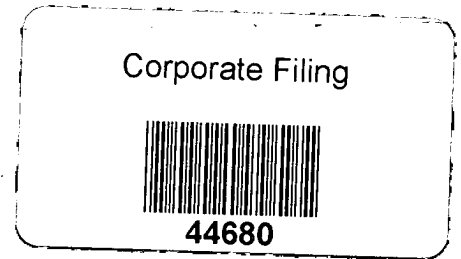


Company Registration No. SC228521 (Scotland)



VOH SUPPORT VESSELS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



VOH SUPPORT VESSELS LIMITED

COMPANY INFORMATION

Directors	C Harvie G P Sheach H A Poon J P N Baars	(Appointed 15 October 2019) (Resigned 19 August 2019)
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Secretary	G P Sheach
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Company number	SC228521
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Registered office	4th Floor Regent Centre Regent Road Aberdeen AB11 5NS
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Independent Auditors	PricewaterhouseCoopers LLP The Capitol, 431 Union Street Aberdeen Aberdeenshire AB11 6DA
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Bankers	DNB Bank ASA The Walbrook Building 25 Walbrook, 8th Floor London EC4N 8AF
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Solicitors	Burness Paull LLP 1 Union Wynd Aberdeen AB10 1SL
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VOH SUPPORT VESSELS LIMITED

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VOH SUPPORT VESSELS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

	2019 £000	2018 £000 [restated]	Change %
Turnover	14,058	10,925	+29%
(Loss) for the financial year	(1,288)	(1,737)	-26%
Total equity	3,911	5,197	-25%
Average number of vessels owned (Number)	5	5	0%

The increased turnover is reflective of higher vessel utilisation during the year. The company incurred loss for the financial year mainly due to a higher level of finance costs, impairment of vessels and also a higher level of depreciation in the year due to changes in the dry-dock accounting policy.

Principal risks and uncertainties

A number of risks and uncertainties prevail in the normal course of the company's activities. The board of directors and management team work together to identify these risks and manage any impact they may have on the performance of the company.

Competitive risk

The long-term success of the company is dependent on the ability of its management to secure work for its vessels at profitable rates in a competitive environment. Management aims to secure long-term contract work for all its new-build vessels, to minimise the exposure on its capital investments.

Price Risk

The volatility of the oil price impacts many aspects of the company's activity. A high oil price increases demand for the activities which the company supports and low oil price decreases the demand for the activities which the company supports. Prolonged low oil prices can also discourage supply of tonnage to the market and could have a detrimental effect on rates and revenue. Management monitor supply and demand patterns in line with the profile of vessels in the fleet to manage the market earning possibilities.

Liquidity risk

In November 2018, a Framework Agreement was signed with all Lenders, with a duration until 31 March 2021. The Framework Agreement includes financial covenants at the Group level that will be tested on a quarterly basis.

The Framework Agreement includes a minimum liquidity financial covenant. As per balance-sheet date both the Group and the Company comply with this financial covenant.

Interest rate risk

The company has borrowings which have variable rates of interest. Increases in the LIBOR rate would adversely impact the company's interest charge in the profit and loss account and the company's cash flow.

VOH SUPPORT VESSELS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Development and performance

As a result of the fall in oil price since 2015, market conditions in the North Sea have been challenging. Accordingly, profitability has reduced however the company believes that its rigorous focus on cost control and business opportunities will result in robust finances, and coupled with its dedicated resources will enable it to continue to meet client's demands in a safe and efficient manner.

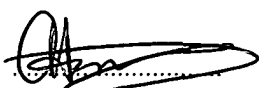
The company has considered the possible impact of Brexit in relation to its operations and is currently satisfied that any impact is unlikely to be material.

Environment

It is the group's policy that no activity shall be more important than ensuring that practical and effective measures are in place to protect the health and safety of the personnel and marine environment.

The commitment of the group is demonstrated by observance and compliance with all statutory instruments and requirements. The group operates under the international management code for the safe operation of ships and for pollution prevention (ISM code).

On behalf of the board



C Harvie

Director

Aberdeen

26 October 2020

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The company provides offshore support vessel services to the oil and gas industry, primarily emergency response and rescue vessels (ERRV).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Harvie

G P Sheach

J P N Baars

H A Poon

(Resigned 19 August 2019)

(Appointed 15 October 2019)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Branch Registration

During the year, the company registered a branch office in Trinidad & Tobago.

Auditor

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

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Going Concern

The Company is part of a group with Vroon Group B.V. (hereafter: "VGBV") being the ultimate holding Company. The Company is interrelated with the financing of Vroon Group B.V. In the remainder of the disclosures the Company will be indicated as 'VGBV, on behalf of itself and the Company'.

As a result of a protracted market downturn in several of its business segments, the result of VGBV and the Company have been under pressure for several years. Although VGBV was successful in divesting 40 vessels since 2016 (including most of its offshore-wind assets) and reducing costs, earnings and cash generation deteriorated significantly. This led to high leverage and VGBV, on behalf of itself and the Company, informing its Lenders in December 2016 that it would be unable to meet its debt service obligations. Following extensive discussions and negotiations, VGBV and most of its subsidiaries (hereafter: The Group) signed a Framework Agreement (FWA) with 18 Lenders in November 2018, with a duration until 31 March 2021. The FWA obligates VGBV, and the Company to continue making repayments and paying cash interest, to divest certain activities and vessels and restricts investments, movement of (excess) liquidity and any (dividend) distributions. The requirements of the FWA are laid down in a number of (non-) financial covenants. In case the Group fails to meet these requirements, Lenders' approval is required to solve (potential) default situations.

In September 2019, VGBV, also on behalf of the Company, informed its Lenders that it had breached certain covenants set for the third quarter of that year and would likely breach further covenants going forward including on balance-sheet date. VGBV engaged with its Lenders to find solutions to its difficult financial situation, since the Group continues to be highly leveraged and undercapitalised due to continued losses and asset impairments. The current FWA has not resulted in a more acceptable debt level and improved capital structure in either the short or longer term. In order for the discussions with the Lenders to continue on a constructive basis, in February 2020 VGBV, also on behalf of the Company, requested its Lenders to waive the existing 2019 defaults and reset the 2020 financial covenants to more achievable levels, in line with its 2020 budget. The assumptions underlying the 2020 budget reflected business management's input and experience and were consistent with external market reports from reputable sources (i.e. Clarkson, DSF and MSI). The waivers for the 2019 defaults and consents for resetting the 2020 financial covenants were received by 17 March 2020.

At the date of completion of the Annual Accounts of Vroon Group B.V. on 26 March 2020, the Managing Board believed that the Group would be able to deliver on its 2020 budget and the performance and liquidity during the first quarter actually exceeded this budget. The financial covenants were reset to levels consistent with this budget, including headroom should performance lag behind budget. The Group's budget was prepared prior to the emergence of the Corona (Covid-19) virus in China in late January 2020 and its further global spread and before the coinciding collapse of the oil price towards the end of the first quarter in 2020. The development of the oil price and the rapidly spreading Corona virus created increased uncertainty for the global economy and the markets in which the Group operates, which already affected and will likely continue to affect the Group's operations and results going forward.

In April 2020, the Group completed its first quarter (re)forecast for 2020 and revised its budget. The Q1 forecast incorporated the impact of Covid-19 and the coinciding collapse of the oil price. Very shortly after completion of the Annual Accounts of Vroon Group B.V., the Group witnessed unprecedented worldwide contract terminations in its Offshore Division by customers who were postponing, reducing and/or terminating Oil & Gas exploration and production activities. As a result, 2020 results in our Offshore Division are now expected to be significantly lower than initially budgeted.

Although Covid-19 lockdowns are also impacting our Deep-sea Division, this effect is most likely temporary, operational and less severe than in Offshore markets.

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern (continued..)

Management took immediate action, reducing operational costs, putting additional vessels in lay-up and deferring capital expenditure where possible. Depending on the development in the shipping market and of the operational and financial performance including results of the Group later this year, something that remains uncertain, Management will take further cost-saving measures to protect results and liquidity. As the deterioration of results from April onwards will have a negative impact on liquidity, the Managing Board has carefully assessed the liquidity outlook for the remainder of the year. Without a deferral of debt-service payments from the second quarter onwards, liquidity is expected to drop below the minimum covenant level set for 2020, or could even become negative. The Group's FWA Lenders were informed of this in an All Lenders' Call on 13 May 2020. During this call, VGBV, also on behalf of the Company, announced it would seek all Lenders' consent for a waiver of payments to its Lenders scheduled for 30 June 2020 and indicated that further debt-service payments scheduled for later this year will likely need to be waived as well.

Most of the Lenders reacted supportively to the request to retain sufficient liquidity in the Group. However, due to intercreditor issues, which VGBV, also on behalf of the Company, has discussed extensively with some of its Lenders, the Monitoring Committee and advisors, it has not been possible to receive the required support on a waiver for a payment default from all individual FWA Lenders. Consequently, VGBV, also on behalf of the Company, announced a unilateral standstill on 2 June 2020. Following this announcement, VGBV, also on behalf of the Company, continued discussions with individual Lenders to avoid these Lenders enforcing any of their rights during the unilateral standstill period and/or to remedy any enforcement action taken. These discussions resulted in the Group making a partial debt service repayment of USD 6.9m on 31 July 2020 and all Lenders adhering to the unilateral standstill until at least 30 September 2020. The Group aims to make another partial payment on the scheduled payments for the third quarter (30 September 2020), in return for continued adherence to the unilateral standstill until at least 31 December 2020. In parallel, VGBV, also on behalf of the Company, continues to seek waivers for any (covenant) breaches and any other (consequential) defaults while the payment default (resulting from the unilateral standstill) continues. Based on the agreements and waivers received since early June, VGBV and the Company believe that its Lenders will continue to support the Group and will not enforce rights under the ongoing payment default.

As of end of the 2nd Quarter of 2020, the Company was compliant with its financial covenants except for the Group Value Maintenance Cover covenant. This breach was waived on 1 September 2020. In parallel, the Group has received waivers regarding the emerged consequential defaults from the relevant Lenders.

Even considering further partial payments to Lenders during the remainder of the year, the Group expects, consistent with its second quarter (re)forecast for 2020, liquidity well above the covenant level of USD 25m minimum free cash. Depending on results during the second half of the year, the Group could breach certain covenants. If so, VGBV, also on behalf of the Company, will engage with its Lenders to obtain further waivers and remain compliant with the FWA to the extent possible and ensure adherence to the unilateral standstill.

The unforeseen deterioration of results, caused by the Covid-19 crisis and oil-price collapse, exacerbates the need to reach a new financing agreement well before the maturity date of the FWA at the end of first quarter 2021. Discussions with Lenders on this topic are progressing and a first proposal put forward by the FWA Lenders is under review. Although the complexity of (intercreditor) issues makes it difficult to estimate when these discussions will be completed, the Group expects (a) new agreement(s) to be in place before the maturity date of the Framework Agreement on 31 March 2021.

Since early January 2020, the Managing Board has been further developing the Group's future vision and strategy, including updating and revising its four-year Business Plan (Medium-Term Plan (MTP)), consistent with the 'Vroon as a Platform' strategy and including the expected effects of Covid-19 and oil price collapse.

VOH SUPPORT VESSELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern (continued..)

During 2020, and in the years to come, the Group must improve its financial performance, generate increased earnings and cash flows and realise planned divestments. An improvement of global shipping markets in the coming years is a prerequisite for this. However, as both the timing and speed of any market recovery are yet uncertain especially given the development of the oil price and the global outbreak of the Corona virus, so too is the projected operational performance in day rates, vessel utilisation and direct and indirect operating cost. Depending on the development of the oil price and how the Corona virus outbreak can be (further) controlled by measures taken by governments and the extent and effectiveness of economic support measures, the economic impact of the Corona crisis can be relatively short lived, or more profound and causing another global recession of unknown duration, which may impact the Group accordingly. Further uncertainty exists as to whether the Group can continue its compliance with all FWA requirements or receive necessary waivers from its Lenders and whether it will reach a new agreement with its Lenders before the maturity date of the FWA on 31 March 2021 on a more sustainable solution. These matters indicate the existence of a material uncertainty that gives rise to significant doubt about the Company's ability to continue as a going concern and realise its assets and discharge all of its liabilities, in normal course of business. These financial statements do not include the adjustments that would result if the Company was not able to continue as a going concern.

VGBV and the Company believe that successful execution of its Business Plan will ensure longer-term continuity and support a new financing agreement for a more sustainable debt level. Based on ongoing discussions with its Lenders, VGBV and the Company believe that achieving a new agreement before the maturity date of the current FWA on 31 March 2021, although challenging is achievable. Consequently, the Financial Statements of the Company are prepared on a going-concern basis.

On behalf of the board



C Harvie

Director

Aberdeen

26 October 2020

VOH SUPPORT VESSELS LIMITED

Independent auditors' report to the members of VOH Support Vessels Limited

Report on the audit of the financial statements

Opinion

In our opinion, VOH Support Vessels Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern.

The company's going concern status is interrelated with the financing of its ultimate parent company Vroon Group B.V. Due to continued losses and the impact that the Covid-19 virus and the reduction in oil price has had on global shipping markets, uncertainty exists as to whether Vroon Group B.V. can comply with the requirements within its financing agreement. Further uncertainty exists as to whether Vroon Group B.V. will reach a new agreement with its lenders on a more sustainable solution for the company going forward.

These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

VOH SUPPORT VESSELS LIMITED

Independent auditors' report to the members of VOH Support Vessels Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
26 October 2020

VOH SUPPORT VESSELS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	£000	as restated £000
Turnover	4	14,058	10,925
Cost of sales		(13,014)	(11,538)
Gross profit/(loss)		1,044	(613)
Administrative expenses		(135)	(78)
Impairments losses	11	(380)	-
		529	(691)
Interest receivable and similar income	8	-	254
Interest payable and similar expenses	9	(1,814)	(1,299)
Loss before taxation		(1,285)	(1,736)
Tax on loss	10	(1)	(1)
Loss for the financial year		(1,286)	(1,737)
Total comprehensive expense for the year		(1,286)	(1,737)

The income statement has been prepared on the basis that all operations are continuing operations.

VOH SUPPORT VESSELS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		2019		2018 as restated	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		31,883		34,155
Current assets					
Stocks	13	196		380	
Debtors	14	549		825	
Cash at bank and in hand		3		497	
		748		1,702	
Creditors: amounts falling due within one year	15	(4,948)		(5,405)	
Net current liabilities			(4,200)		(3,703)
Total assets less current liabilities			27,683		30,452
Creditors: amounts falling due after more than one year	16		(23,772)		(25,255)
Net assets			3,911		5,197
Capital and reserves					
Called up share capital			10,667		10,667
Profit and loss reserves - deficit			(6,756)		(5,470)
Total equity			3,911		5,197

The notes on pages 13 to 31 are integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 26 October 2020. and are signed on its behalf by:



C Harvie

Director

Aberdeen

Company Registration No. SC228521

VOH SUPPORT VESSELS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £000	Profit and loss reserves £000	Total £000
As restated for the year ended 31 December 2018:			
Balance at 1 January 2018	10,667	(3,733)	6,934
Year ended 31 December 2018:			
Loss and total comprehensive expense for the year	-	(1,669)	(1,669)
Effect of change in accounting policy	-	(68)	(68)
Balance at 31 December 2018	10,667	(5,470)	5,197
Year ended 31 December 2019:			
Loss and total comprehensive expense for the year	-	(1,286)	(1,286)
Balance at 31 December 2019	10,667	(6,756)	3,911

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

VOH Support Vessels Limited is a company limited by shares incorporated in Scotland. The registered office is 4th Floor, Regent Centre, Regent Road, Aberdeen, AB11 5NS.

The company provides offshore support vessel services to the oil and gas industry, primarily emergency response and rescue vessels (ERRV).

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on a going concern basis, under the historical cost convention. The principal accounting policies adopted are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its immediate parent company, Vroon Offshore UK Limited, includes the company's cash flows in its consolidated financial statements.;
- (ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.2 Going concern

The Company is part of a group with Vroon Group B.V. (hereafter: "VGBV") being the ultimate holding Company. The Company is interrelated with the financing of Vroon Group B.V. In the remainder of the disclosures the Company will be indicated as 'VGBV, on behalf of itself and the Company'.

As a result of a protracted market downturn in several of its business segments, the result of VGBV and the Company have been under pressure for several years. Although VGBV was successful in divesting 40 vessels since 2016 (including most of its offshore-wind assets) and reducing costs, earnings and cash generation deteriorated significantly. This led to high leverage and VGBV, on behalf of itself and the Company, informing its Lenders in December 2016 that it would be unable to meet its debt service obligations. Following extensive discussions and negotiations, VGBV and most of its subsidiaries (hereafter: The Group) signed a Framework Agreement (FWA) with 18 Lenders in November 2018, with a duration until 31 March 2021. The FWA obligates VGBV, and the Company to continue making repayments and paying cash interest, to divest certain activities and vessels and restricts investments, movement of (excess) liquidity and any (dividend) distributions. The requirements of the FWA are laid down in a number of (non-) financial covenants. In case the Group fails to meet these requirements, Lenders' approval is required to solve (potential) default situations.

In September 2019, VGBV, also on behalf of the Company, informed its Lenders that it had breached certain covenants set for the third quarter of that year and would likely breach further covenants going forward including on balance-sheet date. VGBV engaged with its Lenders to find solutions to its difficult financial situation, since the Group continues to be highly leveraged and undercapitalised due to continued losses and asset impairments. The current FWA has not resulted in a more acceptable debt level and improved capital structure in either the short or longer term. In order for the discussions with the Lenders to continue on a constructive basis, in February 2020 VGBV, also on behalf of the Company, requested its Lenders to waive the existing 2019 defaults and reset the 2020 financial covenants to more achievable levels, in line with its 2020 budget. The assumptions underlying the 2020 budget reflected business management's input and experience and were consistent with external market reports from reputable sources (i.e. Clarkson, DSF and MSI). The waivers for the 2019 defaults and consents for resetting the 2020 financial covenants were received by 17 March 2020.

At the date of completion of the Annual Accounts of Vroon Group B.V. on 26 March 2020, the Managing Board believed that the Group would be able to deliver on its 2020 budget and the performance and liquidity during the first quarter actually exceeded this budget. The financial covenants were reset to levels consistent with this budget, including headroom should performance lag behind budget. The Group's budget was prepared prior to the emergence of the Corona (Covid-19) virus in China in late January 2020 and its further global spread and before the coinciding collapse of the oil price towards the end of the first quarter in 2020. The development of the oil price and the rapidly spreading Corona virus created increased uncertainty for the global economy and the markets in which the Group operates, which already affected and will likely continue to affect the Group's operations and results going forward.

In April 2020, the Group completed its first quarter (re)forecast for 2020 and revised its budget. The Q1 forecast incorporated the impact of Covid-19 and the coinciding collapse of the oil price. Very shortly after completion of the Annual Accounts of Vroon Group B.V., the Group witnessed unprecedented worldwide contract terminations in its Offshore Division by customers who were postponing, reducing and/or terminating Oil & Gas exploration and production activities. As a result, 2020 results in our Offshore Division are now expected to be significantly lower than initially budgeted.

Although Covid-19 lockdowns are also impacting our Deep-sea Division, this effect is most likely temporary, operational and less severe than in Offshore markets.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.2 Going concern (continued...)

Management took immediate action, reducing operational costs, putting additional vessels in lay-up and deferring capital expenditure where possible. Depending on the development in the shipping market and of the operational and financial performance including results of the Group later this year, something that remains uncertain, Management will take further cost-saving measures to protect results and liquidity. As the deterioration of results from April onwards will have a negative impact on liquidity, the Managing Board has carefully assessed the liquidity outlook for the remainder of the year. Without a deferral of debt-service payments from the second quarter onwards, liquidity is expected to drop below the minimum covenant level set for 2020, or could even become negative. The Group's FWA Lenders were informed of this in an All Lenders' Call on 13 May 2020. During this call, VGBV, also on behalf of the Company, announced it would seek all Lenders' consent for a waiver of payments to its Lenders scheduled for 30 June 2020 and indicated that further debt-service payments scheduled for later this year will likely need to be waived as well.

Most of the Lenders reacted supportively to the request to retain sufficient liquidity in the Group. However, due to intercreditor issues, which VGBV, also on behalf of the Company, has discussed extensively with some of its Lenders, the Monitoring Committee and advisors, it has not been possible to receive the required support on a waiver for a payment default from all individual FWA Lenders. Consequently, VGBV, also on behalf of the Company, announced a unilateral standstill on 2 June 2020. Following this announcement, VGBV, also on behalf of the Company, continued discussions with individual Lenders to avoid these Lenders enforcing any of their rights during the unilateral standstill period and/or to remedy any enforcement action taken. These discussions resulted in the Group making a partial debt service repayment of USD 6.9m on 31 July 2020 and all Lenders adhering to the unilateral standstill until at least 30 September 2020. The Group aims to make another partial payment on the scheduled payments for the third quarter (30 September 2020), in return for continued adherence to the unilateral standstill until at least 31 December 2020. In parallel, VGBV, also on behalf of the Company, continues to seek waivers for any (covenant) breaches and any other (consequential) defaults while the payment default (resulting from the unilateral standstill) continues. Based on the agreements and waivers received since early June, VGBV and the Company believe that its Lenders will continue to support the Group and will not enforce rights under the ongoing payment default.

As of end of the 2nd Quarter of 2020, the Company was compliant with its financial covenants except for the Group Value Maintenance Cover covenant. This breach was waived on 1 September 2020. In parallel, the Group has received waivers regarding the emerged consequential defaults from the relevant Lenders.

Even considering further partial payments to Lenders during the remainder of the year, the Group expects, consistent with its second quarter (re)forecast for 2020, liquidity well above the covenant level of USD 25m minimum free cash. Depending on results during the second half of the year, the Group could breach certain covenants. If so, VGBV, also on behalf of the Company, will engage with its Lenders to obtain further waivers and remain compliant with the FWA to the extent possible and ensure adherence to the unilateral standstill.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.2 Going concern (continued...)

The unforeseen deterioration of results, caused by the Covid-19 crisis and oil-price collapse, exacerbates the need to reach a new financing agreement well before the maturity date of the FWA at the end of first quarter 2021. Discussions with Lenders on this topic are progressing and a first proposal put forward by the FWA Lenders is under review. Although the complexity of (intercreditor) issues makes it difficult to estimate when these discussions will be completed, the Group expects (a) new agreement(s) to be in place before the maturity date of the Framework Agreement on 31 March 2021.

Since early January 2020, the Managing Board has been further developing the Group's future vision and strategy, including updating and revising its four-year Business Plan (Medium-Term Plan (MTP)), consistent with the 'Vroon as a Platform' strategy and including the expected effects of Covid-19 and oil price collapse.

During 2020, and in the years to come, the Group must improve its financial performance, generate increased earnings and cash flows and realise planned divestments. An improvement of global shipping markets in the coming years is a prerequisite for this. However, as both the timing and speed of any market recovery are yet uncertain especially given the development of the oil price and the global outbreak of the Corona virus, so too is the projected operational performance in day rates, vessel utilisation and direct and indirect operating cost. Depending on the development of the oil price and how the Corona virus outbreak can be (further) controlled by measures taken by governments and the extent and effectiveness of economic support measures, the economic impact of the Corona crisis can be relatively short lived, or more profound and causing another global recession of unknown duration, which may impact the Group accordingly. Further uncertainty exists as to whether the Group can continue its compliance with all FWA requirements or receive necessary waivers from its Lenders and whether it will reach a new agreement with its Lenders before the maturity date of the FWA on 31 March 2021 on a more sustainable solution. These matters indicate the existence of a material uncertainty that gives rise to significant doubt about the Company's ability to continue as a going concern and realise its assets and discharge all of its liabilities, in normal course of business. These financial statements do not include the adjustments that would result if the Company was not able to continue as a going concern.

VGBV and the Company believe that successful execution of its Business Plan will ensure longer-term continuity and support a new financing agreement for a more sustainable debt level. Based on ongoing discussions with its Lenders, VGBV and the Company believe that achieving a new agreement before the maturity date of the current FWA on 31 March 2021, although challenging is achievable. Consequently, the Financial Statements of the Company are prepared on a going-concern basis.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.3 Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes or duty.

Rendering of Services:

The company recognises revenue when

- [a] the amount of revenue can be measured reliably;
- [b] it is probable that the economic benefits associated with the transactions will flow to the company;
- [c] the stage of completion of the transaction at the end of reporting period can be measured reliably;
- [d] the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.4 Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Vessels	Up to 25 years (or end of remaining working life)
Dry-dockings	Between 2.5 to 5 years (or end of remaining working life)
Modifications	Up to 5 years (or end of remaining working life)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Major components

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. The carrying amount of any replaced component is derecognised.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

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 profit or loss and included in 'Other operating (losses)/gains'.

Borrowing Cost (capitalised interest)

The company capitalised finance cost directly attributable to the construction of its new build vessels.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks comprise the quantities of marine diesel oil (MDO) and lubricants on-board vessels owned by the company. On-board quantities of other stores are not considered material and any such costs are expensed as incurred.

Stocks are valued at the lower of cost of acquisition and net realisable value. Cost of acquisition is calculated based on the 'first-in, first-out' principle.

In shipping, it is common practice in fuel exclusive time charter contracts for the MDO stocks at the beginning of a charter to be invoiced to the customer, with the customer picking up all the costs of refuelling during the charter, and for the MDO remaining on-board at the end of the charter to be recharged back to the ship manager. When the company charters vessels on this basis it does not recognise MDO stocks for the duration of the time charter.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and in the bank.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Ordinary shares are classified as equity.

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders.

Interim equity dividends are recognised when paid. These amounts are recognised in the statement of changes in equity.

1.10 Derivatives

The company purchases interest rate swaps to manage interest rate volatility.

Derivatives, including interest rate swaps and 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

Current taxation, including UK corporation tax and foreign tax, is provided for 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. The company's profits from vessel operations are taxed under the UK Tonnage tax regime.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.12 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

All other exchange differences are taken to the profit and loss account and are treated as administrative expenses.

2 Change in accounting policy

Accounting for Dry dockings:

The Company re-assessed its accounting with respect to dry dock expenses.

Drydocking costs are expenditure incurred for major overhauls of the fleet, which is deferred when incurred and depreciated over a period from the current drydocking date to the next estimated drydocking date, which is generally 2.5 to 5 years. When significant drydocking expenditures recur prior to the expiry of the depreciation period, the remaining carrying value of the previous drydocking is expensed in the month of the subsequent drydocking.

On 1 January 2019, the Company elected to change the method of accounting for dry docking.

Prior to 1 January 2019, all dry dock expenses were recognised in the Statement of Comprehensive Income as "Other Cost of Sales". However, from 1 January 2019, dry dock expenses are now classified as separate components under Tangible assets [property, plant and equipment], as the company believes that the new accounting policy provides accurate information that is more relevant to the users of its financial statements. Accordingly, all dry docking expenses prior to 1 January 2019 have now been reclassified from 'Other Cost of Sales' to 'Property plant and Equipment'. The impact of this change is further disclosed in Note 21.

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The directors' consider the following to be a critical accounting estimate:

Impairment of Vessels

Annually, the company performs a review to assess whether there is an indicator that the carrying value of vessels may be impaired. This review comprises a comparison of the book value of the assets against the company's estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell. If the recoverable amount of the asset is lower than the book value then an impairment charge is recognised in the statement of comprehensive income.

To determine the asset's recoverable value the company considers a range of sources including independent third party market valuations and modelling of discounted future cash flows. Such estimates are subjective in nature and can vary significantly.

4 Turnover

Turnover represents the value of goods and services supplied within the company's ordinary activities stated net of value added tax.

The majority of turnover arises in the United Kingdom. No analysis of turnover by geographical market is given as the directors believe it would be prejudicial to the interest of the company.

5 Loss for the year

	2019	2018
	£000	£000
Loss for the year is stated after charging		
Exchange losses	81	16
Depreciation of owned tangible assets	2,383	2,395
Impairment of owned tangible assets	380	-

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the company's auditors and their associates:		
For audit services		
Audit of the company's financial statements	8	5
For other services		
Taxation compliance services	2	2

Auditors' remuneration has been borne by another group company in the current and preceding year.

7 Employees

The directors are employed by and receive remuneration from other group companies. The directors received total remuneration for the year of £354,000 (2018 - £341,000), all of which was paid by a fellow group company. In the opinion of the directors it is not possible to apportion directors' remuneration to subsidiaries on the basis of level of service and accordingly no allocation has been made.

Company pension contributions to money purchase schemes for directors £12,000 (2018 - £12,000).

Retirement benefits are accruing to two directors under a defined contribution scheme (2018 - two).

The company has no employees. All vessel operating costs, including crew costs recharged by other group companies and third parties, are charged against operating profit.

8 Interest receivable and similar income

	2019 £000	2018 £000
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	-	254

9 Interest payable and similar expenses

	2019 £000	2018 £000
Interest on bank overdrafts and loans	1,608	1,123
Interest payable to group undertakings	148	174
Finance costs for financial instruments measured at fair value through profit or loss	23	-
Other interest	35	2
	<u>1,814</u>	<u>1,299</u>

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Tax on loss

	2019 £000	2018 £000
Current tax		
UK corporation tax on profits for the current period	1	1

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £000	2018 £000
Loss before taxation	(1,285)	(1,736)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(244)	(330)
Tax impact of assessment under tonnage tax (*)	245	331
Taxation charge for the year	1	1

(*) Tonnage tax is an alternative method of calculating taxable profits which is available for qualifying ships.

Under tonnage tax, taxable profits are calculated based on the net weight of the vessel multiplied by a government specified daily profit rate rather than by the normal accounting method.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible assets

	Vessels £000	Modifications £000	Dry-dockings £000	Total £000
Cost				
At 1 January 2019	38,410	2,514	475	41,399
Additions	-	-	490	490
At 31 December 2019	38,410	2,514	965	41,889
Accumulated Depreciation				
At 1 January 2019	6,613	501	129	7,243
Depreciation charged in the year	2,068	125	190	2,383
Impairment losses	380	-	-	380
At 31 December 2019	9,061	626	319	10,006
Carrying amount				
At 31 December 2019	29,349	1,888	646	31,883
At 31 December 2018	31,796	2,013	346	34,155

The cost of fixed assets above includes capitalised finance costs of £183,000 (2018 - £183,000).

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Financial instruments

	2019 £000	2018 £000
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Derivatives	256	234

The company entered into an interest rate swap to receive interest at LIBOR and pay interest at a fixed rate%. The swap is based on a principal amount of the company's sterling loan facilities, and matures on the same date as the senior loans.

As at the end of the year, the fair value of the interest rate derivative is £256,000 (2018 - £234,000). Cash flows on both the loan and the interest rate derivatives are paid quarterly.

During 2019, a fair value loss of £23,000 was recognised in the Statement of Comprehensive Income (2018 gain of £254,000) for the interest rate derivatives.

13 Stocks

	2019 £000	2018 £000
Consumables	196	380

There is no significant difference between the replacement cost of the inventory and its carrying amount.

14 Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade debtors	467	469
Amounts owed by group undertakings	82	356
	549	825

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Creditors: amounts falling due within one year

	Notes	2019 £000	2018 £000
Trade creditors		3	-
Amounts due to fellow group undertakings		3,694	5,165
Bank loans	17	989	-
Derivative financial instruments		256	234
Corporation tax		1	1
Accruals and deferred income		5	5
		<u>4,948</u>	<u>5,405</u>

Included within bank loan are capitalised arrangement fees of £28,000 (2018 £Nil) in respect of the company's external bank loan, which are being amortised over the period of the loan.

Short-term loans from other group undertakings have no fixed repayment schedule. Interest is payable quarterly on these loans at a GBP LIBOR.

Other amounts due from group undertakings in the normal course of the company's business attract no interest.

16 Creditors: amounts falling due after more than one year

		2019 £000	2018 £000
Bank loans	17	23,772	25,255
		<u>23,772</u>	<u>25,255</u>

Included within bank loan are capitalised arrangement fees of £7,000 (2018 £61,000) in respect of the company's external bank loan, which are being amortised over the period of the loan.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Loans and overdrafts

	2019 £000	2018 £000
Bank loans	24,761	25,255
Payable within one year	989	-
Payable after one year	23,772	25,255

As at end of December 2019, the company's bank financing facility, secured by a charge over specific vessels and a share pledge, included borrowings as below:

The bank loan has an interest accrued on a monthly and paid on a quarterly basis @ the GBP LIBOR plus 5%.

In November 2018, a Framework Agreement between all obligors, apart from so-called excluded subsidiaries, within the Vroon Group, including the Company (hereafter: the Group) and 18 Lenders was signed with a duration until 31 March 2021. Within this Framework Agreement, the Group needs to comply with a number of financial covenants on a quarterly basis. The financial covenants consist of ratios for leverage, interest cover, minimum liquidity and a group maintenance cover. Variables used for the calculation of financial covenants slightly differ from the definitions used in this Financial Statement. Besides the financial covenants, there are also obligations applicable for the sale of certain assets. The Framework Agreement includes a fixed repayment of USD 50.0m per year and a variable cash balance sweep on a quarterly basis.

In September 2019, VGBV also on behalf of the Company informed its Lenders that it had breached the financial covenants for leverage and interest cover as well as one specific non-financial covenant. As per 31 December 2019, the Group in addition breached the group maintenance cover. VGBV, also on behalf of the Company, engaged with its Lenders to find solutions to its financial situation. In order for these discussions to continue on a constructive basis, in February 2020 VGBV, also on behalf of the Company, requested its Lenders to waive the existing 2019 defaults and reset the 2020 financial covenants in line with 2020 budget. The Managing Board believed that the Group would be able to deliver on its 2020 budget and the performance and liquidity during the first quarter actually exceeded this budget. The financial covenants were reset to the levels consistent with this budget, including headroom should performance lag behind budget. The Group's budget was prepared prior to the emergence of the Corona (Covid-19) virus in China in late January 2020 and its further global spread and before the coinciding collapse of the oil price towards the end of the first quarter in 2020. In return, VGBV, also on behalf of the Company, agreed to an additional liquidity covenant. The necessary waivers for the 2019 covenant breaches and consent to resetting the 2020 financial covenants were received on 17 March 2020 with the exception of one specific non-financial default of which consequential defaults were waived. Consequently, mortgage loans are classified as long-term liabilities in the Financial Statements.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Loans and overdrafts

In April 2020, the Group completed its first quarter (re)forecast for 2020 and revised its budget, taking into account the impact of Covid-19 and the coinciding collapse of the oil price. Based on the results and liquidity outlook originating from this Q1 forecast, VGBV also on behalf of the Company, after consultation with its Lenders, announced a unilateral standstill on 2 June 2020. Following this announcement, VGBV, also on behalf of the Company, continued discussions with individual Lenders to avoid these Lenders enforcing any of their rights during the unilateral standstill period and/or to remedy any enforcement action taken. These discussions resulted in the Group making a partial debt service repayment of USD 6.9m on 31 July 2020 and all Lenders adhering to the unilateral standstill until at least 30 September 2020. The Group aims to make another partial payment on the scheduled payments for the third quarter (30 September 2020), in return for continued adherence to the unilateral standstill until at least 31 December 2020.

As of 30 June 2020 the (reset) Value Maintenance Cover covenant was breached. This breach is waived by 1 September 2020. In parallel, the Group received waivers regarding the emerged consequential defaults from the relevant Lenders. Based on the agreements and waivers received since early 2020, VGBV and the Company believe that its Lenders will continue to support the Group and will not enforce rights under the ongoing payment default.

18 Related party transactions

The company has taken advantages of exemptions available under FRS 102 paragraph 33.1A from disclosing the related party transactions entered between two or more members of a company within the same group (wholly owned subsidiaries within same group).

The remuneration of directors and other members of key management during the year is disclosed in Note 7 'Employee and directors'

19 Events after the reporting date

The global spread of the coronavirus during the first quarter of 2020, followed by a fall in oil price led to significant challenges for the company. As a globally operating group, epidemic and pandemic risk scenarios are an integral part of Vroon's ongoing risk planning. Accordingly, Vroon's business activities are constantly being adjusted to reduce the potential effects of the outbreak. A taskforce follows the situation closely and can take necessary measures at any time. The safety of our employees, clients and supply chain is paramount importance to the company. All measures taken are consistent with the guidance from government and health authorities. The management continues to closely monitor the latest updates about the global COVID-19 outbreak and are taking appropriate actions to safeguard the health of our employees, clients and supply chain, in order to preserve our ability to operate in a safe and efficient way. We have identified the critical operational areas and have implemented operational continuity plans within our organisation to ensure we have sufficient resources to keep the business running safely and serving the demand from our clients.

20 Ultimate controlling party

The company's immediate parent undertaking is Vroon Offshore UK Limited, a company registered in Scotland.

The ultimate holding company is Vroon Group B.V., a company registered in the Netherlands.

The consolidated financial statements of Vroon Offshore UK Limited and Vroon Group B.V. are available to the public and may be obtained from Vroon Offshore UK Limited, 4th Floor, Regent Centre, Regent Road, Aberdeen, AB11 5NS.

VOH SUPPORT VESSELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Changes in accounting policy

Changes in dry-docking policy

Changes to the statement of financial position

	As previously reported £000	Adjustment £000	As restated at 31 Dec 2018 £000
Fixed assets			
Tangible assets	34,223	(68)	34,155
Capital and reserves			
Total equity	5,265	68	5,197

Changes to the income statement

	As previously reported £000	Adjustment £000	As restated £000
Year ended 31 December 2018			
Cost of sales	(11,470)	(68)	(11,538)
Loss for the financial period	(1,669)	(68)	(1,737)

Costs related to drydocking started before 1 January 2019 amounting to £475,000 were recognised in the profit and loss account as part of 'Other Cost of sales'.

As a result of the changes in accounting policy, costs regarding drydocking are now capitalised.

Tangible assets costs have increased by £475,000 with an additional depreciation of £129,000 on capitalised dry-dockings and £414,000 as an accelerated depreciation on the dry-dock components included in the original value of the vessel.

The change in accounting policy has a positive impact of £68,000 on the opening equity.