

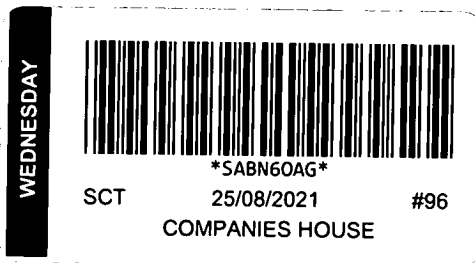
**FoundOcean Limited**

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number SC159257



# FoundOcean Limited

## Company Information

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<b>Directors</b>	J Bell A Venn H Hunter K Miller M Hardy
<b>Company secretary</b>	H Hunter
<b>Registered number</b>	SC159257
<b>Registered office</b>	Units 3 & 4 Telford Square Business Park Telford Square Livingston EH54 5PQ
<b>Independent auditor</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
<b>Solicitors</b>	The Head Partnership Solicitors LLP 2 Duke Street Henley on Thames Oxon RG9 1UP

# FoundOcean Limited

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# FoundOcean Limited

## Group Strategic Report For the Year Ended 31 December 2020

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

### Principal activity

FoundOcean Limited ("the group") specialises in providing offshore grouting services to offshore installation contractors worldwide. FoundOcean Limited is one of the largest specialist grouting services provider to the Offshore Oil and Gas and Offshore Renewables markets in the world.

### Company strategy

The strategy of the group is to continue to grow the business in core activities and increase turnover through the following initiatives:

- Global penetration in core services - There are certain geographical regions in which FoundOcean Limited has traditionally been under represented, despite a demand for its services. FoundOcean Limited is active through its US entity, with the aim of generating more grouting revenues in the region.
- Market growth in high growth offshore windfarm opportunities - The number of offshore windfarm installations is expected to grow significantly over the next few years, around the globe. FoundOcean Limited is already seen as a market leader in offshore windfarm grouting and will continue to consolidate or even increase its market share in the UK, Europe, Taiwan and to penetrate the emerging markets worldwide.

### Review of business

Turnover in 2020 was £2,993,302 (2019 - £8,473,474). While the group continues to penetrate the growing offshore renewables sector, COVID impacted the timing of all projects, reducing the number available in 2020, thereby the reduction in turnover. The reduced windfarm projects affected the group's margin significantly and while the company diversified into another sub-sector the volume of work and margins were not sufficient compared to windfarm projects.

Operating losses were £1,826,081 compared to losses of £2,085,832 for the previous year. The directors monitor the performance of the group based both on sales and an internal definition of adjusted EBITDA. As at the year end adjusted EBITDA loss was £1,169,061 (2019 - £1,256,936 loss). This adjusted EBITDA measure excludes adjusting items which are intra-group items of £Nil (2019 - £163,393), deducting non-recurring bank charges and currency losses of £98,469 (2019- £117,732) and deduction bad debts of £148,357 (2019 - 106,076).

Furthermore, with the change in ownership in the prior period there were substantial restructuring costs of £0 (2019- £450,081) and a one off bad debt of £0 (2019 - £106,976).

### Future developments

The impact of COVID-19 is considered below and has not extended into 2021. After the relatively quiet 2020, the planned windfarm projects are in progress and are expected to increase in future years. While COVID-19 has delayed this and 2020 was a challenging year, momentum is building as we learn to safely live with COVID-19. The group is well positioned to take advantage of the well-publicised drive by governments to increase reliance on renewable energies in the coming years, with the billions of pounds worth of investment planned. The group now has a significant order book for 2021 with over 80% of projected revenue booked. In addition the group continues to pursue and win projects in oil and gas, decommissioning and jetty sectors.

Due to a strong order book, appropriate cost base and active prospects for 2021/2022 the directors expect the profitability to improve further in the coming years.

# FoundOcean Limited

## Group Strategic Report (continued) For the Year Ended 31 December 2020

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### Key performance indicators

Management considers turnover and an internal definition of adjusted EBITDA, which excludes intra group and non-recurring items, to be the main KPIs for the group, both of which are monitored closely. Turnover was down from £8,473,474 in 2019 to £2,993,302 for the current year, and adjusted EBITDA which is discussed above.

### Principal risks and uncertainties

The group operates in a niche market where standards of service and maintaining the group's reputation are key to success. The principal risks and uncertainties facing the group in applying the above strategy are considered to be the following:

- Visibility in future activity as a result of the oil price volatility - the prior low oil price has been well documented with the recent increases and potential stability welcome. FoundOcean Limited had seen a significant reduction in its activity levels as capital spend by the oil majors has been reduced accordingly. Activity is now starting to improve, however the timing and extent is difficult to predict as is therefore the future expected revenues, profits and cashflows. Additional funding has been obtained to assist with this uncertainty. We also continue to monitor the potential effects of Brexit.
- Loss of focus on its core activities - In diversifying from its core activities, there is a risk that FoundOcean Limited could become less attractive to future investors. FoundOcean Limited must therefore ensure that any organic growth or acquisition is closely associated with the core service provisions and the value of the FoundOcean brand is enhanced rather than reduced by a move into any future new vector.
- Activity in the Offshore Renewables Sector is forecast to grow in the coming years but the relatively small number of windfarm projects are subject to individual government policies and installation timing subject to the processes of Government approval. FoundOcean Limited considers that it is well placed to optimise its market share in this sector.
- Reliance on key contracts - as with all project based businesses the company is reliant on a number of key contracts; which by nature the timing and value may vary from forecasts. FoundOcean Limited considers that it has the resources and sufficient funding to manage any deviations from forecast.
- COVID-19 - at the date of signing the accounts, the UK economy is severely impacted by the effects of the spread of COVID-19, and the measures taken by the government to prevent the continued spread of the virus. The group, in line with businesses in many industries, has been harmfully impacted by these measures however the impact to the business has been mitigated. The group has considered the implications of COVID-19 by assessing operational capability, market-based demand and structural finance.

# FoundOcean Limited

## Group Strategic Report (continued) For the Year Ended 31 December 2020

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### Principal risks and uncertainties (continued)

The directors continue to monitor the potential impact of COVID-19 on the company's operations and have contingency plans in place should an outbreak occur. A significant portion of the group's revenues are derived from essential industries which are permitted and required to operate throughout the ongoing COVID-19 pandemic restrictions.

The criticality of the services provided by the group means that it is somewhat protected from the issues faced by many businesses in other sectors. The outbreak of the pandemic had an initial impact on projects thus sales reduced significantly. As 2020 progressed however the industry has adopted procedures to allow projects to continue in a safe manner. Some projects have been delayed slightly due to the disruptive initial impact of COVID but we can see the effect receding. The group now has a significant order book for 2021 with a substantial qualified pipeline given the number of windfarm projects over the next few years per the discussion above. Nevertheless, COVID-19 presents an inherent economic uncertainty, which affected the company's future performance and financial results despite the relative strength of the group's customers end-markets.

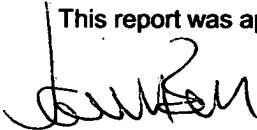
The group is financed via bank loans, directors' loans and asset finance over certain fixed assets. Due to the effects of COVID the group has taken on £4m of government backed long term loans. These long term loans are over a period of 5 years and allow for reduced reliance on short term bank loans over 2021. The directors have confirmed their loans will not be demanded within 12 months with one director providing a letter of support for an additional facility if required.

The directors have undertaken scenario planning to assess the potential impact of COVID-19 on the group. Under all scenarios, the group has sufficient liquidity and has actions and strategies available to further preserve that liquidity. A reverse stress test is not considered appropriate given the substantial order book for 2021/22. While the actual impact of the COVID-19 pandemic cannot be accurately predicted and it is not possible to assess all possible future implications for the group, based on this analysis and in the scenarios assessed, the directors believe that the group has a secure financial position that enable it to continue operating through the current disruption for a period of at least 12 months from the approval of the financial statements.

This report was approved by the board on

01 July 2021

and signed on its behalf.



**J Bell**  
Director

# FoundOcean Limited

## Directors' Report For the Year Ended 31 December 2020

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

### Principal activity

The group is a leading supplier of construction grouting and related civil engineering services to the offshore oil, gas and renewable energy sectors. The principal activity is the installation, of new permanent offshore structures.

### Results and dividends

The loss for the year, after taxation, amounted to £1,932,693 (2019 - loss £2,408,222).

The directors do not propose or recommend payment of a final dividend (2019 - £Nil).

### Directors

The directors who served during the year were:

J Bell  
A Venn  
H Hunter  
K Miller  
M Hardy

### Future developments

Details of future developments can be found in the strategic report on pages 1 and 2 and form part of this report by cross-reference.

### Going concern

As detailed in the strategic report, the directors have also completed an assessment of the impact of COVID-19, in making the going concern assessment the directors have taken into account the following:

- The capital structure and liquidity of the group
- A number of scenarios to the base cashflow forecasts and trading projections over 2021/22, including the potential impact of the COVID-19 pandemic and potential project delays.

Although COVID-19 developments are fluid, the stress testing demonstrates the group's financial resilience and operating flexibility. The directors have assessed that the facilities available, and the actions and strategies available to them to mitigate business threats under stress testing and the forecasts demonstrated that the group could operate within its available funding arrangements.

The directors consider the going concern basis to be appropriate following their assessment of the group's financial position and its ability to meet its obligations as and when they fall due.

Based on this analysis and in the scenarios assessed, the directors have a reasonable expectation that the company will be able to continue to operate for a period of at least 12 months from the approval of the financial statements. As a result, the financial statements have been prepared on a going concern basis.

# FoundOcean Limited

## Directors' Report (continued) For the Year Ended 31 December 2020

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### Employees

The group involves all employees in the performance and development of the company.

The group gives full consideration to applications for employment, from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

### Financial risk management policies

The group's activities expose it primarily to the following financial risks:

#### Liquidity risk

The group has a comprehensive forecasting and monitoring process in place to manage cash and minimise liquidity risk. The company has in place short-term and medium-term financing facilities which it is constantly reviewing to ensure sufficient funding is available for working capital needs. The group is in constant dialogue with its bankers to ensure that the facilities provided are sufficient for its required level of liquidity.

#### Foreign currency risk

Where possible, the group minimises exchange rate risk by ensuring materials and services are purchased in the contract currency. To the extent this is not possible, the group is exposed to both Euro and US Dollar exchange rate risk. With increasing numbers of contracts being denominated in Euros or US Dollars the group is in the process of reviewing its hedging strategy. However, as at the year end there are no active hedging instruments in place.

#### Credit risk

The group's principal financial assets are cash and trade debtors. The amounts presented in the statement of financial position are net of allowances for specific doubtful debts identified on a project-by-project basis. 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 limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

### Post balance sheet events

There are no post balance sheet events.

# FoundOcean Limited

## Directors' Report (continued) For the Year Ended 31 December 2020

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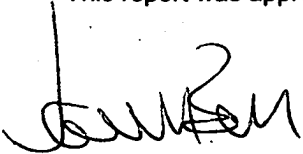
### Auditor

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

This report was approved by the board on

01 July 2021

and signed on its behalf.



**J Bell**  
Director

# **FoundOcean Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

# FoundOcean Limited

## Independent Auditor's Report to the Members of FoundOcean Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of FoundOcean Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion on the financial statements

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

### Conclusions relating to going concern

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

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

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

# FoundOcean Limited

## Independent Auditor's Report to the Members of FoundOcean Limited (continued)

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### Other information

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

### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

### Responsibilities of directors

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

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

# FoundOcean Limited

## Independent Auditor's Report to the Members of FoundOcean Limited (continued)

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### 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.

#### Extent to which the audit was 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:

The procedures that we designed and executed included:

- > performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- > reading minutes of meetings of those charged with governance; reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- > assessing the design and implementation of the control environment of each significant component of the Group to identify areas of material weakness to focus the design of our audit testing;
- > determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- > identifying whether there are instances of potential bias in areas with significant degrees of judgement such as carrying value of assets subject to impairment reviews
- > addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- > vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2020; and
- > carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.


# FoundOcean Limited

## Independent Auditor's Report to the Members of FoundOcean Limited (continued)

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### Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Mark McCluskey** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Glasgow  
United Kingdom

01 July 2021

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

# FoundOcean Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	2,993,302	8,473,474
Cost of sales		(2,401,932)	(6,961,573)
<b>Gross profit</b>		<b>591,370</b>	<b>1,511,901</b>
Administrative expenses		(2,749,440)	(3,597,745)
Other operating income	5	331,991	-
<b>Operating loss</b>	6	<b>(1,826,079)</b>	<b>(2,085,844)</b>
Share of profit of joint venture		(31,299)	62,370
<b>Total operating loss</b>		<b>(1,857,378)</b>	<b>(2,023,474)</b>
Interest receivable and similar income		33	14
Interest payable and similar charges	10	(429,704)	(351,196)
<b>Loss before taxation</b>		<b>(2,287,049)</b>	<b>(2,374,656)</b>
Tax on loss	11	354,356	(33,566)
<b>Loss for the financial year</b>		<b>(1,932,693)</b>	<b>(2,408,222)</b>
Currency translation differences		(45,852)	37,362
<b>Other comprehensive income for the year</b>		<b>(45,852)</b>	<b>37,362</b>
<b>Total comprehensive income for the year</b>		<b>(1,978,545)</b>	<b>(2,370,860)</b>
<b>(Loss) for the year attributable to:</b>			
Owners of the parent company		(1,932,693)	(2,408,222)
		<b>(1,932,693)</b>	<b>(2,408,222)</b>

The notes on pages 21 to 42 form part of these financial statements.

**FoundOcean Limited**  
Registered number: SC159257

**Consolidated Statement of Financial Position**  
**As at 31 December 2020**

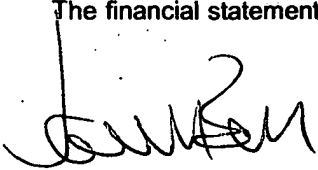
	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	12		6,409,164		7,057,482
Investments	13		422,682		480,568
			<u>6,831,846</u>		<u>7,538,050</u>
<b>Current assets</b>					
Stocks	14	2,077,434		2,147,450	
Debtors: amounts falling due within one year	15	1,933,743		2,146,461	
Cash at bank and in hand	16	1,571,543		1,128,948	
			<u>5,582,720</u>		<u>5,422,859</u>
Creditors: amounts falling due within one year	17	(4,063,683)		(6,226,459)	
<b>Net current assets/(liabilities)</b>			<u>1,519,037</u>		<u>(803,600)</u>
<b>Total assets less current liabilities</b>			<u>8,350,883</u>		<u>6,734,450</u>
Creditors: amounts falling due after more than one year	18		(4,584,330)		(989,352)
<b>Net assets</b>			<u>3,766,553</u>		<u>5,745,098</u>
<b>Capital and reserves</b>					
Called up share capital	23		2,008,825		2,008,825
Share premium account	24		2,316,540		2,316,540
Capital redemption reserve	24		100,044		100,044
Profit and loss account	24		(658,856)		1,319,689
<b>Total equity</b>			<u>3,766,553</u>		<u>5,745,098</u>

**FoundOcean Limited**  
Registered number: SC159257

**Consolidated Statement of Financial Position (continued)**  
**As at 31 December 2020**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
01 July 2021



**J Bell**  
Director

The notes on pages 21 to 42 form part of these financial statements.

**FoundOcean Limited**  
Registered number: SC159257

**Company Statement of Financial Position**  
**As at 31 December 2020**

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	12		6,406,129		7,048,278
Investments	13		3,007		3,030
			<u>6,409,136</u>		<u>7,051,308</u>
<b>Current assets</b>					
Stocks	14	2,077,434		2,122,234	
Debtors: amounts falling due within one year	15	2,164,405		2,117,082	
Cash at bank and in hand	16	1,512,466		1,127,038	
		<u>5,754,305</u>		<u>5,366,354</u>	
Creditors: amounts falling due within one year	17	<u>(4,049,114)</u>		<u>(6,121,510)</u>	
<b>Net current assets/(liabilities)</b>			<b>1,705,191</b>		<b>(755,156)</b>
<b>Total assets less current liabilities</b>			<b>8,114,327</b>		<b>6,296,152</b>
Creditors: amounts falling due after more than one year	18		<u>(4,584,330)</u>		<u>(989,352)</u>
<b>Net assets</b>			<b>3,529,997</b>		<b>5,306,800</b>
<b>Capital and reserves</b>					
Called up share capital	23		2,008,825		2,008,825
Share premium account	24		2,316,540		2,316,540
Capital redemption reserve	24		100,044		100,044
Profit and loss account	24		(895,412)		881,391
<b>Total equity</b>			<b>3,529,997</b>		<b>5,306,800</b>

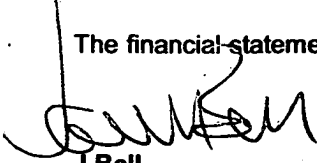
**FoundOcean Limited**  
Registered number: SC159257

**Company Statement of Financial Position (continued)**  
**As at 31 December 2020**

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The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The loss after tax of the parent company for the year was £2,144,677 (2019 - £2,202,249).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
01 July 2021

  
**J Bell**  
Director

The notes on pages 21 to 42 form part of these financial statements.

# FoundOcean Limited

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	2,008,825	2,316,540	100,044	1,319,689	5,745,098
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,932,693)	(1,932,693)
Currency translation differences	-	-	-	(45,852)	(45,852)
<b>Total comprehensive income for the year</b>	-	-	-	(1,978,545)	(1,978,545)
<b>At 31 December 2020</b>	<b>2,008,825</b>	<b>2,316,540</b>	<b>100,044</b>	<b>(658,856)</b>	<b>3,766,553</b>

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	2,008,825	2,316,540	100,044	3,690,549	8,115,958
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,408,222)	(2,408,222)
Currency translation differences	-	-	-	37,362	37,362
<b>Total comprehensive income for the year</b>	-	-	-	(2,370,860)	(2,370,860)
<b>At 31 December 2019</b>	<b>2,008,825</b>	<b>2,316,540</b>	<b>100,044</b>	<b>1,319,689</b>	<b>5,745,098</b>

The notes on pages 21 to 42 form part of these financial statements.

# FoundOcean Limited

## Company Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	2,008,825	2,316,540	100,044	881,391	5,306,800
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,776,803)	(1,776,803)
<b>Total comprehensive income for the year</b>	-	-	-	(1,776,803)	(1,776,803)
<b>At 31 December 2020</b>	<b>2,008,825</b>	<b>2,316,540</b>	<b>100,044</b>	<b>(895,412)</b>	<b>3,529,997</b>

## Company Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	2,008,825	2,316,540	100,044	3,083,640	7,509,049
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,202,249)	(2,202,249)
<b>Total comprehensive income for the year</b>	-	-	-	(2,202,249)	(2,202,249)
<b>At 31 December 2019</b>	<b>2,008,825</b>	<b>2,316,540</b>	<b>100,044</b>	<b>881,391</b>	<b>5,306,800</b>

The notes on pages 21 to 42 form part of these financial statements.

# FoundOcean Limited

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,932,693)	(2,408,222)
<b>Adjustments for:</b>		
Depreciation of tangible assets	724,954	768,122
Loss on disposal of tangible assets	14,862	72,019
Interest paid	413,697	351,196
Interest received	(33)	(14)
Taxation charge	(354,356)	33,566
Decrease in stocks	82,865	820,093
Decrease in debtors	581,263	1,818,375
(Decrease) in creditors	(914,411)	(2,753,672)
(Decrease)/increase in amounts owed to groups	(41,983)	-
Share of operating profit/(loss) in joint ventures	31,299	(62,370)
Corporation tax (paid)	(17,349)	(13,056)
Foreign exchange	26,586	(5,707)
Currency translation differences	(45,854)	-
<b>Net cash generated from operating activities</b>	<b>(1,431,153)</b>	<b>(1,379,670)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(92,998)	(277,606)
Sale of tangible fixed assets	1,500	13,171
HP interest paid	(132,192)	(137,146)
<b>Net cash from investing activities</b>	<b>(223,690)</b>	<b>(401,581)</b>

# FoundOcean Limited

## Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2020

	2020 £	2019 £
<b>Cash flows from financing activities</b>		
Other new loans	4,000,000	1,100,000
Repayment of other loans	(350,000)	(1,024,851)
Repayment of finance leases	(405,022)	(367,957)
Interest paid	(287,028)	(203,486)
Capital element of finance lease contracts	-	399,676
New/(repayment) of loans from directors	(250,000)	250,000
Cash loan from parent entity	250,000	1,000,000
Interest received	33	14
<b>Net cash used in financing activities</b>	<b>2,957,983</b>	<b>1,153,396</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,303,140</b>	<b>(627,855)</b>
Cash and cash equivalents at beginning of year	27,184	655,039
<b>Cash and cash equivalents at the end of year</b>	<b>1,330,324</b>	<b>27,184</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,571,543	1,128,948
Bank overdrafts	(241,219)	(1,101,764)
	<b>1,330,324</b>	<b>27,184</b>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 1. General information

FoundOcean Limited is a private company limited by shares, incorporated in Scotland under the Companies Act. The address of the registered office and the company's registered number are given on the company information page. The nature of the company's principal activities is set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of the company is considered to be pounds sterling because that is the currency of the economic environment in which the company operates. Amounts included in the financial statements have been rounded to the nearest whole pound sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

On 18 December 2018 FoundOcean Limited acquired FoundOcean Asia Pacific PTE Limited from FoundOcean Group Limited. This was a movement in subsidiary within the group.

The movement in the subsidiary has been accounted for using merger accounting principles. Therefore the consolidated financial statements of FoundOcean Limited are presented as if FoundOcean Asia Pacific PTE Limited had always been part of the same Group. Accordingly, the results of the Group for the entire year ended 31 December 2018 are shown in the consolidated income statement.

The consolidated financial statements include the results of FoundOcean Limited and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.2 Basis of consolidation (continued)

The group reconstruction has been accounted for in accordance with FRS 102 and the principles of merger accounting since the ultimate equity holders remain the same and their rights, relative to each other are unchanged. Therefore the shareholders have a continuing interest in the business, both before and after its transfer.

Under the Companies Act one of the requirements for the application of merger accounting is that the ultimate controlling party is the same before and after the acquisition. Following the transaction FoundOcean Group sold FoundOcean Limited to CIP.

Consequently these financial statements have been prepared as if FoundOcean Limited had always been the holding company. The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Under the principle of merger accounting, the consolidated assets and liabilities of FoundOcean Asia Pacific PTE Limited have been brought in at their book values under the accounting policies of FoundOcean Limited.

#### 2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole; and
- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation's for the group and the parent company would be identical.

#### 2.4 Going concern

As detailed in the strategic report, the directors have also completed an assessment of the impact of COVID-19, in making the going concern assessment the directors have taken into account the following:

- The capital structure and liquidity of the group
- A number of scenarios to the base cashflow forecasts and trading projections over 2021/22, including the potential impact of the COVID-19 pandemic and potential project delays.

Although COVID-19 developments are fluid, the stress testing demonstrates the group's financial resilience and operating flexibility. The directors have assessed that the facilities available, and the actions and strategies available to them to mitigate business threats under stress testing and the forecasts demonstrated that the group could operate within its available funding arrangements.

The directors consider the going concern basis to be appropriate following their assessment of the company's financial position and its ability to meet its obligations as and when they fall due.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.4 Going concern (continued)

Based on this analysis and in the scenarios assessed, the directors have a reasonable expectation that the group will be able to continue to operate for a period of at least 12 months from the approval of the financial statements. As a result, the financial statements have been prepared on a going concern basis.

#### 2.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

The company operates ongoing service contracts. Turnover represents the value of time and material used in the provision of services and is recognised in line with the service provided to the end consumer.

##### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- Over the lease term
Plant and machinery	- 5.00% - 33.33% straight line
Office equipment	- 10.00% - 20.00% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Assets under construction are not depreciated. They will begin to depreciate when available for use.

#### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.8 Stocks

Stock comprises raw materials and consumables used in the supply of construction grouting and related civil engineering services. All stocks are stated at cost and provision is made for obsolete, slow-moving or defective items where appropriate.

#### 2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Income under the government's furlough scheme is shown as grant income in the period received.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.10 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

#### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### 2.13 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.13 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.15 Foreign currency translation

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### 2.16 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.17 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.18 Operating leases: the Group as lessor

Rental income from operating leases is credited to the consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

#### 2.19 Operating leases: the Group as lessee

Rental paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

#### 2.20 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 2.21 Pensions

##### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.22 Taxation

Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the consolidated statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The director is satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied in determining the depreciation rates which are deemed to be appropriate for the class of assets, the estimated useful life of goodwill which is deemed to be appropriate based on the director's assessment of the acquired business, the provision for warranties relating to specific contracts which is deemed reasonable based on the director's expectations of the probable obligation and the provision for bad debts based on the director's expectations of likely receipts after the period end.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 3. Judgements in applying accounting policies (continued)

In preparing these financial statements the directors have made the following judgements:

- **Bad debts**  
Bad debts are provided for where objective evidence of the need for a provision exists.
- **Leases**  
Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on the assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- **Tangible fixed assets**  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Revenue**  
Profit is recognised for services performed as the work is carried out if the financial outcome can be assessed with reasonable certainty.

### 4. Turnover

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	1,257,546	2,638,505
Rest of Europe	641,758	2,609,515
Rest of the world	1,093,998	3,225,454
	<u>2,993,302</u>	<u>8,473,474</u>

### 5. Other operating income

	2020 £	2019 £
Government grants receivable	150,000	-
Government CJRS scheme	181,991	-
	<u>331,991</u>	<u>-</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 6. Operating loss

The operating loss is stated after charging/(crediting):

	2020 £	2019 £
Bad debt expense/(credit)	148,357	30,592
Depreciation of tangible fixed assets	724,817	768,122
Stock consumption	155,405	194,740
Profit on disposal of tangible fixed assets	10,187	-
Exchange differences	31,294	59,315
Other operating lease rentals	256,196	274,855
Defined contribution pension cost	71,729	75,425
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	29,995	29,500
Termination payments	-	13,558
	<u>          </u>	<u>          </u>

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	1,698,756	2,335,963	1,629,517	2,143,990
Social security costs	188,716	283,128	182,178	246,376
Cost of defined contribution scheme	71,729	161,329	71,728	153,099
	<u>1,959,201</u>	<u>2,780,420</u>	<u>1,883,423</u>	<u>2,543,465</u>

During the year termination payments totalling £4,303 (2019 - £13,558) were paid to staff.

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Management	5	5	5	5
Administrative	4	4	3	3
Sales	2	4	2	2
Operations	21	28	21	28
	<u>32</u>	<u>41</u>	<u>31</u>	<u>38</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	415,015	388,996
Company contributions to defined contribution pension schemes	19,883	31,342
	<u>434,898</u>	<u>420,338</u>

During the year retirement benefits were accruing to 5 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £130,072 (2019 - £161,202).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,837 (2019 - £13,539).

The total compensation paid to key management personnel for services provided to the group was £472,179 (2019 - £478,344).

### 9. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	<u>33</u>	<u>14</u>

### 10. Net finance charges

	2020 £	2019 £
Bank interest payable	16,006	-
Group loan interest	125,521	76,701
Finance leases and hire purchase contracts	132,192	137,146
Other loans	155,985	137,349
	<u>429,704</u>	<u>351,196</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Foreign withholding tax	13,518	33,566
Adjustments in respect of previous periods	(367,874)	-
<b>Total current tax</b>	<u>(354,356)</u>	<u>33,566</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(2,287,049)</u>	<u>(2,374,656)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(434,539)	(451,185)
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	10,669	9,318
Expenses not deductible for tax purposes	2,894	15,809
Adjust closing deferred tax to average rate of 19%	-	175,721
Adjust opening deferred tax to average rate of 19%	-	(134,418)
Deferred tax not recognised	356,919	351,076
Adjustment to tax charge in respect of previous periods - Deferred tax	187,521	-
Remeasurement of deferred tax for changes in tax rate	(153,660)	-
Adjustment in respect of prior year	(367,874)	-
Other differences leading to an increase in the tax charge	43,714	67,245
<b>Total tax charge for the year</b>	<u>(354,356)</u>	<u>33,566</u>

#### Factors that may affect future tax charges

In the March 2021 UK Budget, an announcement was made to increase the main rate of UK corporation tax to 25% from 1 April 2023. This will impact on the measurement of the Group and Company's deferred tax liabilities/(assets) in the future. However, the substantively enacted rate at 31 December 2020 was 19% and therefore the tax liabilities/(assets) of the Group and Company have been measured at this rate in the current period.

The group has carried forward tax losses of £13,350,891 (2019 - £11,553,992), subject to agreement with HMRC.

There is a tax adjustment of £367,874 relating to R&D tax credit claim for 2018 and 2019.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 12. Tangible fixed assets

#### Group

	Long-term leasehold property £	Plant and machinery £	Office equipment £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	594,963	11,837,614	746,406	4,362	13,183,345
Additions	-	25,522	7,715	59,311	92,548
Disposals	(301,955)	(5,580)	(708,155)	-	(1,015,690)
Transfers between classes	-	-	-	(4,362)	(4,362)
At 31 December 2020	<u>293,008</u>	<u>11,857,556</u>	<u>45,966</u>	<u>59,311</u>	<u>12,255,841</u>
<b>Depreciation</b>					
At 1 January 2020	509,470	4,900,497	715,896	-	6,125,863
Charge for the year	23,256	684,624	16,937	-	724,817
Disposals	(301,955)	(2,032)	(700,016)	-	(1,004,003)
At 31 December 2020	<u>230,771</u>	<u>5,583,089</u>	<u>32,817</u>	<u>-</u>	<u>5,846,677</u>
<b>Net book value</b>					
At 31 December 2020	<u>62,237</u>	<u>6,274,467</u>	<u>13,149</u>	<u>59,311</u>	<u>6,409,164</u>
At 31 December 2019	<u>85,493</u>	<u>6,937,117</u>	<u>30,510</u>	<u>4,362</u>	<u>7,057,482</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	<u>6,274,467</u>	<u>6,710,101</u>

Depreciation charge on assets held under finance leases or hire purchase contracts, included above, totalled £684,624 (2019 - £411,624).

#### Company

	Long-term leasehold property £	Plant and machinery £	Office equipment £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	594,963	11,837,614	729,793	4,362	13,166,732
Additions	-	25,522	11,569	59,311	96,402
Disposals	(301,955)	(5,580)	(708,155)	-	(1,015,690)
Transfers between classes	-	-	-	(4,362)	(4,362)
At 31 December 2020	<u>293,008</u>	<u>11,857,556</u>	<u>33,207</u>	<u>59,311</u>	<u>12,243,082</u>
<b>Depreciation</b>					
At 1 January 2020	509,470	4,900,497	708,487	-	6,118,454
Charge for the year	23,256	684,624	14,622	-	722,502
Disposals	(301,955)	(2,032)	(700,016)	-	(1,004,003)
At 31 December 2020	<u>230,771</u>	<u>5,583,089</u>	<u>23,093</u>	<u>-</u>	<u>5,836,953</u>
<b>Net book value</b>					
At 31 December 2020	<u>62,237</u>	<u>6,274,467</u>	<u>10,114</u>	<u>59,311</u>	<u>6,406,129</u>
At 31 December 2019	<u>85,493</u>	<u>6,937,117</u>	<u>21,306</u>	<u>4,362</u>	<u>7,048,278</u>

See group note for details of assets held under finance leases or hire purchase contracts.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 13. Fixed asset investments

#### Group

	Investments in associates £
<b>Cost or valuation</b>	
At 1 January 2020	480,568
Foreign exchange movement	(26,587)
Share of profit/(loss)	(31,299)
At 31 December 2020	<u>422,682</u>

#### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2020	3,030
Disposals	(23)
At 31 December 2020	<u>3,007</u>

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
FoundOcean Inc.	Providing the installation of new permanent offshore structures.	Ordinary	100.00%
FoundOcean Group Asia Pacific PTE Limited	Grouting services	Ordinary	100.00%
Ambico FoundOcean Grouting Services Limited	Providing specialised subsea solutions for the Oil & Gas Industry in India.	Ordinary	49.00%

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 13. Fixed asset investments (continued)

#### Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
FoundOcean Inc.	(206,354)	(117,276)
FoundOcean BV	18,126	(37,980)
Ambico FoundOcean Grouting Services Limited	861,530	(63,875)

FoundOcean Group Asia Pacific PTE Limited is no longer trading and has £Nil net assets.

Ambico FoundOcean Grouting Services Limited is accounted for as an associate undertaking.

### 14. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	2,003,324	2,086,187	2,003,324	2,086,187
Work in progress	74,110	61,263	74,110	36,047
	<u>2,077,434</u>	<u>2,147,450</u>	<u>2,077,434</u>	<u>2,122,234</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 15. Debtors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,373,255	1,778,488	1,346,368	1,413,933
Amounts owed by group undertakings	-	-	257,549	335,465
Amounts owed by associates	-	172,476	-	172,476
Other debtors	104,430	82,153	104,430	81,864
Prepayments and accrued income	88,184	113,344	88,184	113,344
Tax recoverable	367,874	-	367,874	-
	<u>1,933,743</u>	<u>2,146,461</u>	<u>2,164,405</u>	<u>2,117,082</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 15. Debtors: amounts falling due within one year (continued)

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was nil (2019 - £83,641).

### 16. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	1,571,543	1,128,948	1,512,466	1,127,038
Less: bank overdrafts	(241,219)	(1,101,764)	(241,219)	(1,101,764)
	<u>1,330,324</u>	<u>27,184</u>	<u>1,271,247</u>	<u>25,274</u>

### 17. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	241,219	1,101,764	241,219	1,101,764
Other loans	1,150,000	1,500,000	1,150,000	1,500,000
Trade creditors	477,828	1,262,027	470,775	1,185,745
Amounts owed to group undertakings	1,210,058	1,002,041	1,214,254	1,002,041
Corporation tax	9,687	-	-	-
Other taxation and social security	70,208	176,919	70,208	176,919
Obligations under finance lease and hire purchase contracts	405,022	405,022	405,022	405,022
Other creditors	48,681	307,814	48,681	307,814
Accruals and deferred income	450,980	470,872	448,955	442,205
	<u>4,063,683</u>	<u>6,226,459</u>	<u>4,049,114</u>	<u>6,121,510</u>

Amounts repayable within bank overdrafts are secured by a bond and floating charge for Natwest Bank plc over the assets of the company. Hire purchase contracts are secured over the assets.

The amounts payable to group are repayable on demand and attract interest.

Amounts repayable within other loans are secured by a bond and floating charge in favour of Archover Limited. There is a ranking agreement in place between Natwest Bank plc, the Hire Purchase provider and Archover.

Other loans are repayable via various instalments with the final tranche payable by October 2020. These other loans attract interest at between 7.70% and 8.95%.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 18. Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	4,000,000	-	4,000,000	-
Net obligations under finance leases and hire purchase contracts	584,330	989,352	584,330	989,352
	<u>4,584,330</u>	<u>989,352</u>	<u>4,584,330</u>	<u>989,352</u>

Hire purchase contracts are repayable within 5 years and are secured over the assets. These contracts are repayable by monthly instalments and bear interest at 11.00%.

Bank loans are government guaranteed CBILS loans which bear interest at between 3.39% and 4.23% after the first 12 months. There are no capital repayments for the first 12 months and the term of the loan is 5 years. Bank loans are secured by a bond and floating charge for Natwest Bank plc over the assets of the company.

See note above for details of security.

### 19. Loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Amounts falling due within one year</b>				
Other loans	1,150,000	1,500,000	1,150,000	1,500,000
<b>Amounts falling due 1-2 years</b>				
Bank loans	4,000,000	-	4,000,000	-
	<u>5,150,000</u>	<u>1,500,000</u>	<u>5,150,000</u>	<u>1,500,000</u>

Other loans are repayable via various instalments with the final tranche payable by October 2020. These other loans attract interest at between 7.70% and 8.95%.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	405,022	405,022
Between 1-5 years	584,331	989,352
	<u>989,353</u>	<u>1,394,374</u>

### 21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>3,049,228</u>	<u>3,162,063</u>	<u>3,220,813</u>	<u>3,244,120</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(8,568,119)</u>	<u>(6,783,368)</u>	<u>(8,563,236)</u>	<u>(6,933,943)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings, amounts owed by associates, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, other loans, trade creditors, amounts owed to group undertakings, amounts owed to associates, obligations under finance lease and hire purchase contracts, other creditors and accruals.

### 22. Deferred tax

The deferred tax liability in the year is £Nil (2019 - £Nil). Deferred tax liabilities on fixed asset differences of £688,275 (2019 - £660,044) are offset against deferred tax assets on brought forward losses.

### 23. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,950,613 A ordinary shares of £1 each	1,950,613	1,950,613
58,212 B ordinary shares of £1 each	58,212	58,212
	<u>2,008,825</u>	<u>2,008,825</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 23. Share capital (continued)

All shares in issue rank equally in respect of dividends, voting capital and rank pari passu in all respects.

### 24. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 25. Analysis of net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	1,128,948	442,595	1,571,543
Bank overdrafts	(1,101,764)	860,545	(241,219)
Debt due after 1 year	-	(4,000,000)	(4,000,000)
Debt due within 1 year	(1,500,000)	350,000	(1,150,000)
Finance leases	(1,394,374)	405,021	(989,353)
	<u>(2,867,190)</u>	<u>(1,941,839)</u>	<u>(4,809,029)</u>

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 26. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

The pension cost charge represents contributions payable by the group to the fund and amounted to £71,729 (2019 - £75,425). Contributions totalling £14,184 (2019 - £14,599) were payable to the fund at the reporting date and are included in creditors.

### 27. Commitments under operating leases

At 31 December 2020 the group and company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2020 £	Other 2020 £	Land and buildings 2019 £	Other 2019 £
Not later than 1 year	89,260	11,367	150,708	11,367
Later than 1 year but not later than 5 years	352,000	13,515	286,702	13,515
	<u>441,260</u>	<u>24,882</u>	<u>437,410</u>	<u>24,882</u>

The company and group have land and building commitments of £352,000 over 5 years.

#### Other commitments

A third party guarantee is in place via the company's bank for £432,000.

### 28. Related party transactions

During the year loan repayments of £250,000 (2019 - £Nil) were made to K J Miller.

Loan balances owed to current and former directors at 31 December 2020 were: K J Miller £Nil (2019 - £250,000). Loan balances are included in other creditors at 31 December 2020.

Purchases of £Nil (2019 - £159,095) and management recharges of £Nil (2019 - £252,373) occurred during the year with Cape Holland B.V., a company in which there is a common shareholder.

During the year, FoundOcean Limited charged rental income of £Nil (2019 - £Nil) to Cape Holland B.V. for the use of certain plant and machinery.

Purchases of £14,521 (2019 - £164,424) occurred during the year with Ambico FoundOcean Grouting Services Private Limited. The year-end balance with Ambico FoundOcean Grouting Services Private Limited was £31,526 (2019 - £70,448).

### 29. Post balance sheet events

There are no post balance sheet events.

# FoundOcean Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 30. Controlling party

The controlling party of FoundOcean Holdings is Keith Miller. From 18th April 2019, FoundOcean Limited was a subsidiary of FoundOcean Holdings Limited.