

Harris Pye United Kingdom Limited

Annual report and financial statements

Registered number: 01288036

31 December 2019



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Strategic Report

The director presents the Strategic Report for the year ended 31 December 2019.

Principal activities

The principal activity of the company involves offshore oil and gas projects, marine projects and land-based power and utility projects. The company is part of the Harris Pye Engineering Group which undertakes in situ upgrades and conversions of floating production systems, industrial land-based projects, ballast water treatments, low sulphur technology and the repair of marine boilers and associated steam systems.

Business review

Key performance indicators

	2019	2018	Absolute change
	£	£	£
Turnover	27,737,570	41,184,867	(13,447,297)
Gross margin	(2,054,932)	4,878,038	(6,932,970)
Operating margin	(13,573,780)	(4,207,906)	(9,365,874)

As shown in the Profit and Loss Account, the company's turnover has decreased by 32.65% compared with the prior year (2018: 20.8% decrease). A key measure of the performance of the company's operations is managing gross margin after direct costs on its contracts. The company achieved a gross margin after direct costs of -7.4% (2018: 11.8%). The loss before tax of £13,812,423 (2018: loss £4,418,205) is after the effect of a gain of £914,848 (2018: loss £2,577,992) on foreign exchange mainly caused by the translation of intercompany balances at year-end rates, following fluctuations of GBP Sterling. The reduction in turnover has had a knock effect on both gross and net results.

The experience gained over 30 years in the marine and offshore marketplace has proved to be a sound foundation for increased focus in executing large land-based industrial projects. During 2019 the company has continued to develop working relationships with several industry partners in the Waste to Energy sector. With a clear need for cleaner energy production and a varied energy mix worldwide, the Waste to Energy sector is set to grow over the short to medium term and Harris Pye will continue to develop and align itself with this market.

Reclassification of an employees' end of service benefit within the company balance sheet from creditors: amounts falling due after more than one year to provision for employees' end of service benefits has resulted in the need to restate the prior year financial statements and incorporate the changes referred to within note 5. This has resulted in a decrease in creditors: amounts falling due after more than one year of £613,562 with an equal and offsetting increase in provision for employees' end of service benefits.

Since the balance sheet date, Harris Pye Marine Limited (Saudi branch) has become a separate legal entity and will no longer be consolidated into the company's financials.

Financial and operational risk management

The directors continually review the financial and operational risk management policies of the company and its group. A full risk assessment is undertaken for all contracts before issuing quotations to customers.

By operating appropriate certified management systems, Harris Pye Engineering Group is committed to providing the highest standard of design, service and quality for all products supplied and installed to customers' requirements. Harris Pye has a rigorous approach to quality:

- Compliance to all major classification societies and clients' requirements;
- ASME accreditation for ASME "R", "U" and "S" stamp which allows us to design, repair and build pressure vessels to the ASME Pressure Vessel code;
- API Q1 compliant;
- Fully approved by LRQA to current ISO 9001:2008 for all project repair requirements;
- BS OHSAS 18001:2007 and ISO 14001:2004; and
- Qualified FPAL supplier.

Strategic Report *(continued)*

Financial and operational risk management *(continued)*

Management recognise's the need to balance the company's business aims with control of the health & safety risks arising from work activities and the effect those activities may have on the environment.

Credit risk

Appropriate terms are negotiated with suppliers and customers. Management reviews these terms and manages any exposure on normal trade terms. The directors do not consider there to be any significant risks in relation to prices and credit as the group is not dependent on any one customer or group of customers.

Cash flow risk

The company makes use of forward currency contracts as and when required in order to hedge against movements in foreign currencies. The company does not use derivatives to manage currency risk arising from amounts due to and from group undertakings and the group does not enter into any financial instruments for speculative purposes.

Liquidity risk

The Group prepares regular forecasts of cash flow and liquidity and ensures that sufficient funds are available for ongoing operations and future developments by using a mixture of long-term and short-term finance. There are no changes to the current bank facilities which are currently undergoing renewal to 30 November 2021, but not yet finalised.

Future prospects

The company trades with a number of customers and suppliers across different geographical locations and industries. Accordingly the directors believe that the group is well placed to continue to manage its business successfully and to obtain a significant share of new work in these areas. On this basis the directors continue to be confident about the company's future prospects.

Brexit impact

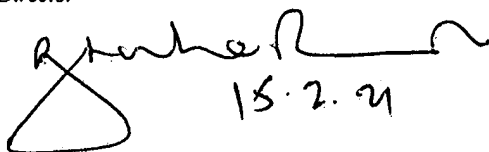
The company does not foresee the outcome of Brexit having a major impact on trading. Our customer base is spread worldwide with only 32% of revenue generated in the UK and the EU. We also have multiple manufacturing sites across the world so any fabrication of materials on a critical path can be diverted to other sites outside the UK and the EU.

Covid-19

Since the year end the company has utilised government furlough and stimulus packages available to reduce non-essential overhead costs. Our customer base is spread worldwide as is our labour resource pool and we have been able to utilise local labour to avoid travel restrictions in place. Although some projects have been delayed due to Covid-19 these remain on our order book to continue when restrictions ease. The company has been able to continue work on the majority of high value projects as deemed to be essential work.

By order of the board and company directors

G Roach
Director



15.2.21

Harris Pyc House
Sutton Road
Llandow
Vale of Glamorgan
CF71 7PA

2021

Director's Report

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

Directors

The directors of the company who served during the financial year and subsequently to the date of this report, unless otherwise stated were:

A D Oseland (resigned 02 October 2020)
V Ranjan (appointed 21 November 2019 resigned 27 October 2020)
T David (resigned 28 August 2019)
G Roach (appointed 25 October 2020)

Dividends

No dividends were approved or paid during the year (2018: *Nil*). None were proposed after year-end.

Directors' indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 and 2.

Existence of branches outside the UK

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

- Harris Pye Marine Limited (Saudi Branch).

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Auditor

A resolution to reappoint Deloitte LLP will be put to the member at the Annual General Meeting.

Director's Report *(continued)*

Going concern

The company is a wholly-owned subsidiary of the Harris Pye Engineering group ("the group"), which trades with a number of customers and suppliers across different geographical areas and industries. As a consequence, the director believes that the group is well placed to manage its business risks successfully in the current economic environment. The company is party to the group banking facilities available, including term loans and a composite overdraft facility of £5,000,000.

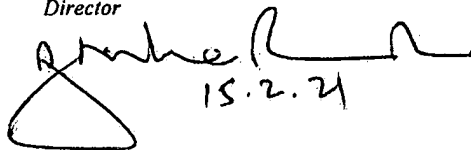
The company order book is reviewed on a weekly basis and consolidated with all other entities into a group position; the directors use this as a basis when compiling forecasts and levels of activity and resources required on a rolling twelve-month view. The company produces a weekly cash-flow forecast which is in turn compiled and consolidated as a group for all entities showing current cash position with a thirteen week forecast. This enables management and the directors to identify any period that may cause distress on facilities available and to determine whether any injection of cash from the parent company would be required to sustain work carried out.

Joulon EU Acquisitions S.à.r.l. has confirmed that it will ensure all necessary financial support is provided to the group and the company for the foreseeable future to enable it to meet its financial obligations as they fall due for at least a period of 12 months from the date of signing the financial statements.

Notwithstanding the net liabilities of £20,362,604 as at the year-end, after making enquires, particularly reviewing the current order book, budgets, cash flow forecasts and support available from its parent company, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

By order of the board and company directors

G Roach
Director



15.2.21

Harris Pye House
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CF71 7PA

2021

Director's responsibilities statement in respect of the Strategic Report, the Director's Report and the financial statements

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the member of Harris Pye United Kingdom Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Harris Pye United Kingdom Limited (the 'company'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the member of Harris Pye United Kingdom Limited (continued)

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

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

Independent auditor's report to the member of Harris Pye United Kingdom Limited (continued)

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

Matters on which we are required to report by exception

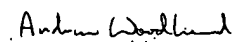
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 member, 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 member those matters we are required to state to it 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 member as a body, for our audit work, for this report, or for the opinions we have formed.


Andrew Woodhead
For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

Date: 16 February 2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
Turnover	3	27,737,570	41,184,867
Cost of sales		(29,792,502)	(36,306,831)
Gross (loss)/profit		(2,054,932)	4,878,036
Administrative expenses		(11,518,848)	(9,085,942)
Operating Loss		(13,573,780)	(4,207,906)
Interest payable and similar expenses	8	(238,643)	(210,299)
Loss before taxation		(13,812,423)	(4,418,205)
Tax on loss	9	(1,275,550)	877,199
Loss for the financial year attributable to the equity shareholder of the company		(15,087,973)	(3,541,006)

Other comprehensive income
for the year ended 31 December 2019

	2019 £	2018 £
Loss for the financial year	(15,087,973)	(3,541,006)
Foreign exchange differences on translation of foreign operations	(105,023)	381,176
Total comprehensive loss for the year	(15,192,996)	(3,159,830)

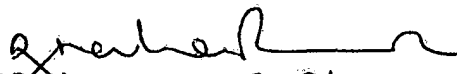
All results derive from continuing operations.

Balance Sheet
at 31 December 2019

	<i>Note</i>	2019 £	2018 £ (Restated)
Fixed assets			
Tangible assets	10	3,427,588	3,263,216
Investments	11	328,023	328,023
		<u>3,755,611</u>	<u>3,591,239</u>
Current assets			
Stocks	12	601,657	504,735
Debtors	13	72,914,998	65,747,860
Cash at bank and in hand		2,507,460	4,527,983
		<u>76,024,115</u>	<u>70,780,578</u>
Creditors: amounts falling due within one year	14	(99,451,859)	(78,822,502)
Net current liabilities		<u>(23,427,744)</u>	<u>(8,041,924)</u>
Total assets less current liabilities		<u>(19,672,133)</u>	<u>(4,450,685)</u>
Creditors: amounts falling due after more than one year	15	(3,550)	(105,362)
Provision for employees end of service benefits	17	(686,921)	(613,561)
Net (liabilities)		<u>(20,362,604)</u>	<u>(5,169,608)</u>
Capital and reserves			
Called-up share capital	18	500	500
Revaluation reserve	18	607,143	607,143
Profit and loss account	18	(20,970,247)	(5,777,251)
Shareholder's deficit		<u>(20,362,604)</u>	<u>(5,169,608)</u>

These financial statements were approved and authorised for issue by the director and were signed on 2021.

January


G Roach
Director
15.2.21

Company registered number: 01288036

Statement of Changes in Equity
for the year ended 31 December 2019

	Issued share capital £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2018	500	607,143	(2,617,421)	(2,009,778)
Total comprehensive expense for the year:				
Loss for the year	-	-	(3,541,006)	(3,541,006)
Foreign exchange differences on translation of foreign operations	-	-	381,176	381,176
Total comprehensive loss for the year	-	-	(3,159,830)	(3,159,830)
Balance at 31 December 2018	500	607,143	(5,777,251)	(5,169,608)
Balance at 1 January 2019	500	607,143	(5,777,251)	(5,169,608)
Total comprehensive expense for the year:				
Loss for the year	-	-	(15,087,973)	(15,087,973)
Foreign exchange differences on translation of foreign operations	-	-	(105,023)	(105,023)
Total comprehensive loss for the year	-	-	(15,192,996)	(15,192,996)
Balance at 31 December 2019	500	607,143	(20,970,247)	(20,362,604)

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Harris Pye United Kingdom Limited (the "company") is a company limited by shares and incorporated in the UK under Companies Act 2006 and is domiciled and registered in the UK (Wales). The address of the company's registered office is shown on page 26.

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The company's parent undertaking, Harris Pye Engineering Group Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Harris Pye Engineering Group Limited are available to the public and may be obtained from the address on page 2.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of number of shares outstanding from the beginning to the end of the year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Harris Pye Engineering Group Limited include the disclosures equivalent to those required by FRS102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the director in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis, financial instruments and tangible fixed assets measured in accordance with the revaluation model are stated at their fair value.

Notes (continued)

1 Accounting policies (continued)

Going concern

The company is a wholly-owned subsidiary of the Harris Pyc Engineering group ("the group"), which trades with a number of customers and suppliers across different geographical areas and industries. As a consequence, the director believes that the group is well placed to manage its business risks successfully in the current economic environment. The company is party to the group banking facilities available, including term loans and a composite overdraft facility of £5,000,000.

The company order book is reviewed on a weekly basis and consolidated with all other entities into a group position; the directors use this as a basis when compiling forecasts and levels of activity and resources required on a rolling twelve-month view. The company produces a weekly cash-flow forecast which is in turn compiled and consolidated as a group for all entities showing current cash position with a thirteen week forecast. This enables management and the directors to identify any period that may cause distress on facilities available and to determine whether any injection of cash from the parent company would be required to sustain work carried out.

Joufon EU Acquisitions S.à.r.l. has confirmed that it will ensure all necessary financial support is provided to the group and the company for the foreseeable future to enable it to meet its financial obligations as they fall due for at least a period of 12 months from the date of signing the financial statements.

Notwithstanding the net liabilities of £20,362,604 as at the year-end, after making enquires, particularly reviewing the current order book, budgets, cash flow forecasts and support available from its parent company, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

Foreign currency

- i) The Company's functional and presentation currency is the pound sterling.
- ii) Transactions and balances

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income. The assets and liabilities of overseas branches are translated at the closing exchange rate, whereas the branch profit and loss account is included at the average rate of exchange during the period. Gains and losses arising on these translations are recognised in other comprehensive income.

Revenue recognition

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account this is limited to agreed contract values. Excess progress payments are included in creditors as payments on account. Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value. Provision is made for the full amount of foreseeable losses on contracts. Income arising from settlement of contract claims is recorded when final negotiations have been completed and the amount of the settlement is considered to be collectable.

Notes (continued)

1 Accounting policies (continued)

Employee benefits

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

Short-term benefits

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

Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Employee's defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss when the plan amendment or curtailment occurs, or when the Branch recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1 Accounting policies (continued)

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet their criteria are disclosed in the notes to the financial statements. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets, as follows:

Motor vehicles	-	25% straight-line
Plant and machinery	-	20% straight-line
Office equipment	-	10% straight-line
Freehold buildings		2% straight-line

No depreciation is provided on land.

Revaluation

Land and freehold buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in equity. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks represents raw materials and consumables. Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

Related party transactions

The company discloses transactions with related parties which are not wholly-owned with the same group. It does not disclose transactions with members of the same group that are wholly-owned.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Notes (continued)

1 Accounting policies (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

2 Accounting estimates and judgements

In the application of the company's accounting policies, the director is required to make judgments, 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.

The following are considered to be either judgements that have had the most significant effect on amounts recognised in the financial statements, or estimates that are dependent on assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

Carrying value of fixed assets

The director must consider whether there are any indicators of impairment in the carrying value of the company's fixed assets. In doing so, the directors have taken into account current market conditions and the company's future plans for the market segments undertaken. On this basis, the directors are satisfied that there are no further indicators of impairment required at this time.

Impairment of assets

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

Non-financial assets

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

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Impairment of goodwill is never reversed.

Notes (continued)

2. Accounting estimates and judgements (continued)

Critical accounting estimates in applying the Company's accounting policies

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the Company's accounting policies

The following are critical judgements, apart from those involving estimations, that the director has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The company records expenditure incurred to date using the percentage-of-completion methodology. The percentage-of-completion methodology involves recognising probable and reasonably estimable revenue using the percentage of services completed, on a current cumulative cost to estimated total cost basis, using a reasonably consistent profit margin over the period. Due to the longer-term nature of these projects, developing the estimates of costs often requires significant judgment. Factors that must be considered in estimating the progress of work completed and ultimate cost of the projects include, but are not limited to, the availability of labour and labour productivity, the nature and complexity of the work to be performed and the impact of delayed performance. If changes occur in delivery, productivity or other factors used in developing the estimates of costs or revenues, we revise our cost and revenue estimates, which may result in increases or decreases in revenues and costs. Such revisions are reflected in income in the period in which the facts that give rise to that revision become known. If at any time these estimates indicate the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately in cost. We perform ongoing profitability analyses of our services contracts in order to determine whether the latest estimates require updating. We do not consider revenue from variation orders as revenue until agreed with the customer.

Amounts recoverable from disputes with customers

From time to time, where a dispute arises with a customer, it is necessary to make an appropriate estimate of the amount that will be recovered from the customer once the dispute is resolved. Through the nature of such processes there is a considerable estimation uncertainty in making such an estimate. Where appropriate, the Group will engage with experts to support the direction in this estimation. As 31 December 2019, amounts of this nature are included within work in progress £10,000,000.

Notes (continued)

3 Analysis of turnover and segmental information

Turnover mainly represents income generated by the company from its principal activity, being marine projects, offshore oil and gas projects and land-based power and utility projects. The geographical split of turnover by destination is as follows:

	2019 £	2018 £
United Kingdom	14,897,720	26,654,237
European Union	-	5,255,569
Far East	97,713	46,290
Middle East	12,494,704	9,223,677
Africa	-	(21,588)
South America	247,433	-
North America	-	26,682
	<u>27,737,570</u>	<u>41,184,867</u>

The company's profits and net assets are derived directly from the principal activity from its operations in the UK and a branch operation in Saudi Arabia.

4 Expenses and auditor's remuneration

	2019 £	2018 £
<i>Included in profit/(loss) are the following</i>		
Depreciation of owned tangible fixed assets	216,550	240,450
Auditor's remuneration		
- audit services	20,600	20,600
- tax compliance services	20,000	20,000
Loss on foreign exchange	914,848	2,577,992
Bad debt provision	<u>4,580,460</u>	<u>-</u>

5 Prior year adjustment

As detailed within note 17, the company's balance sheet includes a provision for employees' end of service benefits. During the year, the directors identified that this provision was included within creditors: amounts falling due after more than one year within the balance sheet in the year ended 31 December 2018, rather than being classified separately as a provision. In addition, the related employee benefits disclosures were omitted from the financial statements for that year. Accordingly, the balance sheet at 31 December 2018 has been corrected so as to classify the provision separately, plus the notes to the accounts have been corrected to include the related disclosures required in respect of employee benefits. The impact of the adjustments on the previously reported figures is to decrease creditors: amounts falling due after more than one year by £613,562 and increase provision for employees' end of service benefits by the same amount. There is no impact upon profit or net assets arising from this restatement.

Notes (continued)

6 Directors' emoluments

	2019 £	2018 £
Directors' remuneration		
Emoluments	131,443	151,386
Contributions to money purchase pension scheme	4,860	26,019
	<u>No.</u>	<u>No.</u>
Number of directors who are members of a money purchase pension scheme	1	3

7 Staff numbers and costs

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2019 No.	2018 No.
Direct labour	27	33
Administrative	32	64
	<u>59</u>	<u>97</u>

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages and salaries	694,971	1,918,499
Social security costs	63,261	163,416
Contributions to defined contribution plans (note 16)	-	-
	<u>758,232</u>	<u>2,081,915</u>

Notes (continued)

8 Interest payable and similar expenses

	2019 £	2018 £
Interest payable on overdrafts	202,665	187,583
Financial lease interest	35,978	22,716
Total interest payable and similar expenses	238,643	210,299

9 Taxation

Total tax recognised in the profit and loss account and other comprehensive income

	2019 £	2018 £
<i>Current tax</i>		
Adjustment in respect of prior periods – current and inter-company	-	4,454
Foreign current tax on income for the period	(136,125)	38,057
Adjustments in respect of prior periods – foreign current tax	-	15,391
Total current tax	(136,125)	57,902
<i>Deferred tax (see note 15)</i>		
Origination and reversal of timing differences	1,411,104	(952,079)
Adjustments in respect of prior periods	571	16,978
Total deferred tax	1,411,675	(935,101)
Total tax (all recognised in the Profit and Loss account)	1,275,550	(877,199)

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2019 £	2018 £
Loss for the year	(15,087,973)	(3,541,006)
Total tax charge/(credit)	1,275,550	(877,199)
Loss excluding taxation	(13,812,423)	(4,418,205)
Tax using the UK corporation tax rate of 19% (2018: 19%)	(2,624,360)	(817,582)
Effect of tax rates in foreign jurisdictions	40,850	-
Unrelieved overseas tax charges	-	38,057
Non-deductible expenses	5,688	4,431
Depreciation not eligible for capital allowances	2,491	3,593
Group relief (received)/surrendered	-	170,193
Dividend/other income not taxable	(6,433)	695
Current year losses for which no deferred tax asset was recognised	3,599,307	(313,409)
Adjustments in respect of prior periods	258,007	36,823
Total tax credit included in profit or loss	1,275,550	(877,199)

In addition, no tax charge (2018: £nil) has been recognised in Other Comprehensive Income.

Factors that may affect future current and total tax charges

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

Notes (continued)

10 Tangible fixed assets

	Land and freehold buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>				
At 1 January 2019	2,732,673	2,352,534	294,756	5,379,963
Additions	249,464	69,711	72,229	391,404
Disposals	-	-	(17,867)	(17,867)
Exchange rate differences	-	(40,473)	(11,530)	(52,003)
At 31 December 2019	2,982,137	2,381,772	337,588	5,701,497
<i>Accumulated depreciation</i>				
At 1 January 2019	47,410	1,790,863	278,474	2,116,747
Charge for the year	23,594	186,031	6,925	216,550
Disposals	-	-	(17,867)	(17,867)
Exchange rate differences	-	(30,641)	(10,880)	(41,521)
At 31 December 2019	71,004	1,946,253	256,652	2,273,909
<i>Net book value</i>				
At 31 December 2019	2,911,133	435,519	80,936	3,427,588
At 31 December 2018	2,685,263	561,671	16,282	3,263,216

Included within the book value of land and buildings is £544,314 (2018: £544,314) in respect of non-depreciated land. Land and freehold buildings are valued by independent valuers every five years. The last valuation was carried out on 15 June 2016. The fair value was measured using an RICS valuation basis.

The historical cost net book value of land and freehold buildings (which are recognised at a revalued amount) is £1,479,662 (2018: £1,519,464).

Notes (continued)

11 Fixed asset investments

	Shares in group undertakings	Total
	£	£
<i>Cost</i>		
At 1 January and 31 December 2019	1,330,892	1,330,892
At 31 December 2019	1,330,892	1,330,892
<i>Provisions for impairment</i>		
At 1 January and 31 December 2019	1,002,869	1,002,869
At 31 December 2019	1,002,869	1,002,869
<i>Net book value</i>		
At 31 December 2019	328,023	328,023
At 31 December 2018	328,023	328,023

Additional information on subsidiaries and associated undertakings is given in note 18.

12 Stocks

	2019 £	2018 £
Raw materials and consumables	601,657	504,735

Notes (continued)

13 Debtors

	2019 £	2018 £
Trade debtors	3,537,171	5,580,133
Amounts owed by group undertakings	48,957,136	34,443,455
Other debtors	204,921	372,607
Prepayments and accrued income	20,215,770	23,939,990
Deferred tax asset (see note 16)	-	1,411,675
	<u>72,914,998</u>	<u>65,747,860</u>

Amounts owed by group undertakings are interest-free, unsecured and repayable on demand.

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdraft	-	1,785,883
Trade creditors	1,681,034	3,113,620
Amounts owed to group undertakings	79,226,971	59,259,834
Taxation and social security	453,383	76,697
Other creditors	649,992	137,332
Accruals and deferred income	17,374,021	14,433,644
Hire purchase	66,458	15,492
	<u>99,451,859</u>	<u>78,822,502</u>

Amounts owed to group undertakings are interest-free, unsecured and repayable on demand.

15 Creditors: amounts falling due after more than one year

	2019 £	2018 £ (Restated)
Other creditors	3,550	105,362
	<u>3,550</u>	<u>105,362</u>
	2019 £	2018 £
Analysis of bank loans		
Within one year	-	1,758,883

Notes (continued)

15 Creditors: amounts falling due after more than one year (continued)

The company had a term loan of £1,785,883 – The principal sum received in 2017 was £2,500,000 and is repayable over 3 years with interest being charged at 2.85%. This loan was cleared as part of a Group re-finance in January 2019.

16 Deferred tax assets and liabilities

	£
Deferred taxation:	
(Asset)/liability at 1 January 2019	(1,411,675)
Charge for the year – profit and loss account	1,411,675
	<hr/>
(Asset)/liability at 31 December 2019	-
	<hr/>

The amounts of deferred taxation provided in the financial statements are as follows:

	2019 £	2018 £
Capital allowances in excess of depreciation	14,681	(710)
Losses carried forward	(5,841)	(1,435,800)
Other timing differences	(114,448)	(80,773)
Deferred tax on property revaluation	105,608	105,608
	<hr/>	<hr/>
Deferred tax (asset)/liability	-	(1,411,675)
	<hr/>	<hr/>

The company has an additional unrecognised deferred tax asset of £5,039,439 in relation to losses. This asset has not been recognised due to uncertainty over its recoverability.

17 Employee benefits

The company operates a defined contribution pension plan. The pension cost for the year amounted to £118,242 (2018: £182,914). There were no outstanding contributions due to the fund at the current or previous year end.

Notes (continued)

17 Employee benefits (continued)

Employee's defined benefit liabilities

This benefit is mandatory for all Saudi Arabian based employees under the Saudi Arabian labour law and the Branch's policies applicable to employees' accumulated period of service and is payable upon termination, resignation or retirement.

The Branch's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. This amount is then discounted using an appropriate discount rate to determine the present value of the Branch's net obligation.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2019 £	2018 £
Discount rate	2.97%	3.60%
Salary increase rate	2.50%	3.00%
Rate of employee turnover	11.00%	11.00%

All movements in the employee defined benefit liabilities are recognised in statement of profit or loss except for the actuarial losses or gains which are recognised in statement of other comprehensive income.

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2019 £	2018 £
January 1	613,561	475,139
Foreign exchange on opening balance	(26,080)	83,667
Current service cost	74,609	76,932
Interest cost	21,121	18,617
Re-measurement (gains)/Losses:		
Actuarial gains and losses arising from experience adjustments	741	(11,121)
Actuarial gains and losses arising from changes in financial assumptions	4,552	(7,152)
Benefits paid	(1,583)	(22,521)
December 31	686,921	613,561

The current service cost and the net interest expense amounting to £95,730 (2018: £95,549) are included in general and administration expenses. The re-measurement of the net defined benefit liability is included in other comprehensive income.

Expected cash flows for the next 10 years are as follows:

	2019 £	2018 £
Year 1	111,753	66,552
Year 2	123,839	71,581
Year 3	74,060	90,176
Year 4	204,610	87,903
Year 5	64,952	111,630
Next 5 years	401,949	444,605
Total expected payments	981,163	872,446

Notes (continued)

17 Employee benefits (continued)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below showing the impact on the defined benefit obligation balance at the reporting date has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2019 £	2018 £
Increase in discount rate of 1%	652,741	580,028
Decrease in discount rate of 1%	725,080	650,972
Increase in rate of Salary increase of 1%	724,873	650,820
Decrease in rate of Salary increase of 1%	652,272	579,530

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average duration of benefit obligation at 31 December 2019 is 5 years (2018: 6 years).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The Branch has made contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was £50,854 (2018: £63,488).

Notes (continued)

18 Called-up share capital and reserves

	2019	2018
Share capital	£	£
Allotted, called-up and fully paid		
500 ordinary shares of £1 each	500	500

The company has one class of ordinary shares which carry fully participating voting rights and dividend entitlement.

Revaluation reserve

Where tangible fixed assets are revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

19 Additional information on subsidiaries and associated undertakings

Name	Class of capital	Portion of ordinary shares held (%)	Activity	Registered office
Harris Pye Fabrication Limited	Ordinary shares of £1 each	100	Marine engineering	*** P.O.Box 51793, Dubai, UAE
Harris Pye Gulf LLC	Ordinary shares of 1 UAE dirham each	* 48.75	Marine engineering	Engenharia S.A Avenida Alianca Povo, M.F.A. No. 7B, 2800-253 Almada, Cacilhas, Portugal
Harris Pye (Portugal), S.A.	Ordinary shares of 1 each Portuguese escudo each	100	Provision of labour	81-372 Gdynia Swietojanska 38/6
Harris Pye Poland Sp zoo	Ordinary shares of 100 Polish Zloty each	100	Provision of labour	Rua Academico Paulo Sergio, Carvalho de Vasconcelos, n. 780, Novo Cavaleiros Maçac, Brazil
Harris Pye Brasil Limited	Ordinary shares of 1 Brazilian real each	99.3	Marine engineering	Stella Park, 57 Stella Road, Montague Gardens, Münerton, South Africa
Harris Pye South Africa (Proprietary) Limited	Ordinary shares of 1 South African rand each	100	Marine engineering	P.O.Box 51793 Dubai, UAE
Harris Pye Module Design & Supply LLC	Ordinary shares of 1,000 UAE dirham each	****49	Marine subtraction control	P.O.Box 395 PC 118 Muscat, Sultanate of Oman
Harris Pye LLC (Oman)	Ordinary shares of 1 Omani Riyal each	****70	Marine engineering	P.O.Box 332 Abu Dhabi, UAE
Harris Pye Emirates LLC	Ordinary shares of 1 UAE dirham each	**49	Marine engineering	

Notes (continued)

18 Additional information on subsidiaries and associated undertakings (continued)

* The shareholding structure of Harris Pye Gulf LLC includes 51.25% shares held by a UAE national which are held for the beneficial interest of Harris Pye United Kingdom Limited. Accordingly, the company is wholly-owned by Harris Pye United Kingdom Limited.

**The shareholding structure of Harris Pye Emirates LLC includes 51% shares held by an Abu Dhabi national which are held for the beneficial interest of Harris Pye United Kingdom Limited. Accordingly, the company is wholly-owned by Harris Pye United Kingdom Limited.

*** Harris Pye House, Sutton Road, Llandow, Vale of Glamorgan, CF71 7PA.

**** The shareholding structure of Harris Pye LLC (Oman) includes 30% shares held by an Omani national which are held for the beneficial interest of Harris Pye United Kingdom Limited. Accordingly, the company is wholly-owned by Harris Pye United Kingdom Limited.

***** The shareholding structure of Harris Pye Module Design and Supply LLC includes 51% shares held by a UAE national which are held for the beneficial interest of Harris Pye United Kingdom Limited. Accordingly, the company is wholly-owned by Harris Pye United Kingdom Limited.

20 Financial commitments

Bank guarantees

At the year-end, the company had bank guarantees in favour of major oil, gas and power companies amounting to £3,632,493 (2018: £3,870,136).

21 Ultimate parent company and controlling party

The company's immediate holding company is Harris Pye Engineering Group Limited. The smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is that headed by Harris Pye Engineering Group Limited. The consolidated financial statements of Harris Pye Engineering Group Limited are available to the public and may be obtained from its registered office at Harris Pye House, Sutton Road, Llandow, Vale of Glamorgan CF71 7PA.

The largest group of undertakings for which group accounts are drawn up and of which the company is a member is that headed by Joulon Limited, incorporated in the Cayman Islands. The registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The consolidated financial statements of Joulon Limited are not available to the public.

The ultimate majority shareholder of Joulon Limited is KKR Asian Fund II L.P., registered in the Cayman Islands. No individual investor owns 25% or more of KKR Asian Fund II L.P. Accordingly, the director is of the view that Joulon Limited is the controlling party which is controlled by entities managed by KKR.

22 Post balance sheet events

The COVID-19 global pandemic, which is considered to be a non-adjusting post balance sheet event, has had a significant impact on the industry as efforts to contain the transmission resulted in widespread travel restrictions. This is outlined in the strategic report.