Harris Pye United Kingdom Limited

Annual report and financial statements

Registered number: 01288036

31 December 2021

Contents

Strategic Report

The director presents the Strategic Report for the year ended 31 December 2021.

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 drilling platforms, floating production systems, ship repair and conversions, industrial land-based projects, ballast water treatments, exhaust gas scrubbing systems, low sulphur technology and the repair of marine boilers and associated steam systems.

Business review

	Key performance indicators		
	2021	**2020**	**Absolute change**
	£	**£**	**£**
Turnover	8,242,379	10,845,542	(2,603,163)
Gross loss	(3,125,820)	(573,947)	(2,551,873)
Operating loss	(4,758,193)	(4,662,389)	(95,804)

As shown in the Profit and Loss Account, the company's turnover has decreased by 24% compared with the prior year *(2020: 60.9% 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 -37.92% *(2020: -5.3%)*. The profit/(loss) before tax of £(1,985,904) *(2020: £3,504,371)* is after the effect of a gain of £10,208 *(2020: £2,409,236)* 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 2021 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.

There have been no significant events since the balance sheet date.

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;
- Project management planning and execution;
- BS OHSAS 18001:2007 and ISO 14001:2004; and
- Qualified FPAL supplier.

Management recognises 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.

Strategic Report *(continued)*

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 company 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.

Section 172 (1) statement
This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty 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:

a) The likely consequences of any decision in the long term;

b) The interest of the Company employees;

c) The need to foster the Company business relationships with suppliers, customers and other;

d) The impact of the Company operations on the community and the environment;

e) The desirability of the Company to maintain a reputation for high standards of business conduct; and

f) The need to act fairly as between members of the Company.

The directors ensure that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standards of conduct. Similarly, the directors acknowledge the business can only grow and prosper over the long-term if it understands and respects the views and needs of the company's investors, customers, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate within.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and joint venture partnerships. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this alongside other standards are reviewed by the directors.

The directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the company. The Board recognizes that such delegation needs to be part of a robust governance structure and systems of control continue to be robust.

The directors review and approve the Company supplier approval process to ensure our suppliers principles and approach conforms to the Company principles.

Strategic Report *(continued)*

Section 172 (1) statement *(continued)*
The directors take active steps to ensure that the suggestions, views and interests of the workforce arc captured and considered in our decision-making. Employees are kept informed of performance and strategy through regular presentations and updated in the form of townhall meetings and directors email updates. Employee engagement surveys are undertaken covering the vast majority of the workforce, and the results are reported to the directors.

Cyber security
The Company recognises the constant threat from IT breaches and so IT security is a primary focus for the Company with the whole infrastructure built around the latest trends in the field. We constantly review and update our security protocols and in partnering with Microsoft benefit from the most up-to-date technology. Our procedures negate the threat of phishing attacks and our two-tier anti-malware services complement each other and provide the protection required.

Covid-19
The COVID-19 pandemic and resulting adverse economic conditions have had affected our financial condition, results of operations and cash flows. The COVID-19 pandemic caused a significant and swift reduction in global economic activity during 2021, which significantly weakened demand generally throughout various industries, and in turn, for our products and services. However, 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 they are deemed to be essential work.

Future prospects
The company trades with a number of customers and suppliers across different geographical locations and industries. The impact of Brexit on the company, together with the uncertainties this brings, continues to be an area of concern. The company continues to monitor its impact and implication on business operations accordingly.

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine, resulting in military activity and sanctions being implemented. The company does not have operations within these regions, and the directors do not believe there is a significant impact to its operations but continue to assess the situation and any potential implications.

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 its present locations. On this basis the directors continue to be confident about the company's future prospects.

By order of the board and company directors

D Bell
Director

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

13 March 2023

Director's Report

The director present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors

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

Graham John Roach (resigned on 28 December 2021)
Dean Bell (Appointed 31 August 2021)

Dividends

No dividends were approved or paid during the year *(2020: £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.

Stakeholder engagement statement

The Harris Pye Group's strategy for improved long-term success is based on making a shift to become a value-added Group. This will be achieved by focusing on areas of the growth where the Group has presence geographically. Descriptions of the Group's approach apply equally to all subsidiary companies.

The directors of the company are always mindful of the Group's strategic priorities and values when setting the strategic direction of the company, as well as when undertaking the day-to-day management activities. The Group also has a series of detailed policies and procedures that are applied by all subsidiaries. Regular self-assessment is undertaken to ensure that the activities of the company comply with the Group's policies and also ensure compliance with the Group's detailed risk and control framework.

The executive directors are employed by the company and are intimately involved in its day to day management, with the Group's parent company employed by Joulon Group to represent the interest of the company's shareholders and may contribute specialist skills to the running of the company.

The directors meet regularly to discuss latest trading performance and to approve significant transactions such as capital expenditure proposals. Ad-hoc meetings are also held as required for specific purposes, such as the approval of annual accounts, or the approval of a dividend payments.

The Joulon Group's legal function may also attend meetings of the Harris Pye Group's directors to ensure that the directors appropriately discharge their statutory responsibilities, and to ensure that all decisions are accurately reflected in formal minutes. The directors aim to promote the long-term success of the company, and consider certain stakeholder Groups as noted below, as being fundamental to this objective.

Employees

In line with the wider Group, the company believes that people are its most important asset and, as part of the Group's shift to becoming a value-added company, is committed to investment and development of talent. The company acknowledges inclusion and diversity as one of its priorities. Having an inclusive culture provides an equal opportunity for everyone to contribute to their full potential, while having a diverse workforce brings a valued range of perspectives. The directors encourage the company's employees to share best practices around the world with other employees within the Harris Pye Group.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The directors provide regular group wide townhall meetings as well as personal development reviews will all office based employees.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Director's Report *(continued)*

Customers
The company liaises with customers to ensure that all products meet both their design specifications and needs. The Group's value-added strategy is focused on identifying products that drive profitability and growth, whilst working with customers to help promote and improve such products for mutual benefit.

Suppliers
The company aims to build strong relationships with its suppliers and to mitigate supply risk. The Group's supplier code of conduct compliance assurance program is designed to ensure that suppliers meet the Group's expectations in terms of behaviours, processes and procedures, as well as meeting legal requirements.

Environment
The Group's value-added strategy underlines the contribution that the Group's products and services make to society and the environment. The products of the company and its subsidiaries play a key role in its overall environmental strategy. In addition, the company is committed to reducing its emissions of greenhouse gasses, in line with science-based targets.

Financial risk management objectives and policies
Details of financial risk management objectives and policies can be found in the Strategic Report on page 3 and from part of this report by cross-reference.

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.

Brexit impact
Based on the nature of operations of the group management do not foresee any impact of Brexit. The Groups customer base is spread worldwide mitigating the impact of Brexit, with only 41% of revenue generated in the UK and European Union. Manufacturing sites are based worldwide so the fabrication of materials on a critical path can be diverted to other sits outside the UK and EU.

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 Ernst & Young LLP will be put to the member at the Annual General Meeting.

Going concern
Harris Pye United Kingdom Limited trades with a number of customers and suppliers across different geographical areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully in the current economic environment. The Group is party to the banking facilities available, including term loans.

The directors have reviewed the profit and cashflow forecasts for the period to 31 March 2024 in detail, which has enabled them to conclude that the business is a going concern based upon current order books, contracts already secured and best estimates of new business accessible within the markets in which the group operates at appropriate. When concluding on the going concern status, directors have considered the impact of many factors including the current cost of living crisis . The Groups subsidiaries order books are reviewed on a weekly basis and consolidated with all other entities into a Group position, the directors use this a basis when compiling forecasts and levels of activity and resources required on a rolling twelve-month view. The Group produces a weekly cashflow which are in turn complied 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 if any cash injection from the parent company would be required to sustain work carried out. Additional procedures have been performed as part of the going concern review by directors including additional stress testing. The Group has been profitable and cash generative during 2022 so far and minimal impact of Covid-19 or Russia-Ukraine conflict has been observed. On review of the results of this sensitivity testing, the directors expect the business to be both profitable and cash generative for both the 2022 financial year and period to 31 March 2024.

Director's Report *(continued)*

Going concern (continued)
The Company has net current liabilities of £28,319,887 *(2020: net current liabilities £25,815,559) as at 31 December 2021*. In addition to assessment made at Harris Pye Engineering Group Limited, the directors have also made enquiries of Joulon EU Acquisitions S.A.R.L. in order to satisfy themselves that financial support would be available to the Group should it be needed, and a letter of financial support has been received from Joulon EU Acquisitions S.A.R.L. covering the period to 31 March 2024. Joulon EU Acquisitions S.A.R.L. has confirmed that it will ensure all necessary financial support is provided to the Group for the foreseeable future to enable it to meet its financial obligations as they fall due from the date of signing the financial statements to 31 March 2024. While obtaining the letter of support, the directors have considered the ability of Joulon EU Acquisitions S.A.R.L. to provide the required financial support utilising knowledge of its current financial position and future outlook, as well as an understanding of the wider market conditions for the Joulon group. In particular, the directors have considered that certain banking covenants attached to loans held within the Harris Pye Group were breached during the year ended 31 December 2021 and consider that the confirmation of financial support by Joulon EU Acquisitions S.A.R.L. includes the ability and willingness to settle any obligations to the counter-parties that may arise as a result of such breaches although the management is in active discussions with banks to extend the borrowing facilities.

After making enquires, particularly reviewing the current order book, budgets, cash flow forecasts and support available from its parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

By order of the board and company directors

D Bell
Director

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

13 March 2023

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 Members of Harris Pye United Kingdom Limited

Qualified Opinion

We have audited the financial statements of Harris Pye United Kingdom Limited for the year ended 31 December 2021 which comprise profit and loss account and other comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Negotiations are yet to conclude regarding a dispute between management and a customer where management have recognized revenue amounting to £10M in 2018. Given the outcome of the negotiation is highly judgemental, we were unable to satisfy ourselves regarding the recoverability of this work in progress balance of £10M held at 31 December 2021 using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the work in progress balance to be required, the strategic report would also need to be amended.

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 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 qualified 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 to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent Auditor's Report to the Members of Harris Pye United Kingdom 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 this 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 the other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the recoverability of work in progress of £10M held at 31 December 2021. We have concluded that where the other information refers to the work in progress or related balances such as revenue, it may be materially misstated for the same reason.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

Independent Auditor's Report to the Members of Harris Pye United Kingdom Limited (continued)

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in which the Company operates). In addition, we concluded that there are certain significant laws and regulations relating to the Company's operations that may have an effect on determination of the amounts and disclosures in the financial statements, which relate to health and safety, employee related matters including furlough scheme rules, environmental, bribery and corruption practices and the EU General Data Protection Regulations.

- We understood how Harris Pye United Kingdom Limited is complying with those frameworks by enquiries to the management and those charged with governance with consideration of the potential for the override of controls or other inappropriate influence over the financial reporting process during planning and execution of our audit procedures. We corroborated our enquiries with the review of Board minutes.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating the risks of management override in particular for the areas related to revenue recognition, accounting practices applied by the company for different provisions and other areas that involve professional judgment.

- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition.

- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our audit approach to assist in our targeted review of manual journals including segregation of duties and our testing of revenue recognition.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries to different levels of management and those charged with governance, execution of detailed audit tests for the areas deemed susceptible to the elevated risk of management override and the use of data analytics to identify journal entries which could indicate any non-compliance.

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

Independent Auditor's Report to the Members of Harris Pye United Kingdom Limited (continued)

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.

DocuSigned by:
Ernst & Young LLP
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Tehseen Ali
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

13 March 2023

Profit and loss account and other comprehensive income

for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	8,242,379	10,845,542
Cost of sales		(11,368,199)	(11,419,489)
Gross loss		(3,125,820)	(573,947)
Administrative expenses		(1,632,373)	(4,156,867)
Government grants		-	68,425
Operating Loss	4	(4,758,193)	(4,662,389)
Interest payable and similar expenses	7	(90,482)	(169,727)
Other Income		2,862,771	8,336,487
(Loss)/ profit before taxation		(1,985,904)	3,504,371
Tax credit	8	376,430	276,882
(Loss)/ profit for the year		(1,609,474)	3,781,253

Other comprehensive (loss)/ income

for the year ended 31 December 2021

	2021 £	2020 £
(Loss)/ profit for the financial year	(1,609,474)	3,781,253
Revaluation of tangible fixed assets	1,153,948	-
Deferred tax on revaluation of tangible fixed assets	(376,430)	-
Other comprehensive income for the year	777,518	-
Total comprehensive (loss)/ profit for the year	(831,956)	3,781,253

All results derive from continuing operations.

Balance Sheet
at 31 December 2021

	Note	**2021**	2020
		£	**£**
Fixed assets			
Tangible assets	*9*	**4,459,433**	3,151,614
Investments	*10*	**6,082,594**	6,082,594
		10,542,027	9,234,208
Current assets			
Stocks	*11*	**339,272**	-
Debtors	*12*	**21,435,596**	28,942,185
Cash at bank and in hand		**1,873,294**	1,750,813
		23,648,162	30,692,998
Creditors: amounts falling due within one year	*13*	**(51,968,049)**	(56,508,557)
Net current liabilities		**(28,319,887)**	(25,815,559)
Total assets less current liabilities		**(17,777,860)**	(16,581,351)
Capital and reserves			
Called-up share capital	*15*	**500**	500
Revaluation reserve	*15*	**1,761,091**	607,143
Profit and loss account		**(19,539,451)**	(17,188,994)
Shareholder's deficit		**(17,777,860)**	(16,581,351)

These financial statements were approved and authorised for issue by the director and were signed on 13 March 2023.

D Bell
Director

Company registered number: 01288036

Statement of Changes in Equity
for the year ended 31 December 2021

	Issued share capital £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2020	500	607,143	(20,970,247)	(20,362,604)
Total comprehensive income for the year:				
Profit for the year	-	-	3,781,253	3,781,253
Total comprehensive income for the year	-	-	3,781,253	3,781,253
Balance at 31 December 2020	500	607,143	(17,188,994)	(16,581,351)
Balance at 1 January 2021	500	607,143	(17,188,994)	(16,581,351)
Total comprehensive income for the year:				
Total loss for the year			(1,609,474)	(1,609,474)
Gain on account of fair valuation of freehold property (note 9)	-	1,153,948	-	1,153,948
Deferred tax on revaluation of tangible fixed assets	-	-	(376,430)	(376,430)
Total comprehensive income for the year	-	1,153,948	(1,985,904)	(831,956)
Net gain on account of business transfer of Harris Pye Fabrication Limited to the Company (note 20)			1,387,117	1,387,117
Loan waiver by related party			580,350	580,350
Intercompany balances written off pertaining to Harris Pye Power Services Limited			(2,332,020)	(2,332,020)
Balance at 31 December 2021	500	1,761,091	(19,539,451)	(17,777,860)

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 6.

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.

Going concern

Harris Pye Engineering Group Limited trades with a number of customers and suppliers across different geographical areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully in the current economic environment. The Group is party to the banking facilities available, including term loans.

The directors have reviewed the profit and cashflow forecasts for the period to 31 March 2024 in detail, which has enabled them to conclude that the business is a going concern based upon current order books, contracts already secured and best estimates of new business accessible within the markets in which the group operates at appropriate. When concluding on the going concern status, directors have considered the impact of many factors including the current cost of living crisis . The Groups subsidiaries order books are reviewed on a weekly basis and consolidated with all other entities into a Group position, the directors use this a basis when compiling forecasts and levels of activity and resources required on a rolling twelve-month view. The Group produces a weekly cashflow which are in turn complied 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 if any cash injection from the parent company would be required to sustain work carried out. Additional procedures have been performed as part of the going concern review by directors including additional stress testing. The Group has been profitable and cash generative during 2022 so far and minimal impact of Covid-19 or Russia-Ukraine conflict has been observed. On review of the results of this sensitivity testing, the directors expect the business to be both profitable and cash generative for both the 2022 financial year and period to 31 March 2024.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern (continued)

The Group has net current liabilities of £28,319,887 (2020: net current liabilities £25,815,559) as at 31 December 2021. In addition to assessment made at Harris Pye Engineering Group Limited, the directors have also made enquiries of Joulon EU Acquisitions S.A.R.L. in order to satisfy themselves that financial support would be available to the Group should it be needed and a letter of financial support has been received from Joulon EU Acquisitions S.A.R.L. covering the period to 31 March 2024. Joulon EU Acquisitions S.A.R.L. has confirmed that it will ensure all necessary financial support is provided to the Group for the foreseeable future to enable it to meet its financial obligations as they fall due from the date of signing the financial statements to 31 March 2024. While obtaining the letter of support, the directors have considered the ability of Joulon EU Acquisitions S.A.R.L. to provide the required financial support utilising knowledge of its current financial position and future outlook, as well as an understanding of the wider market conditions for the Joulon group. In particular, the directors have considered that certain banking covenants attached to loans held within the Harris Pye Group were breached during the year ended 31 December 2021 and consider that the confirmation of financial support by Joulon EU Acquisitions S.A.R.L. includes the ability and willingness to settle any obligations to the counter-parties that may arise as a result of such breaches although the management is in active discussions with banks to extend the borrowing facilities.

After making enquires, particularly reviewing the current order book, budgets, cash flow forecasts and support available from its parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit and presented in the statement of comprehensive income as "other operating income" over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

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.

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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets (continued)

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.

Stocks and work-in-progress

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. In the case of manufactured stocks and work in progress, cost includes labour and an appropriate share of overheads based on normal operating capacity

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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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, which are described in note 1, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not 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 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.

Notes *(continued)*

2 Accounting estimates and judgements *(continued)*

Revenue recognition

Revenue recognition is based upon the 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 judgement. 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, company policy is to revise 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. Management perform ongoing profitability analyses of our service contracts in order to determine whether the latest estimates require updating.

Amount 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 2021, amounts of this nature of £10,000,000 are included within debtors (2020: £10,000,000).

Key source of estimation uncertainty - Corporation taxes

The company is subject to corporation tax in numerous jurisdictions. The determination of the company's provision for corporation tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the company's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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:

	2021	2020
	£	£
United Kingdom	**8,242,379**	10,845,542
	8,242,379	10,845,542

4 Expenses and auditor's remuneration

		2021	2020
		£	£
Included in profit/(loss) are the following			
Depreciation of owned tangible fixed assets		**159,434**	112,739
Auditor's remuneration	- audit services	**18,700**	18,700
	- tax compliance services	**-**	12,000
(Gain)/Loss on foreign exchange		**(10,208)**	(2,409,236)
Bad debt reversal / (provision)		**60,950**	(334,009)
Other income excluding (Gain)/Loss on foreign exchange		**2,852,563**	5,927,251
Other Government Grants		**-**	(68,425)

Other government grants received is in relation to the Coronavirus Job Retention Scheme (CJRS). The CJRS grant relates to staff who have been furloughed due to COVID-19. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of Government assistance. Access to the grants has been made possible by retaining these staff.

Notes *(continued)*

5 Directors' emoluments

	2021	2020
	£	£
Directors' remuneration		
Emoluments	-	122,630
Contributions to money purchase pension scheme	-	2,174
	No.	**No.**
Number of directors who are members of a money purchase pension scheme	-	1

The remuneration cost of the Directors is borne by another group company and not specifically recharged. The proportion of Directors' time spent on this Company is considered immaterial to their time spent working in the overall Group. Therefore, their remuneration has not been allocated to the Company.

6 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:

	2021	2020
	No.	No.
Direct labour	89	46
Administrative	15	19
	104	65

The aggregate payroll costs of administrative persons were as follows:

	2021	2020
	£	£
Wages and salaries	472,538	681,249
Social security costs	72,760	116,686
Contributions to defined contribution plans	43,850	82,213
	589,148	880,148

The company operates a defined contribution pension plan. The pension cost for the year amounted to £43,850 *(2020: £82,813)*. There were no outstanding contributions due to the fund at the current or previous year end.

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest payable on overdrafts	89,869	149,260
Financial lease interest	613	20,467
Total interest payable and similar expenses	90,482	169,727

Notes *(continued)*

8 Taxation

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

	2021	2020
	£	£
Current tax		
Foreign current tax on income for the period	-	-
Adjustments in respect of prior periods	-	(276,882)
Total current tax	-	(276,882)
Deferred tax (see note 14)		
Origination and reversal of timing differences	**(376,430)**	-
Adjustments in respect of prior periods	-	-
Total deferred tax	**(376,430)**	-
Total tax (all recognised in the Profit and Loss account)	**(376,430)**	(276,882)

Reconciliation of effective tax rate

	2021	2020
	£	£
Profit/ (loss) for the year	**(1,609,474)**	3,781,253
Total tax (credit)/ charge	**(376,430)**	(276,882)
(Loss)/profit excluding taxation	**(1,985,904)**	3,504,371
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**(377,322)**	(665,830)
Non-deductible expenses	-	384
Depreciation not eligible for capital allowances	**9,308**	6,582
Dividend/other income not taxable	**(157,051)**	(141,944)
Current year losses for which no deferred tax asset was recognised	**148,635**	523,926
Total tax (credit)/charge included in profit or loss	**(376,430)**	(276,882)

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1st April 2020) was substantively enacted on 6th September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1st April 2020, and this change was substantively enacted on 17th March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1st April 2023) was substantively enacted on 24th May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary and timing differences (2020: 19%).

Notes *(continued)*

9 Tangible fixed assets

	Land and freehold buildings	Plant, machinery and office equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2021	3,071,052	1,404,019	23,562	4,498,633
Transfer of balances from Harris Pye Fabrication Limited on account of business transfer on 31 December 2021 (note 20)	-	4,138,827	281,264	4,420,091
Revaluation adjustment on account of fair valuation of freehold property	1,153,948	-	-	1,153,948
Disposals/ Write off	-	(686,371)	(10,751)	(697,122)
At 31 December 2021	4,225,000	4,856,475	294,075	9,375,550
Accumulated depreciation				
At 1 January 2021	105,648	1,217,810	23,562	1,347,020
Charge for the year	61,414	97,959	61	159,434
Transfer of balances from Harris Pye Fabrication Limited on account of business transfer on 31 December 2021 (note 20)	-	3,855,158	242,780	4,097,938
Disposals/Write offs	-	(677,524)	(10,751)	(688,275)
At 31 December 2021	167,062	4,493,403	255,652	4,916,117
Net book value				
At 31 December 2021	**4,057,938**	**363,072**	**38,423**	**4,459,433**
At 31 December 2020	2,965,405	186,209	-	3,151,614

Included within the book value of land and buildings is £544,314 *(2020: £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 6 September 2021. 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 £2,296,848 *(2020: £2,358,262).*

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings	Total
	£	£
Cost		
At 1 January and 31 December 2021	**7,085,463**	**7,085,463**
Provisions for impairment		
At 1 January and 31 December 2021	**1,002,869**	**1,002,869**
Net book value		
At 31 December 2021	**6,082,594**	**6,082,594**
At 31 December 2020	6,082,594	6,082,594

Additional information on subsidiaries and associated undertakings is given in note 16.

11 Stocks

	2021	2020
	£	£
Raw materials and consumables	**339,272**	-

Stock balance has been transferred from Harris Pye Fabrication Limited at the year end (note 20).

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £Nil (2020: £Nil).

Provision for impairment loss against the slow moving and obsolete stock at the year end amounts £299,549 (2020: £Nil).

12 Debtors

	2021	2020
	£	£
Trade debtors	**776,076**	1,808,591
Amounts owed by group undertakings	**9,248,543**	16,730,313
Other debtors	**1,814**	7,560
Prepayments and accrued income	**11,409,163**	10,395,721
	21,435,596	28,942,185

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

Included in debtors is an includes unbilled receivable for an amount of £10M, which is in dispute with the customer since 2019. The total amount of claim made by the company is £26.9M which is based on an assessment made by a third-party expert. Management is in discussion with the customer to amicably resolve this dispute before commencing arbitration proceedings, however based on the likelihood of recovery, the company does not believe that any expected credit loss is required against the said balance and has considered a minimum expected recoverable amount of £10M in these financial statements.

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	**726,576**	994,890
Amounts owed to group undertakings	**41,457,566**	52,559,369
Taxation and social security	**359,963**	1,582,307
Other creditors	**45,530**	54,409
Accruals and deferred income	**4,243,742**	1,317,582
Bank overdraft balance	**5,134,672**	-
	51,968,049	56,508,557

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

14 Deferred tax assets and liabilities

	£
Deferred taxation:	
(Asset)/liability at 1 January 2021	-
Charge for the year – profit and loss account	-
(Asset)/liability at 31 December 2021	-

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

	2021 £	2020 £	2019 £	2018 £
Capital allowances in excess of depreciation	**(29,496)**	14,681	14,681	(710)
Losses carried forward	**(109,462)**	(5,841)	(5,841)	(1,435,800)
Other timing differences	-	(114,448)	(114,448)	(80,773)
Deferred tax on property revaluation	**138,958**	105,608	105,608	105,608
Deferred tax (asset)/liability	-	-	-	(1,411,675)

The company has an additional unrecognised tax losses of £35,925,275. The deferred tax asset arising on these losses has not been recognised due to uncertainty over its recoverability.

15 Called-up share capital and reserves

	2021 £	2020 £
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.

Notes *(continued)*

16 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	Harris Pye House, Sutton Road, Llandow, Vale of Glamorgan, CF71 7PA, UK
Harris Pye Gulf LLC	Ordinary shares of 1 UAE dirham each	* 48.75	Marine engineering	P.O.Box 51793, Dubai, UAE
Harris Pye Brazil Limited	Ordinary shares of 1 Brazilian real each	99.3	Marine engineering	Rua Academico Paulo Sergio, Carvalho de Vasconcelos, n. 780, Novo Cavaleiros Macae, Brazil
Harris Pye South Africa (Proprietary) Limited	Ordinary shares of 1 South African rand each	100	Marine engineering	Stella Park, 57 Stella Road, Montague Gardens, Milnerton, South Africa
Harris Pye Module Design & Supply LLC	Ordinary shares of 1,000 UAE dirham each	****49	Marine subtraction control	P.O.Box 51793 Dubai, UAE
Harris Pye LLC (Oman)	Ordinary shares of 1 Omani Riyal each	***70	Marine engineering	P.O.Box 395 PC 118 Muscat Sultanate of Oman
Harris Pye Emirates LLC	Ordinary shares of 1 UAE dirham each	**49	Marine engineering	P.O.Box 332 Abu Dhabi, UAE
Harris Pye Saudi Company Limited	Ordinary shares of SAR 1,000 each	*****100	Marine engineering	P.O. Box 37290, Jubail 31961, Saudi Arabia

* 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.

*** 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.

*****Effective 1 January 2020, a Branch of the Company was converted to a Limited Liability Company with the legal name as Harris Pye Saudi Company Limited being a 100% owned entity. Net assets amounting to £5.7M were transferred to the Company at a book value and are presented within the investment during the previous year. Net assets comprised £9.1M of total assets represented by total liabilities of ££3.4M.

The company has taken advantage of the exemption conferred under FRS 102 section 33.1A not to disclose transactions with entities. 100% of whose voting rights are controlled within the group.

During the year, the based on the Group instructions, certain balances were , waived among the affiliates which are accounting for as the related party rationalization within the equity.

Notes *(continued)*

17 Financial commitments

Bank guarantees

At the year-end, the company had bank guarantees in favour of major oil, gas and power companies amounting to £1,213,167 *(2020: £1,075,597).*

Loans, overdrafts and limits

Group Composite facility comprising of Short Notice Deposit Facility and/or Current No Accrues Interest facility and/or Overdraft facility for £2,500,000. Facility reviewed in October 2022 and subsequently no longer exist. Further, there exists Purchase Card facility of £125,000 at the year end.

18 Contingent liabilities

Certain defect claims have been filed by a customer aggregating to £1.3 Million. The Company is in the process of negotiations with customer, however, does not believe that any provision should be made since management is confident of favorable outcome. Further, the Company didn't recognize any revenue related to this contract which would require any adjustment in the revenue already recognized.

19 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.

As at 31 December 2021, the largest group undertaking of which group accounts were drawn up of which the company was a member was that headed by Joulon Limited, a company incorporated in the Cayman Islands. The registered office of Joulon Limited is Maples Corporate Services Limited, George Town (South Church Street), KY1-1104. The consolidated financial statements of Joulon Limited are not available to the public. The ultimate majority shareholder of Joulon Limited was KKR OMRO Holdings GP, a limited partnership registered in the Cayman Islands.

Subsequent to the year-end, a group restructuring has taken place which means that Joulon Limited is no longer part of the group structure. KKR OMRO Holdings GP is now the ultimate majority shareholder of Joulon Holdings L.P., a partnership registered in the Cayman Island. No investor owns 25% or more of KKR OMRO Holdings GP. Accordingly, the directors are of the view that Joulon Holdings L.P., is the controlling party.

20 SCHEME OF BUSINESS TRANSFER AGREEMENT

Harris Pye Fabrication Limited incorporated on 13 September 2007 has transferred their business and related operations to the Company under the Business Transfer Agreement ("BTA"). The Company has recorded the assets acquired and liabilities assumed at their net carrying values as at 31 December 2021.

Net assets and net liabilities acquired from Harris Pye Fabrication Limited:

	31 December 2021 GBP
Tangible fixed assets (note 9)	**322,153**
Due from related parties	**1,273,130**
Stocks (note (11)	**339,272**
Debtors	**47,368**
Total assets	**1,981,923**
Creditors	**390,236**
Bank overdraft	**204,569**
Total liabilities	**594,805**
Net assets acquired	**1,387,118**
Consideration paid	**1**
Difference between the consideration paid and the net assets acquired	**1,387,117**