HUNTING OIL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Registered No: 01103530

HUNTING OIL HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS **PAGE**

Company Information	2
Strategic Report	3
Directors' Report	6
Independent Auditors' Report to the Members of Hunting Oil Holdings Limited	10
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18

HUNTING OIL HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Registered number:	01103530
Country of incorporation:	England and Wales
Registered office:	5 Hanover Square London W1S 1HQ
Directors:	B.H. Ferguson D.B. Willey M.E. Jarvis A.J. Johnson
Company Secretary:	D.B. Willey
Independent Auditors:	Deloitte LLP London United Kingdom

HUNTING OIL HOLDINGS LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2020.

Business Review and Principal Activities

The Company is a wholly-owned subsidiary of Hunting PLC, is UK domiciled, is registered in England and Wales and acts as a holding company of non-core UK central and services businesses for the Hunting PLC Group. Further details of the Company's subsidiaries can be found in note 7 to the financial statements.

The results and financial position of the Company are set out in the financial statements.

Company Performance

Dividend income during the year was $6,655,000 (2019: $1,241,000) following the receipt of a dividend from HG Management Services Ltd. Other income during the year was $nil, compared to $14,000 in 2019. Non-exceptional other operating expenses were $73,000 for the year (2019: $77,000).

In preparing the 2020 financial statements, an impairment review of the carrying value of investments in subsidiaries was conducted in accordance with IAS 36 Impairment ("IAS 36") and an impairment review of the recoverability of the carrying value of the loan receivable due from a fellow group company was conducted in accordance with the general model under IFRS 9 Financial Instruments ("IFRS 9"). An impairment charge of $3,984,000 in relation to the Company's investment in HG Management Services Ltd was recognised as an exceptional item in other operating expenses (note 3). No impairment charge was recognised following the impairment review of the loan receivable due from a fellow group company (note 8) as there had not been a significant increase in credit risk under IFRS 9. The impairment reviews were carried out using projected cash flows and macroeconomic information based on what could have reasonably been known as at 31 December 2020, the reporting date, of the conditions that existed at that date.

In 2019, Field Insurance Limited was placed into shareholder's voluntary liquidation. A loss on the disposal of the investment of $987,000 was recognised as an exceptional item in other operating expenses (note 3).

The Company's profit from operations for the year was $2,598,000 (2019: $191,000), an increase of $2,407,000.

Finance income has decreased by $2,613,000 to $2,548,000 (2019: $5,161,000). The decrease in finance income is due to the reduction in the interest rate on the loan receivable from a fellow group company. Profit before tax for the year was $5,146,000 (2019: $5,352,000) and, after a tax charge of $453,000 (2019: $873,000), profit after tax was $4,693,000 (2019: $4,479,000).

Balance Sheet and Financial Position

Net assets have decreased from $270,309,000 in 2019 to $268,357,000 in 2020. The reduction is attributable to the profit and total comprehensive income for the year of $4,693,000 being offset by the dividend paid in the year of $6,645,000 (note 17). Net cash comprising the loan receivable due from a fellow group company increased from $153,913,000 to $155,820,000 during the year. Details of the Company's capital risk management policies are disclosed in note 18.

Principal Risks and Uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the primary risks of the Hunting PLC Group and are not managed separately. The principal risks and uncertainties of the Hunting PLC Group, which include those of the Company, are discussed on pages 56 to 59 of the Hunting PLC 2020 Annual Report and Accounts.

Further detail on financial risks is provided within note 14.

UK Leaving the European Union ("Brexit")

The potential consequences to the Company of the United Kingdom's withdrawal from the European Union continue to be monitored and the Directors remain of the opinion that, given the Company and its UK subsidiaries are not trading entities, Brexit will not have a material impact on the business.

Key Performance Indicators ("KPI's")

Given the straightforward nature of the business, the Company's Directors are of the opinion that further analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Future Developments

The Directors expect the general level of activity to remain consistent with 2020 and no changes in the Company's activities are anticipated in the forthcoming year.

Section 172(1) Statement

This statement has been prepared in compliance with the Companies (Miscellaneous Reporting) Regulations 2018.

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

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In discharging our Section 172 duties, we have regard to the factors set out above. We also have regard to other factors, which we consider relevant to the decision being made. Those factors, for example, include the interests and views of the Hunting PLC Group entities. The Directors remain conscious that their decisions could have an impact on other stakeholders where relevant. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

HUNTING OIL HOLDINGS LIMITED

STRATEGIC REPORT (continued)

Section 172(1) Statement (continued)

As the principal activity of the Company is to hold investments in Hunting PLC's non-core UK central and services businesses, its stakeholders during the period include other Hunting PLC Group companies and as such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

Each year we review the Company's short- and long-term strategy and ensure that it is aligned with that of the Group. We endeavour to operate responsibly and to make carefully considered decisions.

The following sections provide a summary of key stakeholder and associated engagement and decision-making and some of the considerations taken by the Directors in fulfilling their duty under section 172(1) of the Act:

- Shareholders: The immediate and ultimate parent company and controlling company is Hunting PLC. Each dividend proposal considered by the Directors is determined on its own merits. Dividends reflect business performance over time and the Directors not only consider the results and position of the Company for the financial year in question, but also the future requirements of the Company over the next three years. During the year, the Company paid a dividend of $6,645,000 (2019: $nil) to Hunting PLC.

- Governments: The Company seeks to comply with all applicable and relevant local laws and regulations. The Company is also committed to acting with integrity and transparency in all tax matters, to comply with local tax regulation and pay taxes when due. The Company's tax contributions comprise corporate income taxes. When evaluating how the Company's business affairs should be organised, a wide variety of factors are considered, including operational efficiency, risk management and taxation. If the tax regulation allows the Company's business affairs to be organised in a manner which reduces tax costs, while meeting the Company's overall objectives, the Directors will do so but the Company will not carry out tax evasion or create artificial structures. Where appropriate, professional tax or legal advisers will be engaged to ensure that tax law has been interpreted correctly. The Company will not enter into transactions that have a main purpose of interpreting tax law that is opposed to its original intention or spirit. Day-to-day matters are delegated to the Group's Head of Taxation and a small team of in-house tax professionals who hold a combination of accounting and tax qualifications. The Directors also monitor and discuss changes to tax legislation that will have an impact on the Company.

The Directors consider that, in complying with its statutory duty during 2020 and under section 172 of the Companies Act 2006 (the "Act"), they have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of its members and stakeholders as a whole.

On behalf of the Board

M.E. Jarvis
Director

10 May 2021

HUNTING OIL HOLDINGS LIMITED

DIRECTORS' REPORT

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

Results and Dividends

The results and financial position of the Company are set out in the attached financial statements. A dividend of $6,645,000 (note 17) was paid during the year (2019: $nil). The Directors do not recommend the payment of a further dividend for the year.

Risk Management

Further information on the Company's financial risks and its financial risk management policies is disclosed in note 14.

Political Contributions

The Company made no payments to political organisations during the year (2019: $nil).

Events After the Balance Sheet Date

There have been no events affecting the Company since the year-end that require disclosure.

Future Outlook

No change in the activities of the Company is anticipated in 2021.

Directors' Going Concern Assessment

These accounts have been prepared on a going concern basis. In determining that the Company is a going concern, the Directors have carefully considered the cash resources available to the Company and the Hunting PLC Group ("Group") and potential future cash flows.

(a) The Company's Cash Position and Resources

As stated in the Strategic Report, the Company's purpose is to hold investments in Hunting PLC's non-core UK central and services businesses and the ability of the Company to continue as a going concern is inter-dependant with that of the Group. In conducting its review of the Group's ability to remain as a going concern, the Directors have assessed the Group's recent trading performance and its latest forecasts and have taken account of reasonably predictable changes in future trading performance. The forecasts were also sensitised to reflect plausible downside scenarios because of COVID-19's impact on global economies. These demonstrated that the Group is able to maintain sufficient cash resources to meet its liabilities as they fall due over the next twelve months.

At the end of 2020, Hunting PLC had total cash and bank of $101.7m available and had no drawings on its bank facility putting it in a strong position to weather any further downturns. The Group has a committed $160m multi-currency revolving credit facility with a maturity date of 2022. The facility includes an accordion feature that allows the facility to be increased to $235m, subject to the approval of its lending group. The facility also includes an extension option, which allows the Company to extend the maturity to 2023. The facility includes covenants that are tested twice a year, at 30 June and 31 December, based on the previous 12-month period.

Directors' Going Concern Assessment (continued)

(a) The Company's Cash Position and Resources (continued)

The covenants require that:

i. The ratio of net debt to consolidated EBITDA permitted under the revolving credit facility must not exceed a multiple of three times.
ii. Consolidated EBITDA must also cover relevant finance charges by a minimum of four times.

Further details of the facility, including the terms and conditions and covenant definitions are given in note 30 of the Hunting PLC 2020 Annual Report and Accounts.

Further stress tests to the forecasts were prepared to identify the conditions required to fully consume the Group's cash reserves by December 2022. The Group modelled a drop in monthly revenue from May 2021 to December 2022 reflecting the lowest levels experienced during 2020, and consequent modest negative EBITDA margins. Working capital days were broadly maintained at the high levels occurring at the end of 2020. Even with these factors reflected, a further 5.5% decline in EBITDA margin was required to cause a breach. To advance the possible breach to June 2022 would require a further 2.4% decline in the stressed monthly EBITDA margin. The Board assessed the severity of these forecasts and concluded that the likelihood of such a combined occurrence over the next twelve months is remote. The Directors are also satisfied that no material uncertainties have been identified.

(b) Budget 2021

During March 2021, the Group prepared its 2021 Budget through to December 2021 taking into consideration market analysis, such as that by Spears and Associates and our understanding of the likely evolution of the business from our conversations with customers as to their plans and what is being seen in our order books.

Despite challenging trading expectations, the budget still anticipates good cash generation in 2021, with significant net cash balances at June 2021 and December 2021 and a positive EBITDA generated in the 12 months to December 2021.

(c) Conclusion

The Directors are satisfied that a robust review of the Group's going concern has been conducted and have a high level of confidence that the Group, and therefore the Company, has the necessary liquid resources to meet its liabilities as they fall due. Consequently, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Directors

Except as noted below, the Directors of the Company who served during the year and to the date of this report were as follows:

P. Rose (resigned 15 April 2020)
B.H. Ferguson (appointed 15 April 2020)
D.B. Willey
M.E. Jarvis
A. J. Johnson

No Director had a material interest in any contract of significance to which either the Company or its subsidiaries were a party.

Directors' and Officers' Liability Insurance

Hunting PLC maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by its Directors and officers and those of its subsidiaries in the discharge of their duties. This is a qualifying third party indemnity provision, which was in force throughout the financial year and at the date of approval of the financial statements.

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 UK 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

Deloitte LLP has been reappointed as the Company's auditor in the absence of an Annual General Meeting.

By order of the Board

M.E. Jarvis
Director

10 May 2021

HUNTING OIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUNTING OIL HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements of Hunting Oil Holdings 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 profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the Notes to the Financial Statements 1 to 20.

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

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.

HUNTING OIL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HUNTING OIL HOLDINGS 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 in Respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HUNTING OIL HOLDINGS LIMITED (continued)

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

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

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

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

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.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

HUNTING OIL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HUNTING OIL HOLDINGS LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the 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.

William Smith

William Smith
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
10 May 2021

HUNTING OIL HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
REVENUE	20	6,655	1,241
Other operating income		-	14
Other operating expenses – non-exceptional		(73)	(77)
Other operating expenses – exceptional		(3,984)	(987)
Other operating expenses	3	(4,057)	(1,064)
PROFIT FROM OPERATIONS	4	2,598	191
Finance income	5	2,548	5,161
PROFIT BEFORE TAX		5,146	5,352
Taxation	6	(453)	(873)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,693	4,479

HUNTING OIL HOLDINGS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020	2019
		$'000	$'000
ASSETS			
Non-current assets			
Investment in subsidiaries	7	113,249	117,233
Accounts receivable	8	155,820	153,913
Deferred tax asset	9	140	126
		269,209	271,272
LIABILITIES			
Current liabilities			
Provisions	11	(738)	(738)
Other payables	10	(22)	-
Current tax liability		(92)	(225)
		(852)	(963)
Net current liabilities		(852)	(963)
Net assets		268,357	270,309
Shareholders' equity			
Share capital	16	257,669	257,669
Retained earnings		28,964	30,916
Cumulative translation reserve		(18,276)	(18,276)
Total equity		268,357	270,309

The notes on pages 18 to 32 form part of these financial statements. The financial statements on pages 14 to 32 were approved by the Board of Directors on 10 May 2021 and were signed on its behalf by:

M.E. Jarvis
Director

Registered No: 01103530

HUNTING OIL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital $'000	Retained earnings $'000	Cumulative translation reserve $'000	Total equity $'000
At 1 January 2020	257,669	30,916	(18,276)	270,309
Total comprehensive income:				
Profit and total comprehensive income for the year	-	4,693	-	4,693
Transactions with owners:				
Dividends paid (note 17)	-	(6,645)	-	(6,645)
At 31 December 2020	257,669	28,964	(18,276)	268,357

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital $'000	Retained earnings $'000	Cumulative translation reserve $'000	Total equity $'000
At 1 January 2019	257,669	26,437	(18,276)	265,830
Total comprehensive income:				
Profit and total comprehensive income for the year	-	4,479	-	4,479
At 31 December 2019	257,669	30,916	(18,276)	270,309

HUNTING OIL HOLDINGS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	$'000	$'000
Operating activities		
Profit from operations	2,598	191
Impairment of investment in subsidiary (note 7) – exceptional item	3,984	-
Loss on liquidation of investment in subsidiary (note 3) – exceptional item	-	987
Increase (decrease) in payables	21	(1)
Taxation paid	(600)	(1,485)
Net exchange differences	1	(14)
Net cash inflow (outflow) from operating activities	6,004	(322)
Investing activities		
Interest received	2,555	5,161
Loans issued to fellow group companies	(1,914)	(5,235)
Receipt on liquidation of subsidiary (note 3) – exceptional item	-	396
Net cash inflow from investing activities	641	322
Financing activities		
Dividends paid (note 17)	(6,645)	-
Net inflow (outflow) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

Hunting Oil Holdings Limited is a private company limited by shares. Hunting Oil Holdings Limited was incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is shown on page 2. The Company acts as a holding company of non-core UK central and services businesses for the Hunting PLC Group. Details of the Company's subsidiaries are given in note 7.

The financial statements have been prepared under the historical cost convention and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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.

Going Concern

The financial statements have been prepared on a going concern basis. The details of the going concern assessment performed and the conclusions reached are discussed in the Directors' Report on pages 6 and 7.

Adoption of New Standards, Amendments and Interpretations

A number of amendments to IFRS became effective for the financial year beginning on 1 January 2020, however the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

- Amendment to IAS 1 and IAS 8: Definition of Material
- Amendment to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)

1. ACCOUNTING POLICIES (continued)

1.1 Basis of Accounting (continued)

Effective Subsequent to the Year End

The following standards, amendments and interpretations are effective subsequent to the year-end, which have not been early adopted, and are being assessed to determine whether there is a significant impact on the Company's results or financial position:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7)[1]
- Amendments to IFRS 3 – Reference to the Conceptual Framework[2/4]
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use[2/4]
- Amendment to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract[2/4]
- Annual Improvements to IFRS Standards 2018 – 2020 Cycle[2/4]
- IFRS 17 Insurance Contracts[3/4]
- Amendment to IAS 1: Classification of Current and Non-current Liabilities[3/4]
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates[3/4]
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies[3/4]

1. Mandatory adoption date and effective date for the Company is 1 January 2021.
2. Mandatory adoption date and effective date for the Company is 1 January 2022.
3. Mandatory adoption date and effective date for the Company is 1 January 2023.
4. Not yet endorsed.

Interest Rate Benchmark Reform

The impact of the reform and replacement of benchmark interest rates such as US LIBOR is being assessed and is ongoing. The Company's interest-bearing loan payable to the treasury company of $155,820,000 at the year-end has a variable interest rate that is referenced to interbank offered rates ("IBORs") that will be affected by the IBOR reforms, as LIBOR is currently used as the base for the interest rate applied.

There is currently uncertainty around the timing and precise nature of the changes to benchmark interest rates. To transition existing contracts and agreements that reference LIBOR to SOFR (in respect of USD denominated contracts), adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition. Group treasury is responsible for managing the Company's LIBOR transition plan.

1.2 Revenue

Dividend income is recognised in the statement of comprehensive income in the period in which it has been approved, by the relevant company's shareholders or, if earlier, declared and paid by that company.

1.3 Interest

Interest income and expense is recognised in the statement of comprehensive income using the effective interest method and is included in finance income and finance expense.

1. ACCOUNTING POLICIES (continued)

1.4 Foreign Currency Translation

The financial statements of the Company are prepared and presented using its functional currency, which is US Dollar. The functional currency is the currency of the primary economic environment in which the Company operates. Monetary assets and liabilities that are not denominated in US dollars are retranslated at the exchange rates ruling at the balance sheet date. Transactions in currencies other than the US dollar are translated at the exchange rate ruling at the date of transaction. All exchange differences are taken to the statement of comprehensive income.

1.5 Exceptional Items

Exceptional items are items of income and expense, which the Directors believe should be separately disclosed by virtue of their significant size or nature to enable a better understanding of the Company's financial performance.

1.6 Taxation

The tax recognised in the statement of comprehensive income comprises current tax and deferred tax arising on the current year's result before tax and adjustments to tax arising on prior years' results before tax.

Current tax is the expected tax receivable or payable arising in the current year on the current year's profit before tax, using tax rates enacted or substantively enacted at the balance sheet date, plus adjustments to tax in respect of prior years' profits.

Deferred tax is the tax that is expected to arise when the assets and liabilities recognised in the Company's balance sheet are realised, using tax rates enacted or substantively enacted at the balance sheet date that are expected to apply when the asset is realised or the liability is settled.

Full provision is made for deferred taxation, using the liability method, on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately on the balance sheet and are reported as non-current assets and liabilities. Deferred tax assets are recognised only to the extent that they are expected to be recoverable.

1.7 Investment in Subsidiaries

Investments in subsidiaries are stated at cost, which is the fair value of the consideration paid, less provision for impairment.

1.8 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank Accrued interest is disclosed as part of the year-end balance.

1.9 Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. Transaction costs of financial assets at FVTPL are expensed immediately to the statement of comprehensive income.

1. ACCOUNTING POLICIES (continued)

1.9 Financial Assets (continued)
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset in order to generate cash flows and the cash flow characteristics of the financial asset. Debt instruments that are held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortised cost.

The Company's debt instruments are classified as carried at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. If collection is expected in one year or less they are classified as current assets, otherwise they are presented as non-current assets.

By virtue of the nature of the effective interest method, interest accrued on loans carried at amortised cost is regarded as an integral part of the loan balance and is, therefore, included within the carrying value of those loans. Consequently, interest receivable within twelve months on loans due after more than one year is recognised within non-current assets.

Debt instruments held for collection of contractual cash flows include the loan receivable due from a fellow group company.

The Company assesses on a forward-looking basis the expected credit losses ("ECLs") at each balance sheet date associated with its loan receivables due from fellow group companies carried at amortised cost. The impairment methodology applied, following the adoption of the general model under IFRS 9, will depend on whether there has been a significant increase in credit risk. Indications of a significant increase in credit risk include events that have a negative impact on the estimated future cash flows and if any payments under the terms of the debt are more than 30 days overdue.

1.10 Impairments
The Company assesses at least annually whether there have been any events or changes in circumstances that indicate that the investment in subsidiaries may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable. Where impairment exists, the asset is written down to its recoverable amount, which is the higher of the fair value less costs to sell and value in use, being the net present value of estimated future cash flows. Impairments are recognised immediately in the statement of comprehensive income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

1. ACCOUNTING POLICIES (continued)

1.11 Provisions

Provisions are liabilities where the amount or timing of future expenditure is uncertain. Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation. If the time value of money is material, provisions are discounted to their present value. If an obligation is not capable of being reliably estimated it is classified as a contingent liability.

1.12 Group Financial Statements

The Company has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006, as it is a wholly-owned subsidiary of Hunting PLC, a company registered in England and Wales, in whose consolidated financial statements the Company is included.

1.13 Share Capital

The Company's share capital comprises a single class of Ordinary shares, which are classified as equity.

1.14 Dividends

Dividends paid to the Company's shareholders are recognised as liabilities in the financial statements in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. All dividends paid are recognised in the statement of changes in equity.

1.15 Critical Accounting Estimates and Judgements

Critical judgements are those that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Company's financial statements. Key assumptions are those assumptions concerning the future and other key sources of estimation uncertainty at the reporting period are those that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Estimates are continually evaluated, based on experience and reasonable expectations of future events. Accounting estimates are applied in determining the carrying value of investments in subsidiaries and the loan due from a fellow group company. Other than estimates regarding future cash flows for the purposes of impairment testing (see notes 7 and 8), management believe that there are no other critical judgements or estimates applied in the preparation of the financial statements.

2. DIRECTORS AND EMPLOYEES

None of the Directors received any remuneration during the year in respect of their services to the Company (2019: $nil). Remuneration received by Directors was for their services to Hunting PLC, the ultimate parent company acting in various Group capacities. The key management of Hunting Oil Holdings Limited is its Directors. The average monthly number of persons employed by the Company during the year was nil (2019: nil).

3. OTHER OPERATING EXPENSES

	2020 $'000	2019 $'000
Foreign exchange losses	1	-
Fair value losses	10	-
Management fees	62	77
Other operating expenses – non-exceptional	73	77
Impairment of investment in subsidiary – exceptional item (note 7)	3,984	-
Loss on disposal of investment in subsidiary – exceptional	-	987
	4,057	1,064

Certain items in the table above have been disclosed as exceptional items due to their size and nature.

During 2019, Field Insurance Limited was placed into shareholder's voluntary liquidation. A final distribution of $396,000 was received in November 2019. A loss on the disposal of the investment of $987,000 was recognised as an exceptional item in other operating expenses.

4. PROFIT FROM OPERATIONS

	2020 $'000	2019 $'000
Profit from operations is stated after charging (crediting):		
Impairment of investment in subsidiary – exceptional item (note 7)	3,984	-
Loss on disposal of investment in subsidiary – exceptional	-	987
Net foreign exchange losses (gains)		
- loans and receivables	1	(15)
- financial liabilities measured at amortised cost	-	1

Auditor remuneration of $25,000 (2019: $25,000) is borne by Hunting PLC, the Company's immediate and ultimate parent company, for services provided to the Company for the statutory audit of the financial statements.

5. FINANCE INCOME

	2020 $'000	2019 $'000
Interest on loans to fellow group companies	2,548	5,161

6. TAXATION

	2020 $'000	2019 $'000
UK Corporation Tax:		
– current year charge	(470)	(969)
– foreign exchange	3	96
Current tax	(467)	(873)
Deferred tax (note 9):		
– change in tax rate	14	-
Total tax charge	(453)	(873)

The table below reconciles the tax on the reported loss for the year to the UK's standard rate for corporation tax of 19% (2019: 19%).

	2020 $'000	2019 $'000
Profit before tax	5,146	5,352
Taxation at the standard UK corporation tax rate of 19% (2019: 19%)	(977)	(1,017)
Non-taxable income	1,264	236
Expenses not deductible for tax purposes	(757)	(188)
Foreign exchange	3	96
Change in tax rate	14	-
Total tax charge	(453)	(873)

The Finance Bill 2016, which received Royal Assent on 15 September 2016, included reductions to the main rate of corporation tax to reduce the rate to 17% from 1 April 2020. The deferred tax balance in the previous year was calculated at 17% respectively. The Budget on 11 March 2020 included a provision to revoke this change in tax rate. This has been reflected in the current year deferred tax balances, which are calculated at 19%.

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 3 March 2021, which included an increase to the main rate of corporation tax from 19% to 25% from 1 April 2023. This change has not yet been enacted at the date the financial statements have been authorised. The change in corporation tax rate to increase to 25% is not expected to have a material impact on the Company's tax balances.

7. INVESTMENT IN SUBSIDIARIES

	2020 $'000	2019 $'000
Cost:		
At 1 January	161,376	163,537
Disposals	-	(2,161)
At 31 December	161,376	161,376
Impairment:		
At 1 January	44,143	44,936
Charge for the year	3,984	-
Disposals	-	(793)
At 31 December	48,127	44,143
Net book value	113,249	117,233

Subsidiaries[ii/v]	Registered Address
Huntfield Trust Limited[i/iii]	5 Hanover Square, London, W1S 1HQ, England
HG Management Services Ltd[i]	5 Hanover Square, London, W1S 1HQ, England
Hunting Knightsbridge Holdings Limited[i]	5 Hanover Square, London, W1S 1HQ, England
Hunting Aviation Limited[i/iv]	5 Hanover Square, London, W1S 1HQ, England
Huntaven Properties Limited[i]	5 Hanover Square, London, W1S 1HQ, England
Stag Line Limited[iii]	5 Hanover Square, London, W1S 1HQ, England

i. Interests in these companies are held directly by the Company. For all other companies, the interest is held indirectly.
ii. Companies are incorporated and operate in the countries indicated.
iii. Dormant company and exempt from being audited.
iv. In liquidation.
v. All interests in the companies are in the ordinary equity shares of those companies and represent a 100% ownership interest with proportionate voting rights. The percentage interest in ordinary shares and proportion of voting rights held in the companies listed above has not changed in comparison to the prior year.

Field Insurance Limited was placed into shareholder's voluntary liquidation during 2019 and was dissolved in March 2020.

a) Impairment Reviews

In respect of the carrying value of the Company's investment in subsidiaries, assessments are undertaken at least annually to determine whether there have been any events or changes in circumstances that indicate that the carrying value may be impaired. An impairment review is carried out when such indicators are present by comparing the carrying value of a subsidiary to its recoverable amount. During 2020, market conditions for the Group were significantly worse than 2019 as business activity levels declined very quickly due to the global impact of COVID-19. The scale and duration of the adverse impact remains uncertain, and furthermore, the recovery is expected to be a gradual process. Therefore, during 2020 the carrying values of all investments in subsidiaries have been tested for impairment in preparing the financial statements.

7. INVESTMENT IN SUBSIDIARIES (continued)

a) Impairment Reviews (continued)

The recoverable amounts are determined based on the undiscounted cash flows from the recovery of the underlying net assets of the subsidiary. The valuation is a Level 3 measurement as per the fair value hierarchy as defined within IFRS 13 due to unobservable inputs used in the valuation.

Following the review, an impairment charge of $3,984,000 in respect of the Company's investment in HG Management Services Ltd was recognised as an exceptional item in other operating expenses (note 3). At 31 December 2020, of the total cost of $161,376,000 (2019: $161,376,000), investments in subsidiaries costing $91,212,000 (2019: $91,212,000) have been subject to accumulated impairment of $48,425,000 (2019: $44,143,000). In the opinion of the Directors, the value of the investments in the subsidiaries is not less than the aggregate amount shown in the balance sheet.

b) Sensitivities

Foreign exchange rates

If the year-end Sterling/US dollar foreign exchange rate of 0.7316 increases by 10% to 0.8048, then a further impairment charge of approximately $1,774,000 in relation to its investment in HG Management Services Ltd would be recognised.

8. ACCOUNTS RECEIVABLE

	2020 $'000	2019 $'000
Non-current:		
Loan receivable due from a fellow group company – interest-bearing	155,820	153,913

The interest-bearing loan receivable due from a fellow group company is repayable in March 2023, is unsecured, has a variable interest rate, which is the US Federal Reserve plus a margin, and is denominated in US dollars. The interest-bearing loan receivable due from a fellow group company is a financial asset measured at amortised cost.

Impairment of Receivables

Default on a financial asset is usually considered to have occurred when any contractual payments under the terms of the debt are more than 90 days overdue. Receivables are written off when there is no reasonable expectation of recovery. Indicators that receivables are generally not recoverable include the failure of the debtor to engage in a repayment plan, failure to make contractual payments for a period greater than 180 days past due and the debtor being placed in administration. Where receivables have been written off, the entity will continue to try and recover the outstanding receivable.

At the year-end there are no receivables (2019: none) whose terms have been renegotiated and would otherwise be overdue or impaired. The Company does not hold any collateral as security and no assets have been acquired through the exercise of any collateral previously held. The Company's maximum exposure to credit risk is the fair value of each class of receivable. The carrying amount of receivables approximates their fair value as described in note 12.

8. ACCOUNTS RECEIVABLE (continued)

Impairment of Receivables (continued)

Impairment of Loan Receivable

The assessment of the recoverability of the loan receivable was carried out using projected cash flows and macroeconomic information based on what could have reasonably been known as at 31 December 2020, the reporting date, of the conditions that existed at that date.

The Company assesses on a forward-looking basis the expected credit losses ("ECLs") at each balance sheet date associated with its loan receivable due from a fellow group company carried at amortised cost. The impairment methodology applied, following the adoption of the general model under IFRS 9, will depend upon whether there has been a significant increase in credit risk. To assess whether there has been a significant increase in credit risk, the risk of default occurring as at 31 December 2020 is compared with the risk of default occurring as at the date of initial recognition. Indications of a significant increase in credit risk include events that have a negative impact on the estimated future cash flows and if any payments under the terms of the debt are more than 30 days overdue. Macroeconomic information is also considered.

At 31 December 2020, the Company's loan receivable was not overdue and the Company does not consider it necessary to provide for any impairment. The loan receivable is expected to be fully recovered, as there is no recent history of default or any indications that the contractual payments will not be made (see note 14(c)). As at the date of signing the financial statements, there have been no instances of default on the loan receivable outstanding at 31 December 2020.

9. DEFERRED TAX ASSET

The movement in the deferred tax asset is as follows:

	Tax losses	
	2020	2019
	$'000	$'000
Non-current:		
At 1 January	126	126
Charge to the statement of comprehensive income (note 6)	14	-
At 31 December	140	126

Deferred tax assets of $140,000 (2019: $126,000) have been recognised as the Company has assessed that the realisation of the benefit is probable based on forecasts of projected cash flows. Deferred tax assets are expected to be recovered after more than twelve months.

10. OTHER PAYABLES

	2020	2019
	$'000	$'000
Current:		
Current account due to a fellow group company	22	-

The current account due to a fellow group company is repayable on demand, unsecured, interest-free, and is denominated in Sterling. The current account due to a fellow group company is a financial liability measured at amortised cost.

11. PROVISIONS

The Company has a warranty provision of $738,000 (2019: $738,000) at the year-end. There were no movements on the provision during the year. The warranty provision relates to claims by former employees of a former fellow group company, Aero Sekur SpA, which was sold by the Hunting PLC Group on 12 July 2007. The provision reflects uncertainty in the timing and amounts of the costs expected to arise in meeting this obligation.

12. FINANCIAL INSTRUMENTS: FAIR VALUES

The carrying value of the loan receivable due from a fellow group company, the current account due to a fellow group company and the warranties provision approximates their values. Due to their short-term nature, the carrying value of the current account due to a fellow group company and the provision approximates their fair value. The carrying value of the interest-bearing loan receivable due from a fellow group company approximates its fair value as interest is charged based on a margin over current bank lending rates. The fair value of forward foreign exchange contracts is determined by comparing the cash flows generated by the contract with the coterminous cash flows potentially available in the forward exchange market on the balance sheet date. The inputs used to determine the fair value of derivative financial instruments are inputs other than quoted prices that are observable and so the fair value measurement is categorised in Level 2 of the fair value hierarchy.

13. DERIVATIVES AND HEDGING

The Company enters into derivative contracts for economic hedging purposes and no speculative positions are entered into by the Company. However, where derivatives do not meet the hedge accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss. The Company has used forward foreign exchange contracts to hedge exposure to exchange rate movements during the year.

Fair value gains or losses on derivative contracts that do not meet the hedge accounting criteria are taken directly to the statement of comprehensive income, with losses of $10,000 (2019: $nil) being recognised during the year on forward foreign exchange contracts.

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to certain financial risks, namely market risk (including cash flow interest rate risk), credit risk and liquidity risk. From the perspective of the Company, these financial risks are integrated with the financial risks of the Hunting PLC Group and are not managed separately.

a) Foreign exchange risk

The Company is exposed to foreign exchange risk from its operating activities, particularly in respect of Sterling. However, this risk is not considered to be material. Foreign exchange risks arise from future transactions and cash flows and from recognised monetary assets and liabilities that are not denominated in US dollars. At the year end, the carrying amount of the Company's financial liabilities on which exchange differences would be recognised in the income statement in the following year is $22,000 (2019: $nil).

b) Interest rate risk

The Company is exposed to cash flow interest rate risk from its loan receivable due from a fellow group company, which is at variable interest rates.

c) Credit risk

The Company's credit risk arises from its outstanding receivables. The Company is exposed to credit risk to the extent of non-receipt of its financial assets; however, it has no significant concentrations of credit risk other than from related parties. Credit risk is continually monitored and no individual exposure is considered to be significant in the ordinary course of the Company's activities.

The interest-bearing loan receivable due from a fellow group company has not been impaired as no losses are expected from non-performance of this counterparty. The credit risk at the time the loan was taken out was deemed to be low and there has not been an increase in the credit risk since the time the loan was initially recognised. Therefore, management does not believe that there is a significant increase in credit risk such that the loan moves from stage 1 to stage 2 of the IFRS 9 general impairment model. There is no history of default and previously all payments under the original terms of the loan have been made. The loan is with the Group's central treasury company, which has sufficient cash, short-term deposits and credit facilities, in the form of the $160 million Revolving Credit Facility ("RCF"), to repay the loan. Management does not have any reason to believe that any future payments will not be made in accordance with the terms of the loan and no losses are expected from non-performance from this counterparty. Therefore no provision for 12-month expected credit losses has been made under IFRS 9.

d) Liquidity risk

(i) Management of Cash

All the Company's funds are arranged centrally through the Hunting PLC Group's treasury function, which has facilities available to satisfy the Company's requirements. The Company submits weekly and bi-monthly cash forecasts to Hunting's Group treasury function to enable them to monitor the Company's and the Group's requirements. The Group's treasury function has put in place a cash concentration structure with HSBC Bank UK across the Hunting Group's bank accounts in the UK, such that at the end of each day the balance in their bank account is swept to treasury-owned accounts ("pool header" accounts), with a corresponding adjustment to the inter-company loan with a fellow group company. As a result, at the end of the year, cash at bank is $nil.

14. FINANCIAL RISK MANAGEMENT (continued)

d) Liquidity risk (continued)

(i) Management of Cash (continued)

This arrangement enables more efficient utilisation of UK-based entities' surplus cash and at the same time allows the treasury function to meet any short-term funding needs of the UK business units in a more coordinated fashion and from one single pool of liquidity.

(ii) Future Cash Flows of Financial Liabilities

The Company did not have any financial liabilities at the end of 2019 or 2020.

15. FINANCIAL INSTRUMENTS: SENSITIVITY ANALYSIS

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments, and show the impact on profit or loss and shareholders' equity. Financial instruments affected by market risk include receivables and payables. The sensitivity analysis relates to the position as at 31 December 2020.

The sensitivity analysis has been prepared on the basis that the amount of net cash and the ratio of fixed to floating interest rates of the net cash remain unchanged at 31 December 2020.

The following assumptions have been made in calculating the sensitivity analysis:

- For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to be outstanding for the whole year.
- The carrying values of financial assets and liabilities carried at amortised cost do not change as interest rates change.

Positive figures represent an increase in profits.

Interest rate sensitivity

The sensitivity rate of 0.1% (2019: 0.25%) for US interest rates represents managements' assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates.

The post-tax impact on the Company's statement of comprehensive income for an increase in interest rates was an increase of $126,000 (2019: $312,000). The post-tax impact on the Company's statement of comprehensive income for a decrease in interest rates was a decrease of $126,000 (2019: $312,000). The movements in the statement of comprehensive income arise from the US dollar denominated interest-bearing loan receivable due from a fellow group company. There is no impact on other comprehensive income ("OCI").

15. FINANCIAL INSTRUMENTS: SENSITIVITY ANALYSIS (continued)

Foreign exchange rate sensitivity

The sensitivity rate of 10% for the USD/GBP foreign exchange rate represents managements' assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates.

The post-tax impact on the Company's statement of comprehensive income for a 10% increase in the USD/GBP foreign exchange rate is an increase of $2,000. The post-tax impact on the Company's statement of comprehensive income for a 10% decrease in the USD/GBP foreign exchange rate is a decrease of $2,000. The movements in the statement of comprehensive income arises from the Sterling denominated current account due to a fellow group company. There is no impact on other comprehensive income ("OCI").

16. SHARE CAPITAL

	2020		2019	
	No of shares	$'000	No of shares	$'000
Ordinary equity shares of £1 each:				
Allotted, issued and fully paid	142,380,266	257,669	142,380,266	257,669

There are no restrictions to any of the Ordinary shares in issue and all Ordinary shares carry equal voting rights.

17. DIVIDENDS PAID

	2020		2019	
	Cents per share	$'000	Cents per share	$'000
Interim dividend paid	4.667	6,645	-	-

18. CAPITAL RISK MANAGEMENT

The Company's capital consists of equity and net cash, comprising the loan receivable due from a fellow group company. It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, having due regard to interest rate and currency risks and the availability of borrowing facilities. Changes in equity arise from the retention of earnings and, from time to time, issues of share capital. Net cash is monitored on a periodic basis and is managed by the control of dividend payments and the purchase and disposal of investments.

At the year-end, capital comprised:

	2020	2019
	$'000	$'000
Total equity	268,357	270,309
Less net cash: Receivable due from a fellow group company	(155,820)	(153,913)
Gross capital employed	112,537	116,396

18. CAPITAL RISK MANAGEMENT (continued)

Net assets have decreased by $1,952,000 to $268,357,000 at the year-end. The movement is attributable to the profit and total comprehensive income for the year of $4,395,000 being offset by the dividend paid in the year of $6,645,000 (note 17). The net increase in the loan during the year was $1,907,000, which is mainly due to interest income received of $2,555,000 offset by tax paid of $600,000. There have been no significant changes in the Company's funding policy during the year. The Company is not subject to any externally imposed capital requirements.

19. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and controlling company is Hunting PLC, a company registered in England and Wales. The only group of which the Company is a member and for which consolidated financial statements are prepared is Hunting PLC. The consolidated financial statements of Hunting PLC can be obtained from its registered office at 5 Hanover Square, London, W1S 1HQ.

20. RELATED PARTY TRANSACTIONS

During the year, the Company paid management fees of $62,000 (2019: $77,000) to HG Management Services Ltd, a subsidiary company. The balance owed at the year-end was $22,000 (2019: $nil). A dividend of $6,655,000 (2019: $nil) was received from HG Management Services Ltd during the year.

The Company paid a dividend of $6,645,000 (2019: $nil) to Hunting PLC, its parent company, during the year.

The Company was also owed $155,820,000 (2019: $153,913,000) on an interest-bearing loan by Hunting Knightsbridge Holdings Limited, a fellow group company. Interest of $2,548,000 (2019: $5,161,000) was charged on the loan during the year.

During 2019, a dividend of $1,241,000 was received from Field Insurance Limited prior to that company being placed into member's voluntary liquidation. In November 2019, the Company received a final distribution of $396,000.