/£m turnover	12.6

Over the last 18 months, Altus Intervention has developed a broader approach to environmental, social, and governance (ESG) performance as an integral part of our overall business strategy. We have enhanced our programmes and commitments, and increased the transparency of our reporting, with strong commitments to continue to develop further efficient well intervention techniques and technologies as a key service partner for our customers in delivering towards their carbon targets. Our sustainability strategy is focused on improving our performance to enable our customers to drive sustainable, operational and commercial value from well intervention while positioning for the future. Leading with technology, our transformation strategy enables Altus Intervention and our customers to deliver smarter and more efficient well intervention solutions.

Specifically in terms of our emissions data reporting, we have worked to clearly identify our most appropriate boundaries for emissions measuring and reporting in accordance with the GHG Protocol. Following the improvements in our internal processes and discipline around data reporting availability and accuracy, we are confident our boundaries represent a transparent representation of where our material emissions intensity lies. These boundaries facilitate us to report according to recognised standards whilst at the same time visualise where we need to place our efforts for improved efficiency and emissions reduction; we are in the process of writing our inaugural ESG report further to which our aim is to establish and communicate on our specific goals and targets including those relating to carbon emissions – it is expected that these will be further developed and communicated in next year's SECR reporting submission.

The data as presented above follows the UK Government's Environmental Reporting Guidelines for streamlined energy and carbon reporting guidance and in calculating our emissions, with the 2020-21 BEIS Emissions Factors used as a basis for calculation. Note that in accordance with the latest GHG Protocol Scope 2 Guidance (an amendment to the GHG Protocol Corporate Standard), Altus Intervention reports Scope 2 emissions data using both the location-based and market-based methods. The market-based approach reflects the overall reduced emissions as a result of our UK operations buying electricity from nuclear energy sources on a tariff where residual emissions are offset.

The company is conscious of its environmental responsibilities and endeavours to minimize any impact on the environment through safe disposal of waste, recycling and reducing energy consumption. Our systems are accredited to ISO14001:2015 standards.

To comply with the Energy Savings Opportunity Scheme (ESOS) Regulations 2014, the company has undergone audits in 2015 (Phase 1) and 2019 (Phase 2) to identify opportunities to reduce our impact on the environment. These will continue on a 4-year cycle. The Phase 2 audit identified a 21% reduction on total energy consumption at the company's main sites of operation, based on efficiencies gained opportunities advised in the Phase 1 audit. The company continues to review the findings of the Phase 2 audit and implement the opportunities noted where viable.

Environment (continued)
The company works closely with our waste management supplier to collect and record all of their waste as well as receiving specialist knowledge and advice through regular meetings to identify ways to improve our waste disposal process further. During 2020, 95.67% (229.23 tonnes) of the company's total waste (239.6 tonnes) was either recycled, treated or converted into energy, with only 4.33% (10.37 tonnes) going to landfill.

The company is a member of Green Network for Businesses, a network bringing together more than 200 business over Scotland, which is organised by the Energy Saving Trust. All members have made improvements to save energy, cut waste and reduce costs, and Green Network for Businesses is a platform for sharing ideas and methodologies for how improvements have been achieved.

Business Relationships
Business relationships are discussed in the Strategic report under stakeholder engagement.

Financial risk management objectives and policies
The company's activities expose it to a number of financial risks including cash flow and currency risk, interest rate risk, credit risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes.

Cash flow and currency risk
The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. This is managed through the use of foreign currency bank accounts and matching sales and purchases in the same currency where possible. This risk is also managed across the group by the group treasury function which sits within the intermediate parent company, Altus Intervention Group AS, who enter into forward/future contracts and option agreements as considered appropriate.

Interest rate risk
External indebtedness is monitored at a group level and borrowings due to fellow group companies are at a fixed rate of interest.

Credit risk
The company's principal financial assets are bank balances and trade receivables. The company has no significant concentration of credit risk, with exposure spread over a number of customers and counterparties. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is considered limited because the counterparties are banks with internationally recognised credit-ratings.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company primarily uses cash generated from activities and also has access to group funding arrangements.

Covid-19
The outbreak of Covid-19 in March 2020 has had a significant impact on the company's operational activities in 2020. With the significant decline in operational activity, the company utilized the UK governments Job Retention Scheme. In total the company claimed £3.7m from the scheme during 2020.

In addition to the support received from the JRS, the company also went through an employee consultation period to restructure the company to the new operating environment.

The company has made all reasonable and practical changes to its operating environment to reduce the risks of the Covid-19 pandemic to its employees, customers, suppliers and other stakeholders. These measures are in line with United Kingdom government guidance as a minimum and are continually being reviewed.

With the significant uncertainty, the directors continue to assess the impact of the pandemic and the related recovery in oil price on future cashflows. The directors are confident that the measures taken have put the company in a strong position to be able to manage the current global & economic environment and return to cash generative position.

ALTUS INTERVENTION LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

Auditor
Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all 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.

This report was approved by the board on 30 September 2021 and signed on its behalf by:

DocuSigned by:
Garry Michie
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Garry Michie
Director

ALTUS INTERVENTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR YEAR ENDED 31 DECEMBER 2020

Directors' responsibilities
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 accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

– 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTUS INTERVENTION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
In our opinion the financial statements of Altus Intervention Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTUS INTERVENTION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

We discussed among the audit engagement team 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 in the following areas, and our specific procedures performed to address them are described below:

- *Revenue recognition – we have performed detailed testing on revenue contracts during the year and have assessed the judgments used in unbilled and deferred revenue adjustments. We have also performed design and implementation and operating effectiveness testing of certain controls in the unbilled revenue process.*
- *IFRS 16 (Incremental Borrowing Rate) – There is a significant risk of fraud identified in relation to recognition of leases under IFRS16 pinpointed to the incremental borrowing rate (IBR) used by management. We have performed testing of the IBR calculations prepared by management's expert, assessed the competence and independence of management's expert, and management's application of the IBR as calculated by their expert in recognising leases under IFRS 16.*
- *Carrying value of rental equipment – we have performed an assessment of management's impairment assessment and tested management's judgements applied to the assessment. Management's assessment of cash generating units has been scrutinised to assess if it conforms with the financial reporting standard. Sensitivity analysis of the judgements applied to the impairment assessment have been performed and management challenged on the judgements made. Detail testing of asset utilisation has been performed.*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTUS INTERVENTION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

L Cowie

Lyn Cowie CA, Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, UK
30 September 2021

ALTUS INTERVENTION LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS FOR YEAR ENDED 31 DECEMBER 2020

INCOME STATEMENT

	Note	2020 £000	2019 £000
Revenue	6	**53,699**	98,768
Cost of sales	7	**(44,178)**	(68,507)
Gross profit		**9,521**	30,261
Administrative expenses - recurring	7	**(18,113)**	(21,291)
Operating (loss)/profit	7	**(8,592)**	8,970
Finance income	10	**140**	505
Finance costs	11	**(470)**	(880)
(Loss)/profit before taxation		**(8,922)**	8,595
Income tax expense	12	**(824)**	(2,456)
(Loss)/profit for the year	21	**(9,746)**	6,139
Other comprehensive income		**-**	-
Total comprehensive (loss)/profit for the year		**(9,746)**	6,139

All of the results for the current and prior year relates to continuing operations.

ALTUS INTERVENTION LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Assets			
Non-current assets			
Intangible assets	13	130	134
Property, plant and equipment	14	24,992	30,101
Right-of-use assets	22	7,634	8,969
Investments in subsidiaries	15	-	-
Total non-current assets		32,756	39,204
Current assets			
Inventories	16	6,769	6,950
Trade and other receivables	17	15,279	18,821
Current tax assets		371	676
Cash and cash equivalents		21,868	29,989
Total current assets		44,287	56,436
Total assets		77,043	95,640
		======	======
Equity and Liabilities			
Capital and reserves			
Share capital	18	25,111	25,111
Share premium account	19	396	396
Other reserves	20	1,000	1,000
Retained earnings	21	32,146	41,892
Total Equity		58,653	68,399
Non-current liabilities			
Lease liabilities	22	6,583	7,879
Total non-current liabilities		6,583	7,879
Current liabilities			
Trade and other payables	23	10,463	17,154
Current tax liabilities		-	934
Lease liabilities	22	1,344	1,274
Total current liabilities		11,807	19,362
Total liabilities		18,390	27,241
Total equity and liabilities		77,043	95,640
		======	======

These financial statements of Altus Intervention Limited, company registration number SC225200, were authorised for issue and approved by the board of directors on 30 September 2021 and were signed on its behalf by:

DocuSigned by:
Garry Michie
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Garry Michie
Director

ALTUS INTERVENTION LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2020

	Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2019	25,111	396	1,000	35,753	62,260
Profit for year	-	-	-	6,139	6,139
Total comprehensive income	-	-	-	6,139	6,139
Balance at 31 December 2019	25,111	396	1,000	41,892	68,399
Loss for year	-	-	-	(9,746)	(9,746)
Total comprehensive loss	-	-	-	(9,746)	(9,746)
Balance at 31 December 2020	25,111	396	1,000	32,146	58,653
	=====	===	====	=====	=====

ALTUS INTERVENTION LIMITED

CASH FLOW STATEMENT
FOR YEAR ENDED 31 DECEMBER 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Operating (loss)/profit	**(8,592)**	8,970
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation and impairment of tangible assets	**8,616**	9,418
Amortisation of intangible assets	**31**	3
Depreciation of right-of-use assets	**1,399**	1,459
Loss/(gain) on disposal of tangible assets	**11**	(559)
Net foreign exchange (gain)/loss	**(596)**	166
Working capital adjustments:		
Decrease/(increase) in trade and other receivables and prepayments	**181**	(303)
Decrease/(increase) in inventories	**3,892**	(422)
Decrease/(increase) in trade and other payables	**(6,691)**	596
Cash used by operations	**(1,749)**	19,328
Income taxes paid	**(1,803)**	(1,295)
Net cash flows from operating activities	**(3,552)**	18,033
Cash flows from investing activities		
Payments for intangible fixed assets	**(27)**	(81)
Payments for tangible fixed assets	**(3,653)**	(10,621)
Proceeds from disposal of tangible fixed assets	**135**	831
Interest received	**140**	505
Net cash flows used in investing activities	**(3,405)**	(9,366)
Cash flows from financing activities		
Payment of lease obligations	**(1,277)**	(1,253)
Payment of intercompany loans	**(334)**	(6,245)
Interest paid	**(136)**	(546)
Net cash flows used in financing activities	**(1,747)**	(8,044)
Net (decrease)/increase in cash and cash equivalents	**(8,704)**	623
Effects of exchange rate changes on the balance of cash held in foreign currencies	**583**	(166)
Cash and cash equivalents at beginning of year	**29,989**	29,532
Cash and cash equivalents at end of year	**21,868**	29,989

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, less bank overdrafts.

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

ACCOUNTING POLICIES

1 General information

Altus Intervention Limited is a private company limited by shares and incorporated in Scotland. The registered office is Badentoy Crescent, Portlethen, Aberdeen, AB12 4YD.

The company provides oilfield related support services to the UK and International onshore and offshore markets, encompassing well intervention, process and pipeline services.

2 Basis of preparation

The financial statements, for the year ended 31 December 2020, are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.2 Accounting convention

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

2.3 Going concern

The company's business activities, together with activities likely to affect its future development, are set out in the Strategic report on pages 1 to 3.

The company expects to continue to be cash generative and also has access to group funding arrangements. The company participates in the group's centralised treasury arrangements. As part of the group's bank borrowing arrangements the company is an obligor and has provided a guarantee in connection with such borrowings.

The company is owned by Altus Intervention Holding Limited, a company registered in Scotland. The ultimate parent company of the group is Altus Intervention Holding AS, a company registered in Norway.

The directors having considered the foregoing have developed a reasonable expectation that the company has adequate resources to continue to trade as a going concern for the foreseeable future. Accordingly, the financial statements continue to be prepared under the going concern basis. The directors have considered the financial position and performance of the group as a whole and have liaised with the directors of the wider group in coming to this decision.

3 Significant accounting policies

The principal accounting policies set out below have been applied consistently in the periods presented in these financial statements other than for adoption of the following:

- *3.13 Government grants* which was added due to making use of the Coronavirus Job Retention Scheme during the year.

The above change in accounting standard did not impact the results reported for the year or net assets as at 31 December 2020.

3.1 Revenue recognition

Revenue represents the value of goods and services rendered by the company, net of rebates and excluding VAT or other sales taxes.

The revenue recognition process follows a five-step model introduced with IFRS 15 *Revenue from Contracts with Customers* as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The company recognises revenue from the following major sources:

- Rendering of services – Ad-hoc provision of equipment, personnel, consumables and related services at contracted day rates or fixed price contracts.
- Sale of goods – Sale of manufactured assets to customers at contracted price.

Rendering of services – day rate and consumables
Most revenue for the company is derived from the rendering of services being provided to customers on a day rate basis. The company considers that the provision of each individual item of equipment and each member of personnel to be a separate performance obligation, that is satisfied over time, with the revenue being recognised daily at the contractually agreed rates.

During the undertaking of the services above, items can be consumed and charged to the customer. Such items are recognised at the point in time when the item is consumed.

Customers are billed in arrears for services chargeable on a day-rate basis and payment follows in line with agreed credit terms. Therefore, a contract asset is recognised under accrued income over the period in which the services are performed representing the company's right to consideration for the services performed to date.

Rendering of services – fixed price contracts
The company considers that fixed price contracts for rendering of services involve performance obligations satisfied over time. The individual performance obligations are distinct scopes of work that are identified at the time of contract being tendered and the company contracts to undertake each performance obligation at a set price for the customer.

The input method is considered an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. The inputs used to measure the progress will depend on the nature of the work. The most common inputs used to measure progress are man days and equipment days, with the inputs expended to date being measured against the current budgeted total input required to satisfy the performance obligation

The contractual terms for billing and payment surrounding fixed price contracts will vary based on contract.

- Fixed billing/payment schedule – payments are made on a set basis independent to work performance. Billings to date are reviewed against the transaction price allocated to performance obligations fully or partially completed to date. If the work performed to date exceeds billings, a contract asset is recognised under accrued income representing the company's right to further consideration for the services performed to date. If billings exceed work performed to date, a contract liability is recognised under deferred income representing the customer's right to further work performance for the amounts billed to date.

- Billing on completion of separately defined scopes of work – payments are made only when scopes of work are completed. Customers are billed in arrears for services chargeable on the fixed price basis and payment follows in line with agreed credit terms. Therefore, a contract asset is recognised under accrued income over the period in which the services are performed representing the company's right to consideration for the services performed to date.

Sale of goods – manufactured assets
Sales of manufactured assets are recognised at a point in time, when the manufacture process is complete, the asset has been tested and delivered to the customer in line with the terms set out in the contract.

Customers will usually make stage payments on contractual milestones during the manufacture of an asset, before making final payment on the final delivery of the asset. During the build, a contract liability is recognised under deferred income for the stage payments until the related contractual performance obligation it relates to is completed.

3.2 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. These costs are amortised on a straight line basis over their estimated useful life of 3-5 years. Software under construction, by external developers, is capitalised and transferred into the relevant class of asset once complete and is depreciated from that date.

3.3 Property, plant and equipment

Tangible assets are valued at their cost less accumulated depreciation and impairment losses.

Costs comprises the purchase price or construction cost, together with other costs directly attributable to make the asset capable of operating as intended, in the intended location. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Assets under construction are capitalised and transferred into the relevant class of asset once complete and available for use and are depreciated from that date.

When a refurbishment of an asset is viewed to extend the life beyond its initial useful life, the related costs will be capitalised and depreciated over the period for which its life is viewed to be extended.

Costs in relation to major recertifications are also capitalised, due to the legal requirement for rental assets to be certified. These costs are depreciated over the period that the recertification covers.

Major spare parts and standby equipment are capitalised into the appropriate asset class when the company expects to use them over more than one year. These costs are depreciated once installed into a rental asset, in line with the policy for refurbishment of assets.

When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the income statement.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	Shorter of 10 years or period of lease
Rental assets	2-10 Years
Plant and machinery	2-10 Years

The depreciation period and method are assessed each year. Residual values are reviewed at each year end, and any changes to the estimated residual values are recognised as a change in an estimate.

3.4 Investments

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

3.5 Leasing

Lessor
The company leases rental assets to customers on an ad-hoc call off basis. The company does not transfer the right to control the use of the rental assets to the customer. Revenue from equipment rental is recognised in the income statement on a straight line basis over the duration of the lease to the customer.

Lessee
The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For short-term leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

3.5 Leasing (continued)

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

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

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

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

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

3.6 Inventory

Stocks are stated at the lower of cost and net realisable value. Cost represents weighted average purchase cost. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Costs in relation to partially complete projects are recorded as work in progress.

3.7 Employee benefits

a) Defined contribution pension scheme
The company operates a defined contribution pension scheme on behalf of eligible employees and directors. The assets of the scheme are held separately from those of the company in an independently administered fund.

The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period. The difference between contributions payable and contributions actually paid are included in either other payables or prepayments in the balance sheet.

b) Short-term benefits
Short-term employee benefit obligations such as annual performance bonuses are accounted for on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid as a short-term benefit if the company has a legal or constructive obligation to pay this benefit as a result of past service provided by the employee and the amount of the obligation can be measured reliably.

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

3.8 Income tax expense

Income tax expense comprises current and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. These translation differences are included in the profit and loss account.

Current or deferred income tax is charged directly to other comprehensive income if it relates items that are charged or credited to equity. Otherwise, income tax is recognised in the income statement.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. Cash equivalents are short term highly liquid investments with original maturity less than three months and insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, less bank overdrafts.

3.10 Foreign currency translation

(i) Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. These translation differences are included in the profit and loss account.

(ii) Branch entities
All branches use Pounds Sterling as their functional currency.

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

3.11 Classification of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets:
All financial assets are recognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

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:

- 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.

Effective interest method:
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or 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 instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial instruments.

Loans and receivables:
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets:
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities:
Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Instruments that are classified as payable of receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

3.12 Impairment

a) Financial assets
The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income. 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.

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

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full.
- When the financial asset is more than 120 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of expected credit losses:
To assess the expected credit losses, the company adopts the "simplified approach" as set out by IFRS 9. The steps involved are:

1. Determine appropriate groupings
2. Determine the period over which observed historical losses are appropriate
3. Determine the historical loss rates
4. Consider forward looking macro-economic factors and conclude on appropriate loss rates
5. Calculate the expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

b) Impairment of tangible, intangible and right-of-use assets
At each balance sheet date, the carrying amounts of its tangible and intangible assets 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, 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.

Recoverable amount is the higher of fair value less costs of disposal 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss 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. A reversal of an impairment loss is recognised immediately in profit or loss.

3.13 Government grants

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

Government grants are recognised in the income statement in the same period as the related costs for which the grants are intended to compensate.

4 Critical accounting judgements and key sources of estimation uncertainty

In the preparation of financial statements in conformity with IFRS, the directors are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods which are affected by those revisions.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Capitalisation policy (judgement)
The company capitalises all rental asset items that require tracking for maintenance and logistics purposes, with no de minimus on the value of individual components. Where the refurbishment of an asset is viewed to extend the life beyond its initial useful life, the related costs are capitalised and depreciated over the estimated extended life. Costs in relation to major recertifications are also capitalised. These costs are depreciated over the period that the recertification covers. Other maintenance costs are expensed through the income statement. The total amount capitalised in the year to 31 December 2020 was £3,653,000 (2019: £10,621,000).

b) Depreciation rates and residual values of rental assets (estimate)
As described in note 3, rental assets are depreciated over their estimated useful lives on a straight line basis. The useful lives range between 2 and 10 years. Maintenance procedures and industry practice are considered in determining the useful lives and residual values of its rental assets. Residual values are reviewed annually but based on historic transactions, residual values of the rental asset fleet are considered to be negligible. Rental assets per note 14 include fully depreciated assets still in use.

c) Impairment of rental assets (estimate)
In determining whether rental assets are impaired the value in use of the cash generating units (CGUs) to which assets are allocated is estimated. Key areas of judgement in the value in use calculation include the identification of appropriate CGUs, estimation of future cash flows expected to arise from each CGU, the long-term growth rates and a suitable discount rate to apply to cash flows in order to calculate net present value. The directors have used a long-term growth rate of 1% and a discount rate of 12.5% in the assessment.

Although there are five operating departments, namely coil tubing and pumping services, wireline services, case hole logging services, pipeline services and process services, the company has viewed the overall operations as one CGU due to the sharing of assets, shared contracts and cross utilisation of personnel across departments. This is a change from prior periods where each of the five units group of assets were viewed as independent CGUs.

As at 31 December 2020 the carrying value of rental assets was £23,354,000 (2019: £28,386,000). No impairment or reversal was identified in 2020. Specialist assets with low utilisation and revenue generation are also assessed annually for risk of impairment. No impairment has been identified on these specialist assets in 2020.

5 Adoption of new and revised standards

The company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board in conformity with the requirements of the Companies Act 2006 which are relevant to and effective for the company's financial statements for the year ended 31 December 2020:

5.1 Amendments to IAS 1 and IAS 8 *Definition of material*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The adoption of these amendments did not impact on the company's financial position, loss, total comprehensive loss or cash flows for the year.

5.2 New and revised IFRSs in issue but not yet effective

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The directors of the company do not anticipate that the application of the amendments in the future will impact the company's financial statements

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

6 Revenue

All revenue recognised during the current and prior year is derived from contracts with customers.

Revenue by contract type	**2020 £000**	**2019 £000**
Rendering of services – day rate and consumables	53,699	98,246
Rendering of services – fixed price contracts	-	522
	53,699	98,768

Class of business	**2020 £000**	**2019 £000**
Well intervention	41,928	79,885
Process and pipeline	11,771	18,883
	53,699	98,768

Geographical market	**2020 £000**	**2019 £000**
United Kingdom	46,367	81,672
Africa	6,492	16,670
Other European Countries	840	426
	53,699	98,768

The transaction price allocated to unsatisfied performance obligations at 31 December 2020 are set out below:

Revenue by contract type	**2020 £000**	**2019 £000**
Rendering of services – day rate and consumables	-	-
Rendering of services – fixed price contracts	-	-
	-	-

7 Operating (loss)/profit is stated after charging/(crediting):

	2020 £000	**2019 £000**
Included in cost of sales:		
Depreciation and impairment	8,726	9,553
Staff costs	20,743	27,470
Cost of inventories	2,228	3,909
Included in administrative expenses:		
Depreciation and impairment	1,289	1,324
Amortisation	31	3
Net foreign exchange differences	420	(15)
Minimum lease payments recognised as an short term lease expense	101	103
Loss/(gain) on disposal of tangible assets	11	(559)
Staff costs	9,220	10,650
	42,769	52,438

8 Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the company's auditors for the audit of the company's annual accounts	57	57
Total audit fees	57	57
Other services	-	40
Total non audit fees	-	40

9 Employee benefits expense

	2020 £000	2019 £000
The payroll costs in respect of employees are as follows:		
Wages and salaries	24,382	31,919
Social security costs	3,291	3,800
Contributions to defined contribution plans	2,290	2,401
	29,963	38,120

The compensation of the directors was as follows:	2020 £000	2019 £000
Wages and salaries	1,133	721
Social security costs	153	96
Contributions to defined contribution plans	39	37
	1,325	854

Remuneration of the highest paid director:	2020 £000	2019 £000
Emoluments	486	301
Social security costs	66	40
	552	341

	Number 2020	Number 2019
Number of directors who are members of defined contribution pension	2	2

One of the directors of the company is remunerated through the intermediate parent company, Altus Intervention Group AS. No compensation was allocated for his services in a non-executive capacity.

Defined contribution schemes
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company, in independently administered funds. Contributions totalling £180,000 (2019: £216,000) were payable to the fund at the year end and are included in creditors.

Employee numbers
The average monthly number of employees, including directors, employed during the year was as follows:

	2020	2019
Administrative	53	54
Operatives	483	525
	536	579

10 Finance income

	2020 £000	2019 £000
Bank interest	13	444
Interest on loan to a group undertaking	127	58
Other interest	-	3
	140	505

11 Finance costs

	2020 £000	2019 £000
Interest on loan from a group undertaking	-	334
Other interest expense	5	16
Interest on lease liabilities	465	530
	470	880

12 Income tax

12.1 Income tax recognised in profit or loss

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	2020 £000	2019 £000
Current income tax:		
Current UK income tax charge	-	66
Adjustments in respect of current UK income tax of previous years	21	39
Current foreign corporation tax charge	785	1,745
Adjustments in respect of foreign corporation tax charge of previous years	18	606
	824	2,456
Deferred tax:		
Relating to origination and reversal of timing differences	-	-
Adjustments to deferred tax attributable to changes in rates and laws	-	-
Effects of change in tax rates	-	-
	-	-
Total tax expense in the year	824	2,456

The tax charge is reconciled to the accounting (loss)/profit as follows:

	2020 £000	2019 £000
(Loss)/profit before tax	(8,924)	8,595
Tax on profit at standard UK rate of 19% (2019 – 19%)	(1,696)	1,633
Effects of:		
Expenses that are not deductible for tax purposes	108	104
Foreign taxes in excess of UK rates	537	1,169
Group relief claimed	-	(950)
Adjustment to tax in respect of prior years	38	645
Income not taxable	(22)	(29)
Movement in temporary differences relating to foreign branch exemption	-	-
Deferred tax asset not recognised	1,859	(116)
	2,520	823
Income tax expense recognised in profit or loss	824	2,456

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

12 Income tax (continued)

12.1 Income tax recognised in profit or loss (continued)

The Finance Act 2020, substantively enacted on 17 March 2020, superseded provisions from previous Finance Acts and set the tax rate to continue at 19% for financial years 2020 and 2021. The Finance Act 2020, substantively enacted on 24 May 2021, set the main tax rate to continue at 19% for financial year 2022, but introduced a new main tax rate of 25% for financial year 2023.

12.2 Deferred tax balances

The following is the analysis of the deferred tax liability:

2020	**Opening balances £000**	**Recognised in profit or loss £000**	**Closing balance £000**
Deferred tax (asset)/liabilities in relation to:			
Property, plant and equipment	-	-	-
Provisions	-	-	-
	-	-	-

2019	**Opening balances £000**	**Recognised in profit or loss £000**	**Closing balance £000**
Deferred tax (asset)/liabilities in relation to:			
Property, plant and equipment	-	-	-
Provisions	-	-	-
	-	-	-

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. Deferred tax is provided at 19% (2019 – 17%).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. As these earnings are continually reinvested by the company, no tax is expected to be payable on them in the foreseeable future.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset, they relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

No deferred tax asset is recognised as at 31 December 2020 with a potential deferred tax asset of £5,416,649 being available. The recoverability of the deferred tax asset is dependent on the availability of appropriate taxable profits in the foreseeable future and is considered uncertain. There is no expiry date to the deferred tax asset not recognised.

13 Intangible assets

	Computer software £000	Software under development £000	Total £000
Cost:			
At 1 January 2019	4,150	56	4,206
Additions	28	53	81
Transfers	109	(109)	-
At 31 December 2019	4,287	-	4,287
Additions	27	-	27
Transfers	-	-	-
At 31 December 2020	4,314	-	4,314
Amortisation:			
At 1 January 2019	4,150	-	4,150
Amortisation charge for year	3	-	3
At 31 December 2019	4,153	-	4,153
Amortisation charge for year	31	-	31
At 31 December 2020	4,184	-	4,184
Net book value:			
At 31 December 2020	130	-	130
At 31 December 2019	134	-	134

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR YEAR ENDED 31 DECEMBER 2020

14 Tangible fixed assets

	Leasehold improvements £000	Rental assets £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost:					
At 1 January 2019	2,835	136,284	2,035	945	142,099
Additions	12	8,326	261	2,022	10,621
Transfers	-	2,080	-	(2,080)	-
Transfer to right-of-use assets	-	(1,209)	-	-	(1,209)
Disposals	-	(8,476)	-	-	(8,476)
At 31 December 2019	2,847	137,005	2,296	887	143,035
Additions	11	2,329	70	1,243	3,653
Transfers	-	1,185	-	(1,185)	-
Disposals	-	(1,492)	-	-	(1,492)
At 31 December 2020	2,858	139,027	2,366	945	145,196
Deprecaition:					
At 1 January 2019	2,350	107,736	1,740	-	111,826
Depreciation charge for year	101	9,139	124	-	9,418
Transfer to right of use assets	-	(106)	-	-	(106)
Disposals	-	(8,204)	-	-	(8,204)
At 31 December 2019	2,451	108,619	1,864	-	112,934
Depreciation charge for year	102	8,400	114	-	8,616
Disposals	-	(1,346)	-	-	(1,346)
At 31 December 2020	2,553	115,673	1,978	-	120,204
Net book value:					
At 31 December 2020	305	23,354	388	945	24,992
At 31 December 2019	396	28,386	432	887	30,101

As at 31 December 2020, Rental assets with a cost of £569,000 (2019: £970,000) and accumulated depreciation of £480,000 (2019: £717,000) are marketed as available for sale.

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

15 Fixed asset investments

	Shares in subsidiary undertaking £000
Cost:	
At 1 January 2019 and 31 December 2019	92
Disposals	(92)
At 31 December 2020	-
	=====
Provision for diminution in value:	
At 1 January 2019 and 31 December 2019	92
Disposals	(92)
At 31 December 2020	-
	=====
Net book value:	
At 31 December 2020	-
	=====
At 31 December 2019	-
	=====

The shares in subsidiary undertaking relates to:

Company	Registered Office	Country of registration or incorporation	Shares held Class	%	Capital and reserves £000	Profit for year £000
Qinterra Technologies Sdn Bhd	Suite 7-6, Level 7 Wisma UOA II No.21, Jalan Pinang 50450 Kuala Lumpur	Malaysia	Ordinary	100	-	-

The principal activity of Qinterra Technologies Sdn Bhd was the rental of well intervention tools. The subsidiary was formally liquidated on 20 January 2020.

16 Inventories

	2020 £000	2019 £000
Work in progress	17	46
Maintenance spares	6,752	6,904
	6,769	6,950
	=======	=======

The cost of inventories expensed was £2,228,229 (2019: £3,909,095).

There were no write downs of inventory during the year (2019- £Nil).

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

17 Trade and other receivables

	2020 £000	2019 £000
Trade receivables	7,841	9,287
Amounts due from group undertakings	2,523	2,163
Prepayments and accrued income	4,678	6,049
Other debtors	237	1,322
	15,279	17,154

The company's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 24.

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because the amounts are still considered recoverable. The ageing of receivables is set out at note 24.

The carrying amount of trade and other receivables approximates to their fair value.

Included in prepayments and accrued income is £3,642,328 (2019: £4,921,878) of accrued income related to contracts with customers. The decrease in accrued income correlates to decreased revenues in the final two months of 2020 compared to the same period in 2019.

18 Share capital

	2020 £000	2019 £000
Authorised share capital:		
25,104,000 (2019: 25,104,000) Ordinary shares of £1 each	25,104	25,104
1,006,638 (2019: 1,006,638) Ordinary 'B' shares of £1 each	1,007	1,007
	26,111	26,111
Issued, allotted, called up and fully paid:		
25,104,000 (2019: 25,104,000) Ordinary shares of £1 each	25,104	25,104
6,638 (2019: 6,638) Ordinary 'B' shares of £1 each	7	7
	25,111	25,111

Holders of 'B' Ordinary shares are not entitled to a dividend until the first dividend is declared on the Ordinary shares after September 2014 and are not entitled to vote any general meetings of the company. Otherwise, the shares rank pari passu.

19 Share premium account

	£000
Balance at 31 December 2019 and 31 December 2020	396

The share premium account represents the amounts paid in excess of nominal value paid on Ordinary shares.

20 Other reserves

The company's other reserves are as follows:

The capital redemption reserve represents the redemption of preference shares in 2008, treated in accordance with Companies Act 2006.

21 Retained earnings

Retained earnings represents accumulated profits and other comprehensive income net of distributions to shareholders.

22 Lease liabilities

	2020 £000	2019 £000
Lease liabilities	7,927	9,153
Amounts payable under leases		
Less than one year	1,344	1,274
Between one and five years	4,966	5,056
Over five years	1,617	2,823
	7,927	9,153
Analysed as:		
Amounts due for settlement within 12 months	1,344	1,274
Amounts due for settlement after 12 months	6,583	7,879
	7,927	9,153

The company has entered in to a lease, with a fellow subsidiary, for rental equipment, with the lease term over five years. For the year ended 31 December 2020 the effective borrowing rate was 3.7%. Interest rates are fixed as the contract date. All leases are on a fixed payment basis and no arrangements have been entered into for contingent rental payments.

Reconciliation of liabilities arising from financing activities
The table below details changes in the company's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the company's cash flow statement as cash flows from financing activities.

		Non-Cash changes		Cash changes		
	01/01/2020 £000	New leases £000	Foreign exchange differences £000	Capital repayment £000	Interest paid £000	31/12/2020 £000
Amounts payable under lease liabilities	9,153	64	(13)	(1,742)	465	7,927

	2020 £000	2019 £000
Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	1,399	1,459
Interest expense on lease liabilities	465	495

Total future minimum lease payments under non-cancellable short-term leases

Land and property	2020 £000	2019 £000
Less than one year	16	16

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR YEAR ENDED 31 DECEMBER 2020

22 Lease liabilities (continued)

Right-of-use assets	Land and Buildings £000	Rental assets £000	Plant and machinery £000	Total £000
Cost:				
At 1 January 2019	-	-	-	-
Additions	9,277	-	48	9,325
Transfer from property, plant and equipment	-	1,209	-	1,209
At 31 December 2019	9,277	1,209	48	10,534
Additions	-	-	64	64
At 31 December 2020	9,277	1,209	112	10,598
Depreciation:				
At 1 January 2019	-	-	-	-
Depreciation charge for year	1,188	254	17	1,459
Transfer from property, plant and equipment	-	106	-	106
At 31 December 2019	1,188	360	17	1,565
Depreciation charge for year	1,187	184	28	1,399
At 31 December 2020	2,375	544	45	2,964
Carrying amount:				
At 31 December 2020	6,902	665	67	7,634
At 31 December 2019	8,089	849	31	8,969

The group leases several assets including buildings and motor vehicles. The average lease term is 7 years.

23 Trade and other payables

	2020 £000	2019 £000
Trade payables	3,758	7,104
Amounts due to group undertakings	2,792	4,295
Other tax and social security	1,072	1,129
Accruals and deferred income	2,091	3,673
Other creditors	750	953
	10,463	17,154

The company's exposure to credit risk and impairment loss related to trade and other payables is disclosed in note 24.

24 Financial instruments

The company's activities involve the use of a variety of financial instruments. These financial instruments assist the financing of the day to day operations and future development.

Categories of financial instruments	2020 £000	2019 £000
Financial assets – assets measured at amortised cost		
Cash and bank balances	21,868	29,989
Trade receivables (note 17)	7,841	9,287
Amounts due from group undertakings (note 17)	2,523	2,163
	32,232	41,439
Financial liabilities – liabilities measured at amortised cost		
Trade payables (note 23)	3,758	7,104
Amounts due to group undertakings (note 23)	2,792	4,295
Lease liabilities (note 22)	7,927	9,153
	14,477	20,552

ALTUS INTERVENTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020

24 Financial instruments (continued)

Financial risk
The use of financial instruments gives rise to a variety of financial risks; market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management strategy is to hedge exposures wherever practicable in order to minimise any potential adverse impact on financial performance.

Risk management is carried out by group oversight and company management. Guidelines for risk management have been approved by the board at the group level and are carried out by the group finance department in co-operation with individual operational units, including the company.

Where the board considers that a material element of the company's profits and net assets is exposed to a country in which there is a significant geopolitical uncertainty, a strategy is agreed to ensure that the risk is managed.

Foreign exchange risk
The company is exposed to changes in the value of Pounds Sterling against foreign currencies due to entering transactions denominated in foreign currencies and holding assets and liabilities denominated in foreign currencies.

Foreign exchange risk is in part managed by group treasury, who enter in to forward/futures contracts and option agreements to mitigate exchange risks affecting the group as a whole. The exchange rate risk is calculated for each foreign currency and takes into account assets and liabilities, liabilities not recognised in the statement of financial position and forecast purchases and sales in the currency in question.

Within the company, management aim to mitigate foreign exchange risk by matching sales and purchases in the same currency where possible.

The carrying amount of the company's financial assets and financial liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	£000	£000	£000	£000
Sterling	28,809	30,995	10,874	14,871
US Dollar	9,037	9,602	151	506
Euro	(3,923)	910	52	70
Norwegian Kroner	(1,749)	(133)	3,400	5,105
Central African Franc	1	5	-	-
Ghanaian Cedi	57	60	-	-
	32,232	41,439	14,477	20,552

Foreign exchange risk (continued)
The company has pooled bank facilities. Although some foreign currency accounts are overdrawn, both the company and bank view these as part of the pooled bank facilities which in total are not overdrawn, and therefore viewed as an asset.

Foreign currency sensitivity analysis
The company is mainly exposed to the currency of US Dollars.

The following table details the company's sensitivity to a 10% increase in the net financial assets denominated in US Dollars. The sensitivity analysis includes only outstanding US Dollar denominated monetary items and adjusted their translation at the year end for a 10% increase in foreign currency rates.

	2020	2019
	£000	£000
Profit or loss/Equity	910	910

For a 10% decrease in the foreign currency rate, the above amounts would be negative and represent a loss.

The company's sensitivity to US Dollars has decreased due to a reduction in cash and cash equivalents held in US Dollars.

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

24 Financial instruments (continued)

Credit risk (continued)

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full.
- When the financial asset is more than 120 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The company's credit risk primarily relates to bank balances and trade receivables. The amounts presented in the financial statements are net of provisions for doubtful balances. Exposure to credit risk is actively managed by assessing the creditworthiness of individual customers. An allowance for impairment is made when there are expected credit losses, based on a review of changes in credit risk since initial recognition of the balances.

The company's major customers are typically national oil companies and companies which have credit ratings assigned to them by international credit rating agencies. The credit ratings of new customers are reviewed and considered prior to any credit being offered.

The company has credit risk related to amounts due from group companies. Intercompany trading and advances are monitored by group treasury. Company management also consider the financial position of the relevant group companies to assess the recoverability of these amounts.

The credit risk on cash and cash equivalents is considered minimal as these balances are held in accounts with international banks with recognised credit ratings.

Impairment losses

The ageing of trade receivables that are not impaired at the reporting date is:

	2020 £000	2019 £000
Current	6,201	6,400
31-60 days	1,326	2,489
61-90 days	94	333
91-120 days	107	64
121-150 days	110	-
> 150 days	3	1
	7,841	9,287

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and the impact of netting agreements:

	Remaining contractual maturities £000	Total £000	1-6 months £000	7 months to 1 year £000	1-5 years £000	5-10 years £000
2020						
Trade payables (note 23)	3,758	3,758	3,758	-	-	-
Amounts due to group undertakings (note 23)	2,792	2,792	2,792	-	-	-
Lease liabilities (note 22)	7,927	7,927	666	678	4,966	1,617
2019						
Trade payables (note 23)	7,104	7,104	7,104	-	-	-
Amounts due to group undertakings (note 23)	4,295	4,295	4,295	-	-	-
Lease liabilities (note 22)	9,153	9,153	629	646	5,055	2,823

The table is drawn up based on the undiscounted cash flows of financial liabilities using the earliest date on which the company can be obliged to pay.

Interest rate risk

The company has no interest rate risk arising from its long term borrowings. All borrowings were from related companies, repayable on demand and at a fixed rate of interest.

25 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2019.

The capital structure of the company consists of net debt (borrowings as detailed in note 24 offset by cash and bank balances) and equity (comprising issued share capital other reserves and retained earnings as detailed in notes 19, 20 and 21).

The company is not subject to any externally imposed capital requirements.

The company's net debt is subject to ongoing review and monitoring by the group treasury function with bank balances pooled together and group companies joint and severally guaranteeing external credit facilities held within the group. The treasury function reviews the cost of capital and risks associated with each type of capital, to optimise the return to stakeholders while ensuring compliance with covenants related to external credit facilities.

26 Capital commitments

	2020 £000	2019 £000
Contracted for but not provided in the financial statements		
Tangible assets	278	868
	=======	=======

27 Related party transactions

Throughout the prior year and until 11 September 2020, Oz Holding Guernsey Limited, a company incorporated in Guernsey, was the ultimate holding company. There was not considered to be an ultimate controlling party. Subsequent to this date, the company's ultimate parent company is Altus Intervention Holding AS, a company incorporated in Norway. There is not considered to be an ultimate controlling party.

Balances and transactions between the company, its parent and its subsidiaries, which are related parties of the company, are noted below. All transactions with group companies are made on arm's length terms.

Services recharged to group companies are pass through costs incurred by the company on behalf of group companies. These are recharged with a 5% markup. The 5% markup is the only item recognised in the income statement, with the cost and revenue for the service being offset.

During the year the company entered into the following transactions with related parties:

	Sale of goods & services		Services recharged	
	2020 £000	2019 £000	2020 £000	2019 £000
Subsidiaries of Altus Intervention Holding AS	517	19	2,043	1,783
	=======	=======	=======	======

	Purchase of goods & services	
	2020 £000	2019 £000
Subsidiaries of Altus Intervention Holding AS	5,458	8,657
	=======	======

The following balances were outstanding at the year end:

	Amounts owed by related parties		Amounts owed to related parties	
	2020 £000	2019 £000	2019 £000	2018 £000
Subsidiaries of Altus Intervention Holding AS	2,523	2,163	2,792	4,295
	======	======	======	======

27 Related party transactions (continued)

All transactions and balances noted above are with group companies that were part of the Oz Holding Guernsey Limited group until 11 September 2020 and part of the Altus Intervention Holding AS group subsequently. Therefore, it has not been deemed necessary to split the related party transactions and balances separately under each ultimate holding company

The company had a loan from its parent company, Altus Intervention Holding Limited. The loan was unsecured and interest was charged at 8.5%. The balance was repayable on demand with back stop maturity date of January 2023. The loan was settled during 2019.

The following interest was charged by related parties:

	2020 £000	2019 £000
Altus Intervention Holding Limited – Immediate Parent Company	-	334
	======	======

The company entered in to a lease agreement, relating to rental assets, with a fellow subsidiary, Altus Intervention (Technologies) AS. The lease is secured by the lessor's rights over the leased assets. For the year ended 31 December 2020 the effective borrowing rate was 3.7%. Interest rates are fixed as the contract date. All leases are on a fixed repayment basis and no arrangements have been entered in to for contingent rental payments.

The following balance was outstanding under the lease at the year end:

	2020 £000	2019 £000
Amounts due for settlement within 12 months	226	219
Amounts due for settlement after 12 months	375	605
	601	824
	======	======

The interest recognised in the year on the lease:	2020 £000	2019 £000
Interest on lease liabilities	25	35
	======	======

Key management

Key management of the company is viewed to be the directors. Transactions with key management was directors' remuneration as follows:

	2020 £000	2019 £000
Short term employee benefits	1,286	817
Post-employment benefits	39	37
	1,325	854
	=======	=======

28 Contingent liabilities

The company, along with all other material group companies, jointly and severally guarantee credit facilities held by the intermediate parent companies Oz HoldCo AS and Oz MidCo AS, companies incorporated in Norway. As at 31 December 2020 the contingent liability of the company under these arrangements was £131,807,077 (2019: £298,629,747).

29 Non-adjusting post balance sheet events

The outbreak of Covid-19 in March 2020 has had a significant impact on the company's operational activities in 2020. With the significant decline in operational activity, the company utilized the UK governments Job Retention Scheme. In total the company claimed £3.7m from the scheme during 2021.

In addition to the support received from the JRS, the company also went through an employee consultation period to restructure the company to the new operating environment.

The company has made all reasonable and practical changes to its operating environment to reduce the risks of the Covid-19 pandemic to its employees, customers, suppliers and other stakeholders. These measures are in line with United Kingdom government guidance as a minimum and are continually being reviewed.

With the significant uncertainty, the directors continue to assess the impact of the pandemic and the related recovery in oil price on future cashflows. The directors are confident that the measures taken have put the company in a strong position to be able to manage the current global & economic environment and return to cash generative position.

30 Control

Altus Intervention Holding Limited, a company incorporated in the United Kingdom, is the immediate parent company. Oz Holding Guernsey Limited, a company incorporated in Guernsey, was the ultimate holding company until 11 September 2020. Subsequent to this date, the company's ultimate parent company is Altus Intervention Holding AS, a company incorporated in Norway. There is not considered to be an ultimate controlling party.

The smallest and largest group in which the company's accounts are consolidated is that headed by Altus Intervention Holding AS, a former intermediate parent company, which is incorporated in Norway and its registered office address is Lagervegen 30, 4033 Stavanger, Norway. Copies of the consolidated financial statements can be obtained from PO Box 281, Forus, NO4066, Stavanger, Norway.