



CRP Subsea Limited (formerly known as "Trelleborg  
Offshore UK Limited")

Annual report and financial statements  
for the year ended 31 December 2020

Registered number: 01369166



**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

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## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

### **Strategic report for the year ended 31 December 2020**

The directors present their Strategic report on the Company for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the Company during the year was the design and manufacture of complex engineered solutions into the offshore oil, gas and renewables sectors.

#### **Review of the business**

The Company's opening 2020 order book was higher than the prior year equivalent and as a consequence of both the business and its order book being largely unaffected by the effects of Covid-19; turnover showed an increase of 40.2% on the previous year to £48,836,000 (2019: £34,843,000). Linked to increased turnover and a proportion of fixed costs within cost of sales, gross profit margin increased to a profit of 10.3% (2019: 2.5%) and the Company delivered a reduced loss for the financial year of £3,188,000 (2019: £7,143,000).

The Company has total net assets of £42,583,000 (2019: £45,771,000).

#### **Future developments**

The Company entered 2021 with a forward order book higher than the 2020 equivalent. The completion of our centre of excellence for buoyancy and increasing success in the diversification of our product offering into other market segments outside our core offshore oil and gas markets, most notably renewables, where we have been successfully awarded several more major contracts in the year, will secure the Company's competitiveness and position across both market segments for the long term.

The Company was divested by Trelleborg AB on 1<sup>st</sup> March 2021 and acquired by senior members of the management team, with additional funding for the acquisition secured through an asset-based lender; please refer to the going concern statement on page 7. The directors of the Company are confident that with a healthy forward order book; strong manufacturing capabilities following a period of significant capital investment and the ongoing support of our lenders, the improved performance evident in the year ended 31 December 2020 will continue into 2021 and beyond.

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to Brexit, Covid-19 and liquidity.

The Company continues to monitor the Brexit situation closely, but has not suffered any significant issues since the period of transition ended on 31 December 2020 and remains confident that there are appropriate plans in place to minimise any potential short-term disruption to supply chain and logistics, through safety stocks where appropriate and close communication with suppliers and carriers.

Covid-19 continues to have a potential impact on CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") and while the circumstances remain dynamic, the Company has taken and continues to take assertive, steady action to help ensure that its employees as well as its supply chain remain healthy and strong. CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") is continually reviewing and modifying its contingency plans for Covid-19, as appropriate. These plans address various developments at all operations and, amongst other things, provides plans on how to

## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

### **Strategic report for the year ended 31 December 2020 (continued)**

#### **Principal risks and uncertainties (continued)**

maintain delivery of materials and products. Our Company response includes remote contact with customers and suppliers, safe physical interactions within the Company's facilities limiting face to face meetings, restricting visitors, increasing the number of hand wash stations, robust cleaning routines, publishing latest information and implementing smart working with home office, online meetings and communication, wherever possible. Unfortunately, no one knows how long Covid-19 will cause disruption for, but the Company is working to maintain "business as usual" while being flexible and responsive to changing circumstances during this demanding period.

Up until the divestment date the Company was part of the bigger Trelleborg AB which has a solid financial base and which confirmed continued access of the Company to its liquidities within the group cash pool. Following the divestment the Company has secured funding through an asset-based lender, whose continued support will be required to ensure the Company's liquidity, including the ongoing availability of cash and access to further funds via a draw down facility, against the Company's book debts and for which the Company will need to continue to comply with covenant requirements of facilities.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, interest rate risk and credit risk.

Foreign exchange risk arises from transactions when goods and services are bought and sold in currencies other than Sterling, predominantly in relation to US Dollars and Euros. Significant transactions in foreign currencies were managed by placing foreign exchange contracts with a fellow group Company, Trelleborg Treasury AB (publ) which managed liquidity risk up until the divestment date. Going forward, the Company will continue to closely monitor foreign exchange risk and place foreign exchange contracts directly with the Company's bankers when it is appropriate to do so.

The Company operates a robust credit control policy, whereby appropriate credit checks are made on all potential customers before sales are made and project milestones and cash flows are reviewed on all major projects prior to order acceptance. Historically, payment default has been minimal and whilst the Company expects this to continue to be the case, the Company has taken the additional step post divestment of credit insuring its debtors in order to further reduce risk in this area.

All of the Company's funding up to the point of divestment was provided via a cash pool facility or inter-group loans from Trelleborg Treasury AB. Since the divestment, the Company's funding is provided by an asset-based lender. In both instances interest rate risk includes exposure to changes in the UK Base Rate and LIBOR as interest rates are variable.

#### **Section 172(1) statement**

The directors of the Company must act in accordance with the duties detailed in section 172 of the Companies Act 2006. Under Section 172 the directors must, in performance of their duties, give consideration to the following factors, where relevant:

- a) The likely consequences of any decision in the long term;
- b) The interest of the company's employees;
- c) The need to foster the company's business relationships with suppliers, customers and others;
- d) The impact of the company's operations on the community and the environment;

## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

### **Strategic report for the year ended 31 December 2020 (continued)**

- e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly, as between members of the company.

At the date of divestment the directors took the decision to change the name of the Company from Trelleborg Offshore UK Limited to CRP Subsea Limited.

The directors have identified the key stakeholders of the company as its members, employees, customers and suppliers. The directors, senior management and other employees engage with these key stakeholder groups, listening to their differing needs and priorities as an everyday part of their business to ensure that their input is considered and they make informed decisions, acting to promote the success of the company and to benefit the Company's members as a whole.

The strategic report, principal activities and principal risks and uncertainties sections, of the annual report highlight the key matters that have affected the business during the reporting period and where the directors have acted in accordance with Section 172 in respect of operational decisions.

A key feature of the Trelleborg Group's culture and core values is effective corporate governance with the purpose of supporting the Board of Directors and management of each Group Company to increase customer benefits and achieve greater value and transparency for shareholders. Board members and several of the senior management remain with the Company following divestment and the board intend to ensure that similar core values and levels of corporate governance are maintained going forwards.

Trelleborg is a global Group characterized by individual and cultural diversity and shared value systems are therefore particularly important. The Core Values, Customer focus, Innovation, Responsibility and Performance, are long-term commitments, which, when coupled with Trelleborg's business concept, goals and strategies, guide the local directors in making decisions and conducting business. In particular, the Core Value of Customer Focus refers to working in partnership with and aiming to add value for our customers, as well as for the Company. The board will establish similar Core Values and ensure that with a level of rigour that these Core Values are adopted throughout the Company.

Trelleborg's Code of Conduct reflected the Ten Principles of the UN Global Compact, the general concepts expressed in the International Labour Organisation (ILO) conventions, the OECD Guidelines for Multinational Enterprises and the UN Declaration of Human Rights. The board of CRP Subsea Limited are fully supportive of these principles and guidelines and will implement a Code of Conduct for the Company is relevant to everyone in the organisation, regardless of position and is valid in all markets and at all times.

Trelleborg encourages suppliers, sales agents, consultants and other business partners to adopt the UN Global Compact principles as they are reflected in the Code of Conduct and it is the intention of the CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") to do the same.

The Code of Conduct emphasises and summarises existing Trelleborg Group policies and directives and should be applied as a support tool laying down the basic rules and principles on which day-to-day work is based. It covers key areas of compliance, resources, diversity and social engagement. Similar areas will be covered in the CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") Code of Conduct.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Strategic report  
for the year ended 31 December 2020 (continued)**

It is the duty of Trelleborg managers to include Code of Conduct in employee training and this will remain the case for CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited"). Every new employee should be given the opportunity to read and discuss the Code and provided any necessary information to support the Code of Conduct.

As part of their induction directors are provided with information on their duties. It was expected that the directors recognised that in a large Group such as Trelleborg the directors fulfilled their duties partly through a governance framework that delegated day to day decision making to them and the employees of the Company through a formalised delegation of authority. Following divestment, the board will implement and maintain a formalised delegation of authority appropriate for the Company as it is no longer part of a large Group.

As part of Trelleborg all employees were invited to participate in an annual employee engagement survey, the results of which were reviewed by the directors together with the subsequent actions the Company took to reinforce the Company's values and ensure there was the right culture to meet the strategic needs of the business. The board of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") will encourage similar participation, engaging with employee's through regular employee forums and town hall meetings, to ensure that the Company continues to take the necessary actions to reinforce the Company's values and the right culture to meet the strategic needs of the business is maintained and built upon.

The Company was a wholly owned subsidiary of the former parent company Trelleborg AB (Publ) up to the date of divestment . As such engagement with members was driven by the wider corporate structure; going forwards this will be driven locally.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Strategic report  
for the year ended 31 December 2020 (continued)**

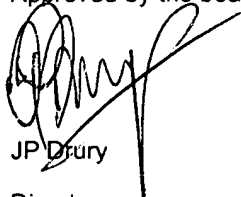
**Key performance indicators ("KPIs")**

The Company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs, including growth in turnover and pre-exceptional loss on turnover, which the directors consider to be intrinsically linked to this strategy. The directors also monitor working capital turns as a KPI, as this is a measure is key in determining how efficiently the Company is utilising its working capital to support a given level of sales.

Performance for the year, together with comparative data for the previous year, is set out in the table below:

	2020	2019	Definition, method of calculation and analysis
Growth in turnover (%)	40.2%	56.8%	Year-on-year sales growth expressed as a percentage. This year's increase is as a result of the cyclical nature of our oil and gas project based business.
Pre-exceptional loss on turnover (%)	(7.9%)	(19.8%)	Pre-exceptional loss on sales is the ratio of loss before taxation to sales expressed as a percentage. Return on sales has increased due to increased revenues and margins in the year and for 2020 is calculated as $(£3,882,000)/£48,836,000 \times 100$
Working capital turns	3.7	4.9	Working capital turns is the ratio of sales of £48,836,000 (FY19: £34,843,000) to inventory £7,501,000 (FY19: £9,008,000) plus debtors £12,790,000 (FY19: £9,114,000) less creditors £7,089,000 (FY19: £10,969,000)

Approved by the board of directors and signed on its behalf by:



JP Drury

Director

22 June 2021

## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

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

#### **Future developments**

An indication of future developments of the business is included in the Strategic Report on page 1.

#### **Dividends**

The directors do not recommend the payment of a dividend (2019: £NIL).

#### **Financial risk management**

Financial risk management is described in the Strategic Report on pages 1 and 2.

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

JP Drury	
AM Burgess	Appointed 1 March 2021
MS Newton	Appointed 1 March 2021
TH Eriksen	Resigned 1 March 2021
ME Aulid	Resigned 1 March 2021

#### **Directors' indemnities**

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

#### **Research and development**

The Company is currently undertaking research and development into its products for customers within the offshore oil and gas market and also into its wider product offering as the Company looks to diversify into other markets away from this core business. Expenditure of £1,327,000 was incurred within the year (2019: £986,000) and the expectation is that this will reduce more in line with prior year levels in future years.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and 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 with that of other employees.

#### **Employee consultation**

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensures that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the Company. In addition, the board takes account of employees' interests when making decisions. Suggestions from employees aimed at improving the Company's performance are welcomed.



## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

#### **Going concern**

The Company was principally funded by its bank accounts within a group cash pool facility operated by its former parent company, Trelleborg Holdings UK Limited. These balances attracted interest based on either UK or Swedish base rate; they were a net payable balance of £10,907,000 due to treasury within the cash pool facilities at 31 December 2020 and were included within amounts due by group undertakings and amounts owed to group undertakings falling due within one year. The balances were repayable on demand and were unsecured.

Strong cash inflows in the early part of 2021 and the repayment of long standing amounts owed by group undertakings, resulted in the Company being in a cash positive position as at 1 March 2021 with a bank balance of £3,205,000; the date at which the Company was divested by Trelleborg AB Group.

In addition to investments made by the directors, funding was secured through an asset based lender, against the plant and machinery and land and building of the business, on 5 and 10 year terms respectively, repayable in fixed monthly instalments over the terms of the loans, giving total funding available of £8,492,000 with access to a further £7,000,000 of funds available via a draw down facility against the Company's book debts, should this be required. Funds of £6,456,000 were transferred to CRP Subsea Holdings Limited to cover the purchase price, inclusive of deal fees and £4,250,000 of funds to be held in an ESCROW account, as ring-fenced cash equivalent to the value of certain contingent liabilities, until such time as these liabilities expire. A letter of support has been received from the parent undertaking, CRP Subsea Holdings Limited, which indicates that all ESCROW funds released will be directed to CRP Subsea Limited in order to reduce the outstanding debtor between the two Companies.

In order to secure third party funding to acquire the Company, the directors prepared detailed forecasts for the next three years, based on the closing 2020 order book position, along with customer's orders to place pipelines in both oil and gas and renewables market sectors and whilst the experience of 2020 suggests that both outputs and bookings were largely unaffected by the impact of Covid-19, the modelling and assumptions reflect the fact that the continuing uncertainty around Covid-19 and the associated impact on demand for oil and gas is likely to see reduced activity levels in the short term. The company took appropriate steps in the latter part of 2020 to adjust its cost base, through some low level headcount reductions and further action will be taken during 2021, if deemed appropriate. The directors have reviewed the detailed cash flow forecasts for the next three years and expect the Company to have sufficient funds for the next 12 months from signing and whilst still reliant upon the ongoing support of lenders, sensitivity analysis has been performed on the forecasting with the key assumptions in sales volumes, profitability and receipt levels being modelled for various scenarios beyond the assumptions already built into the forecast. These sensitivities indicate that the Company will maintain more than the £1,500,000 average minimum cash headroom required to remain with the terms of the covenant specified by the lenders.

After reviewing the Company's detailed forecasts and projections for the next three financial years, the net asset position and the consideration of the availability of the cash and the possible consequences of Covid-19 as described in the Strategic Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

**Streamlined energy and carbon reporting**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the reporting period 1st January 2020 to 31st December 2020.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas, and business travel in company-owned or grey-fleet cars.

The table below details the regulated SECR energy and GHG emission sources from the current reporting period. As this first year of reporting, no comparison to previous years is possible.

	1st January 2020 to 31st December 2020
<b>Energy(kWh)</b>	
Natural Gas	3,245,955
LPG	411,887
Electricity	6,186,999
Transport	86,887
<b>Total Energy (kWh)</b>	<b>9,931,728</b>
<b>Emissions((tCO<sub>2</sub>e))</b>	
Natural gas	596.8
LPG	12.2
Electricity (location-based)	1,442.4
<i>Electricity (market-based) in tCO<sub>2</sub></i>	<i>0.0</i>
Transport	22.2
<b>Total SECR emissions*</b>	<b>2,073.6</b>
<b>Intensity metric</b>	
SECR emissions per intensity metric (tCO <sub>2</sub> e / Turnover in £ million)	42.5
*Uses location based electricity emissions	

CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") are committed to reducing their environmental impact and contribution to climate change through increased energy management and awareness and changes to operational procedures. During the reporting period, detailed energy audits, as part of the ESOS regulations, were commissioned to establish an energy-saving action plan. Additionally, Paxton Place committed to energy efficiency through an application for a Climate Change Agreement, to compliment the Climate Change Agreement already in place at Stanley Way.

As part of their commitment to energy efficiency, CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") have a long-running programme to replace the halogen or filament lighting with more efficient LED equivalents. Additionally, movement and lux sensors have been installed alongside the new LED fittings to reduce energy waste from lighting when not required. CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") have also installed variable speed drives and instituted a strict leakage monitoring strategy to reduce both air and energy waste from the air compressors used onsite. A power correction unit has also been installed to reduce the reactive power being drawn from the grid, improving the efficiency of the local distribution system.

## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

#### **Data Records & Methodology**

GHG emissions have been calculated using emissions factors published by BEIS in 2020. Electricity emissions are reported using both location and market-based factors. Location-based emissions have been calculated using the UK grid emissions factor published by BEIS, and market-based emissions have been calculated using supplier-specific fuel mix disclosures, in gCO<sub>2</sub>/kWh, for 2018 - 2019 representing the contractual arrangements in place. All electricity, natural gas & LPG emissions figures have been calculated using metered kWh consumption or purchased litres taken from supplier fiscal invoices.

Transport emissions have been calculated using mileage expenses claimed over the reporting period. Data was provided for company owned delivery vehicles, cars and grey fleet. It was assumed the delivery vehicles were fuelled with diesel. Based on the expense rate paid, the mileage claims for passenger vehicles were defined as company cars or grey fleet. Where the fuel paid for was not stated, mileage claims were split between petrol and diesel based on an average UK fleet split. Mileage was converted into GHG emissions and kWh consumption, using the most recent emissions factors published by BEIS in 2020.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

#### **Statement of disclosure of information to the auditor**

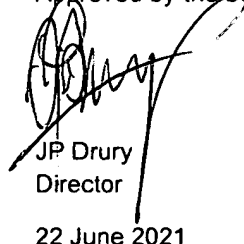
In the case of each of the persons who are directors at the time when this report is approved under section 418 of the Companies Act 2006 the following applies:

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the board of directors and signed on its behalf by:



JP Drury  
Director  
22 June 2021

Registered number: 01369166

CRP Subsea Limited  
Stanley Way  
Skelmersdale  
Lancashire  
WN8 8EA

**Independent auditor's report to the members of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") (continued)**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 24.

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**

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.

**Independent auditor's report to the members of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") (continued)**

**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.

**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](http://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

**Independent auditor's report to the members of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") (continued)**

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 UK Companies Act; 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 fraud in the revenue recognition due to judgement around determining stage of completion which can impact the period in which the revenue is recognised.

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 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.

**Independent auditor's report to the members of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") (continued)**

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.



Andrew Woodhead FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

22 June 2021



**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Statement of income and retained earnings  
for the year ended 31 December 2020**

	Note	2020 £000	2019 £000
<b>Turnover</b>	5	<b>48,836</b>	34,843
Cost of sales		(43,801)	(33,973)
<b>Gross profit</b>		<b>5,035</b>	870
Distribution costs		(248)	(147)
Administrative expenses		(8,580)	(7,662)
Exceptional administrative expenses	6	-	(1,713)
<b>Total administrative expenses</b>		<b>(8,580)</b>	(9,375)
Other operating income	6	106	-
<b>Operating loss before interest and taxation</b>	6	<b>(3,687)</b>	(8,652)
Interest receivable and similar income	8	2	37
Interest payable and similar charges	8	(197)	(8)
<b>Net interest (charges)/income</b>	8	<b>(195)</b>	29
<b>Loss before taxation</b>		<b>(3,882)</b>	(8,623)
Tax on loss	9	694	1,480
<b>Loss for the financial year attributable to the equity shareholders of the Company</b>		<b>(3,188)</b>	(7,143)
Retained earnings at 1 January		44,996	52,139
<b>Retained earnings at 31 December</b>		<b>41,808</b>	44,996

All the above operations arise from continuing activities.

There are no recognised gains and losses for the financial years other than those included above. Accordingly, no separate statement of comprehensive income or statement of changes in equity is presented.

The notes on pages 18 to 36 are an integral part of these financial statements.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Balance sheet as at 31 December 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Intangible assets	10		-		48
Tangible assets	11		24,978		24,733
Investments	12		-		49
			24,978		24,830
<b>Current assets</b>					
Stocks	13	7,501		9,008	
Debtors	14	39,551		38,821	
		47,052		47,829	
Creditors: amounts falling due within one year	15	(28,769)		(26,105)	
<b>Net current assets</b>			18,283		21,724
<b>Total assets less current liabilities</b>			43,261		46,554
Provisions for liabilities	16		(678)		(783)
<b>Net assets</b>			42,583		45,771
<b>Capital and reserves</b>					
Called up share capital	19		42		42
Share premium account	19		732		732
Other reserves	19		1		1
Profit and loss account	19		41,808		44,996
<b>Shareholders' funds</b>			42,583		45,771

The notes on pages 18 to 36 are an integral part of these financial statements.

The financial statements on pages 16 to 36 were authorised for issue by the board of directors on 22 June 2021 and were signed on its behalf by:

JP Drury  
Director



Registered no. 01369166

## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

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

#### **1 General Information**

CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") ("the Company") is a designer and manufacturer of complex engineered solutions into the offshore oil, gas and renewables sectors.

The Company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is Stanley Way, Skelmersdale, Lancashire, WN8 8EA.

#### **2 Statement of compliance**

The financial statements of CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") issued by the Financial Reporting Council and the Companies Act 2006.

#### **3 Summary of significant accounting policies**

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

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

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

##### **Going concern**

The Company was principally funded by its bank accounts within a group cash pool facility operated by its former parent company, Trelleborg Holdings UK Limited. These balances attracted interest based on either UK or Swedish base rate; they were a net payable balance of £10,907,000 due to treasury within the cash pool facilities at 31 December 2020 and were included within amounts due by group undertakings and amounts owed to group undertakings falling due within one year. The balances were repayable on demand and were unsecured.

Strong cash inflows in the early part of 2021 and the repayment of long standing amounts owed by group undertakings, resulted in the Company being in a cash positive position as at 1 March 2021 with a bank balance of £3,205,000; the date at which the Company was divested by Trelleborg AB Group.

In addition to investments made by the directors, funding was secured through an asset based lender, against the plant and machinery and land and building of the business, on 5 and 10 year terms respectively, repayable in fixed monthly instalments over the terms of the loans, giving total funding available of £8,492,000 with access to a further £7,000,000 of funds available via a draw down facility against the Company's book debts, should this be required. Funds of £6,456,000 were transferred to CRP Subsea Holdings Limited to cover the purchase price, inclusive of deal fees and £4,250,000 of funds to be held in an ESCROW account, as ring-fenced cash equivalent to the value of certain contingent liabilities, until such time as these liabilities expire. A letter of support has been received from the parent undertaking, CRP Subsea Holdings Limited, which indicates that all ESCROW funds released will be directed to CRP Subsea Limited in order to reduce the outstanding debtor between the two

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020**

**3 Summary of significant accounting policies (continued)**

**Going concern (continued)**

**Companies.**

In order to secure third party funding to acquire the Company, the directors prepared detailed forecasts for the next three years, based on the closing 2020 order book position, along with customer's orders to place pipelines in both oil and gas and renewables market sectors and whilst the experience of 2020 suggests that both outputs and bookings were largely unaffected by the impact of Covid-19, the modelling and assumptions reflect the fact that the continuing uncertainty around Covid-19 and the associated impact on demand for oil and gas is likely to see reduced activity levels in the short term. The company took appropriate steps in the latter part of 2020 to adjust its cost base, through some low level headcount reductions and further action will be taken during 2021, if deemed appropriate. The directors have reviewed the detailed cash flow forecasts for the next three years and expect the Company to have sufficient funds for the next 12 months from signing and whilst still reliant upon the ongoing support of lenders, sensitivity analysis has been performed on the forecasting with the key assumptions in sales volumes, profitability and receipt levels being modelled for various scenarios beyond the assumptions already built into the forecast. These sensitivities indicate that the Company will maintain more than the £1,500,000 average minimum cash headroom required to remain with the terms of the covenant specified by the lenders.

After reviewing the Company's detailed forecasts and projections for the next three financial years, the net asset position and the consideration of the availability of the cash and the possible consequences of Covid-19 as described in the Strategic Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Exemptions for qualifying entities under FRS102**

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the Company's former parent undertaking, Trelleborg AB (publ), a company registered in Sweden in which the Company is consolidated:

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS102 paragraphs 11.40 to 11.48A ; and
- from disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7.

The Company has also taken advantage of the exemption in accordance with s400 of the Companies Act 2006 and has not prepared consolidated financial statements on the basis that the results of the Company are consolidated into the results of its former parent Trelleborg AB (publ).

**The consolidated financial statements of Trelleborg AB (publ) can be obtained from the address given in note 23.**

**Foreign currency**

**Functional and presentation currency**

The Company's functional currency is pound sterling which is presented in the financial statements rounded to thousands.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**3 Summary of significant accounting policies (continued)**

**Foreign Currency (continued)**

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 statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within 'net interest income'. All other foreign exchange gains and losses are presented in the statement of income and retained earnings within 'Administrative expenses'.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for goods sold, net of discounts, exchange rate differences where sales are conducted in foreign currencies and value added taxes.

*Contracts and sale of goods*

Revenue is recognised when the Company has despatched goods in accordance with/fulfilled its obligations under the terms of sale and title of the goods has been transferred to the buyer.

Revenue recognition is conducted using the percentage of completion method. Revenue is recognised on the basis of the stage of completion whereby it is probable that the Company will obtain the financial benefits related to the assignment, and when a reliable calculation can be made. The stage of completion is determined on the basis of costs incurred in relation to total calculated costs. Anticipated losses are expensed immediately.

*Interest income*

Interest income is recognised using the effective interest rate method.

**Exceptional items**

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

**Employee benefits**

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

*Short-term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*Defined contribution pension plan*

The Company operates a defined contribution pension plan for its employees. The contributions to the plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in separately administered funds.

**Taxation**

Current tax, including UK corporation tax and foreign 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.

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**3 Summary of significant accounting policies (continued)**

**Taxation (continued)**

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 the Company's taxable profits and its 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.

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

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**3 Summary of significant accounting policies (continued)**

**Goodwill**

Goodwill arises on business combinations and represents the excess of the fair value of directly attributable costs of the purchase consideration over the fair values of the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life being, 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of income and retained earnings within administrative expenses. Reversals of impairment are recognised when the reasons for the impairment no longer apply. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- |            |           |
|------------|-----------|
| • Software | 15% - 20% |
| • Goodwill | 10%       |

Amortisation is charged to cost of sales in the statement of income and retained earnings.

The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

**Research and development costs**

Research and development costs are recognised as an expense as incurred.

**Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bring the asset to its working condition for its intended use.

Depreciation is calculated using the straight-line method to allocate cost to the assets' residual values over their estimated useful lives, as follows:

- |                       |          |
|-----------------------|----------|
| • Freehold buildings  | 2% - 5%  |
| • Plant and machinery | 5% - 20% |

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of income and retained earnings.

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**3 Summary of significant accounting policies (continued)**

**Leased assets**

*Operating leases*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 January 2014) and continues to credit such lease incentives to the statement of income and retained earnings over the period to the first review date on which the rent is adjusted to market rates.

**Impairment of assets**

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

*Non-financial assets*

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

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

*Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

**Investments in subsidiaries**

Investments in subsidiary companies are held at cost less accumulated impairment losses.



**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**3 Summary of significant accounting policies (continued)**

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the first-in-first-out method. For finished products and work in progress, cost consists of raw materials, direct personnel costs, other direct costs and related indirect production costs. Normal capacity utilisation is used in the measurement of stocks. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Provisions and contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation resulting from past events and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. No provisions are made for future operating losses.

**Financial instruments**

The Company has adopted Sections 11 and 12 of FRS102 in respect of financial instruments.

*Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

*Financial liabilities*

Basic financial liabilities, including trade and other payables, and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

## **CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

### **Notes to the financial statements for the year ended 31 December 2020 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

##### **Fair value measurement**

The best evidence of fair value is a quoted price of an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

##### **Related party transactions**

The Company discloses transactions with related parties which are not wholly-owned with the same group. It has taken advantage of the exemption in FRS102 paragraph 33.1A and does not disclose transactions with members of the same group that are wholly-owned.

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

Company management and the board of directors make critical estimates and assumptions about the future. These estimates and assumptions significantly impact the amounts reported for assets and liabilities as well as revenues and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. Estimates and assumptions that may have a significant effect on the Company's earnings and financial position are as follows:

##### **Key sources of estimation uncertainty**

Tangible and intangible assets are recognised at cost, less accumulated depreciation, amortisation and any impairments. Amortisation and depreciation take place over the estimated useful life, down to the assessed residual value. In the performance of reviews to determine whether there has been an impairment in the carrying value of fixed assets, the directors consider estimates of future profitability of the underlying income streams and also the rates of predicted growth and discount factors, a change in which could have a material effect on the future results of the Company. Estimates of future profitability are a reflection of our order book in the short term, but in the longer term remain very much dependent on the continuation of improved market conditions and activity levels, combined with the continued diversification of our product offering into other market segments outside our core offshore oil and gas markets. A key variable in the value in use calculation is the long-term growth rate. Whilst the directors are comfortable that the long-term growth rate used is reasonable, a reduction in this rate could give rise to the requirement for an impairment.

Revenue recognition is conducted using the percentage of completion method. This is a key estimation uncertainty as it is based on a project's stage of completion which in turn is based on costs incurred in relation to total calculated costs.

##### **Significant accounting judgements in applying the accounting policies**

No significant judgements have been made in applying the accounting policies which would have a material effect on the financial statements.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**5 Turnover**

Analysis of turnover by geography:

	2020 £000	2019 £000
Europe	15,887	11,288
South America	11,676	2,290
North America	6,888	7,454
Africa	162	-
Middle East	274	135
Rest of world	3,960	3,657
Total exports	38,847	24,824
United Kingdom	9,989	10,019
	48,836	34,843

All turnover (2019: all turnover) is generated from the sale of goods.

During the accounting period 2020 the value of contract revenue recognised is £48,691,000 (2019: £34,827,000).

**6 Operating loss**

Operating loss is stated after charging:

	2020 £000	2019 £000
Depreciation	1,560	1,301
Amortisation	48	108
Impairment of stock included in cost of sales	403	125
Operating lease charges	283	222
Foreign exchange losses	148	111
Research and development expenditure	1,327	986
Audit fees payable to the Company's auditor – auditing of the financial statements	59	50
Exceptional items	-	1,713

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**6 Operating loss (continued)**

	<b>2020 £000</b>	<b>2019 £000</b>
Other operating income	<b>(106)</b>	-

The exceptional costs of NIL (2019: £1,713,000) recorded in the statement of income and retained earnings were the costs associated with the closure of the Houston sales office during the prior year and these costs were charged in the statement of income and retained earnings as administrative expenses.

Other income totalling £106,000 (2019: NIL) represents Furlough monies claimed under the government's CJRS scheme.

**7 Employees and employee benefits  
(a) Employees**

	<b>2020 £000</b>	<b>2019 £000</b>
Wages and salaries	<b>13,047</b>	11,465
Social security costs	<b>1,166</b>	1,056
Other pension costs	<b>408</b>	367
<b>Staff costs</b>	<b>14,621</b>	12,888

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

<b>By activity</b>	<b>2020 No.</b>	<b>2019 No.</b>
Production	<b>257</b>	229
Selling and administration	<b>73</b>	61
	<b>330</b>	290

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**7 Employees and employee benefits (continued)**

**(b) Directors**

The directors' emoluments were as follows:

	2020 £000	2019 £000
Aggregate emoluments	186	170
Company contributions to money purchase pension schemes	16	16

Post-employment benefits are accruing to 1 director (2019: 1) under money purchase pension schemes.

No director exercised any share options during the year, nor were any shares received or receivable by the directors in respect of qualifying services under a long-term incentive scheme.

**8 Net interest income**

	2020 £000	2019 £000
Interest receivable and similar income		
Interest receivable from group undertakings	2	37
Interest payable and similar charges		
Interest payable to group undertakings	(197)	(8)
Net interest (charges)/income	(195)	29

**9 Tax on loss**

**(a) Tax income included in profit or loss**

	2020 £000	2019 £000
Current tax:		
UK Corporation tax on loss for the year	(985)	(1,840)
Adjustments in respect of prior periods	(69)	63
Total current tax	(1,054)	(1,777)

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**9 Tax on loss (continued)**

	2020 £000	2019 £000
Deferred tax (note 17):		
Origination and reversal of timing differences	331	326
Adjustment in respect of prior periods	29	(29)
Total deferred tax	360	297
<b>Tax credit on loss</b>	<b>(694)</b>	<b>(1,480)</b>

**(a) Reconciliation of tax credit**

Tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss before tax	(3,882)	(8,623)
Loss multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	(738)	(1,638)
Expenses not deductible for tax purposes	45	137
Adjustments to tax charge in respect of prior periods	(40)	34
Re-measurement of deferred tax – change in UK tax rate	39	(13)
<b>Tax credit for the year</b>	<b>(694)</b>	<b>(1,480)</b>

**(b) Tax rate changes**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Further changes to the UK corporation tax system were announced in the Budget on 11 March 2020 and enacted in the Finance Bill 2020. These include a reversal of the reduction in the main rate of corporation tax disclosed above and it remains at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. On 3 March 2021, the Finance Bill 2021 was announced in the United Kingdom, which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023. The Company does not expect a material impact as a result of the increased rate.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**10 Intangible assets**

	<b>Goodwill £000</b>	<b>Software £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2020	2,113	256	2,369
Additions	-	-	-
At 31 December 2020	2,113	256	2,369
<b>Accumulated amortisation and impairment</b>			
At 1 January 2020	2,065	256	2,321
Amortisation	48	-	48
At 31 December 2020	2,113	256	2,369
<b>Net book amount at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book amount at 31 December 2019	48	-	48

Amortisation of intangible assets is recognised within administrative expenses.

**11 Tangible fixed assets**

	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2020	13,615	19,325	32,940
Additions	122	1,721	1,843
Disposals	-	(322)	(322)
At 31 December 2020	13,737	20,724	34,461
<b>Accumulated depreciation and impairment</b>			
At 1 January 2020	3,228	4,979	8,207
Depreciation	189	1,371	1,560
Disposals	-	(284)	(284)
At 31 December 2020	3,417	6,066	9,483
<b>Net book amount at 31 December 2020</b>	<b>10,320</b>	<b>14,658</b>	<b>24,978</b>
Net book amount at 31 December 2019	10,387	14,346	24,733

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**11 Tangible fixed assets (continued)**

Fixed assets are included at full historical cost to the Company.

Assets in the course of construction totalled £7,048,000 (2019: £8,470,000).

Included in freehold land and buildings is freehold land of £1,445,000 (2019: £1,445,000) which is not depreciated. The net book value of land and buildings comprises:

	2020 £000	2019 £000
Freehold	10,320	10,387
Net book value	10,320	10,387

**12 Investments**

	2020 £000	2019 £000
At 1 January	49	49
Disposal	(49)	-
At 31 December	-	49

During the year the subsidiary undertaking Trelleborg Angola Limitada, a company incorporated in Angola, was dissolved with a return of capital to the Company.

**13 Stocks**

	2020 £000	2019 £000
Raw materials	2,523	3,794
Work in progress	714	2,261
Finished goods and goods for resale	4,264	2,953
	7,501	9,008

There was no significant difference between the replacement cost of stocks and their carrying amounts.

Stocks are stated after provisions for impairment of £462,000 (2019: £670,000).



**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**14 Debtors**

	2020 £000	2019 £000
Trade debtors	12,790	9,114
Amounts owed by group undertakings	19,865	20,030
Group relief receivable	2,897	3,784
Amount recoverable on contracts	3,243	5,275
Prepayments	756	618
	39,551	38,821

Accrued revenue on contract work at the year-end position December 2020 is £3,243,000 (2019: £5,275,000).

The Company operated its bank accounts within a group cash pool facility operated by a fellow subsidiary. The balances attracted interest based on either UK or Swedish Base rate and are included within amounts owed by group undertakings falling due within one year. The balances at 31 December 2020 were £403,000 and were repaid in full prior to divestment on 1<sup>st</sup> March 2021.

Amounts owed by group undertakings also included loans and trade balances. The loans attracted interest based on LIBOR+%, based on certain risk factors, and were repaid in full prior to divestment on 1<sup>st</sup> March 2021, as per note 24.

**15 Creditors: amounts falling due within one year**

	2020 £000	2019 £000
Payments received on account	5,542	5,358
Trade creditors	7,089	10,969
Amounts owed to group undertakings	11,593	2,347
Other taxation and social security	301	299
Derivative financial instruments (note 18)	3	14
Accruals and deferred income	4,241	7,118
	28,769	26,105

Deferred revenue on contract work at the year-end position December 2020 is £5,542,000 (2019: £5,358,000).

The Company operated its bank accounts within a group cash pool facility operated by a fellow subsidiary. The balances attracted interest based on either UK or Swedish Base rate and are included

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

within amounts owed to group undertakings falling due within one year. The balances at 31 December 2020 were £11,310,000 and were repaid in full prior to divestment on 1<sup>st</sup> March 2021 as per note 24.

**16 Provisions for liabilities**

	<b>Restructuring £000</b>	<b>Deferred tax (note 17) £000</b>	<b>Total £000</b>
At 1 January 2020	478	305	783
Additions dealt with in the statement of income and retained earnings	-	360	360
Amounts utilised	(465)	-	(465)
<b>At 31 December 2020</b>	<b>13</b>	<b>665</b>	<b>678</b>

The restructuring provision relates to the costs associated with the transfer of manufacturing from Houston to the UK and it is expected that the remaining provision will be fully utilised in early 2021.

**17 Deferred tax**

Deferred tax consists of the following deferred tax liabilities/(assets):

	<b>2020 £000</b>	<b>2019 £000</b>
Accelerated capital allowances	698	388
Derivative financial liabilities	(1)	(2)
Other timing differences	(32)	(81)
<b>Total deferred tax provision</b>	<b>665</b>	<b>305</b>

There are no unused tax losses or unused tax credits.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**18 Derivative financial instruments**

The Company has forward foreign exchange contracts included at fair value in the financial statements as follows:

	2020 £000	2019 £000
At 1 January	(14)	(273)
Changes in value dealt with in the statement of income and retained earnings	11	259
At 31 December	(3)	(14)

At 31 December 2020 the Company had commitments to sell £3,492,000 (2019: £4,469,000) and buy £NIL (2019: £4,467,000) under forward foreign exchange contracts.

The forward foreign currency contracts are measured at fair value which is determined using valuation techniques that utilise the observable inputs: contractual rates for GBP:USD and GBP:EUR; spot exchange rates at each year-end and the value of currency to be swapped. All outstanding contracts mature within 12 months of the year-end.

**19 Called up share capital and reserves**

**(a) Called up share capital**

	No.	£000
Allotted and fully paid ordinary shares of £1 each		
At 1 January 2020 and at 31 December 2020	42,000	42
At 31 December 2020	42,000	42

There is a single class of ordinary shares which carry no right to fixed income. There are no restrictions on the distribution of dividends and the repayment of capital.

There were no changes to share capital during the year.

**(b) Reserves**

Share premium account – This reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

Other reserves relates to the capital redemption reserve.

Profit and loss account – This represents cumulative profits or losses net of dividends paid and other adjustments.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**20 Contingent liabilities**

The Company has contingent liabilities, in respect of bank and other guarantees and other matters arising in the ordinary course of business, from which it is anticipated that no material liabilities will arise. The maximum guarantee at 31 December 2020 was £3,252,000 (2019: £2,912,000).

**21 Capital and other commitments**

At 31 December 2020 the Company had the following capital commitments:

Contracts for future capital expenditure not provided in the financial statements:

	2020 £000	2019 £000
Tangible fixed assets	455	912

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Payments due:		
Not later than one year	201	182
Later than one year and not later than five years	24	97
	225	279

**22 Related party transactions**

The Company has taken advantage of the exemption contained within FRS102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Trelleborg AB (publ).

**23 Controlling parties**

The immediate parent undertaking at year end and up until the date of divestment of 1<sup>st</sup> March 2021 was CRP 1998 Limited. The immediate parent undertaking post divestment is CRP Subsea Holdings Limited. The registered office of CRP Subsea Holdings Limited is Stanley Way, Skelmersdale, Lancashire, WN8 8EA.

The ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements up until the date of divestment of 1<sup>st</sup> March 2021 was Trelleborg AB (publ), a company incorporated in Sweden. The registered office of Trelleborg AB (publ) is PO Box 153, S-231 22, Trelleborg, Sweden, and copies of the consolidated financial statements can be obtained from this address.

**CRP Subsea Limited (formerly known as "Trelleborg Offshore UK Limited")**

**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**

**24 Events after the end of the reporting period**

The company was divested by Trelleborg AB on 1<sup>st</sup> March 2021 and acquired by senior members of the management team, with additional funding for the acquisition secured through an asset-based lender, through loans against the land and building and plant and machinery of the business, to provide total funding of £8,492,000, with access to a further £7,000,000 of funds available via a draw down facility against the Company's book debts, should this be required. Funds of £6,456,000 were transferred to CRP Subsea Holdings Limited to cover the purchase price, inclusive of deal fees and £4,250,000 of funds to be held in an ESCROW account, as ring-fenced cash equivalent to the value of certain contingent liabilities, until such time as these liabilities expire. A letter of support has been received from the parent undertaking, CRP Subsea Holdings Limited, which indicates that all ESCROW funds released will be directed to CRP Subsea Limited in order to reduce the outstanding debtor between the two Companies. The Company will be required to maintain more than the £1,500,000 average minimum cash headroom required to remain with the terms of the covenant specified by the lenders.

Prior to divestment, the Company was removed from the group cash pool facility and amounts owed by and to group undertakings were settled, along with the group relief tax receivable and as a result of this a dividend payment of £14,722,000 was made to CRP 1998 Limited and CRP Securities Limited, the Company's immediate parent companies.

On 29<sup>th</sup> March 2021 the company announced a restructure of the business, which is expected to result in between 10 and 15 redundancies among the workforce, at a cost not considered to be material.