

Company Registration No. 08813058 (England and Wales)

**FLEXIBLE ENGINEERED SOLUTIONS (GROUP)
HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2019**



FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Anderson I Latimer
Company number	08813058
Registered office	Merchant Court North Seaton Industrial Estate Ashington Northumberland United Kingdom NE63 0YH
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne NE1 4AD

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2019

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

Principal activities

The principal activity of the company is that of a holding company. The principal activity of the group is the design and supply of offshore fluid transfer systems together with associated sub sea products and hardware.

Directors

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

R Anderson
I Latimer

Results and dividends

The results for the year are set out on page 5.

Auditor

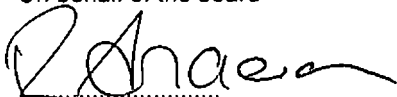
A resolution to reappoint RSM UK Audit LLP, chartered accountants, as auditor will be put to the members at the annual general meeting.

Statement of disclosure to auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



R Anderson
Director

Date: 23 October 2020

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2019

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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 FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Flexible Engineered Solutions (Group) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position and notes to the financial statements, 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 the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2019 and of the group's profit 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 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 group and parent 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 opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's or the parent 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.

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. 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

RSM UK Audit LLP

Rachel Fleming (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

27/10/2020

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	2018 £
Turnover		17,125,683	9,574,865
Cost of sales		(9,200,105)	(6,056,261)
Gross profit		7,925,578	3,518,604
Administrative expenses		(1,795,490)	(1,312,539)
Operating profit		6,130,088	2,206,065
Share of results of associates and joint ventures		361,664	(15,605)
Interest receivable and similar income	5	2,574	2,351
Interest payable and similar expenses		(187,500)	(354,167)
Other gains and losses		(1)	-
Profit before taxation		6,306,825	1,838,644
Tax on profit		(565,105)	(336,702)
Profit for the financial year		5,741,720	1,501,942

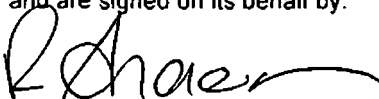
Total comprehensive income for the year is all attributable to the owners of the parent company.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Total intangible assets	6	896,808		991,338	
Tangible assets	7	167,348		181,781	
Investments	8	-		(361,663)	
			1,064,156		811,456
Current assets					
Debtors	11	8,109,847		6,805,777	
Cash at bank and in hand		3,499,865		1,726,028	
			11,609,712		8,531,805
Creditors: amounts falling due within one year	12	(5,442,941)		(5,349,868)	
Net current assets			6,166,771		3,181,937
Total assets less current liabilities			7,230,927		3,993,393
Creditors: amounts falling due after more than one year	13		-		(2,500,000)
Provisions for liabilities	15		(7,095)		(11,281)
Net assets			7,223,832		1,482,112
Capital and reserves					
Called up share capital	18	30,000		30,000	
Other reserves		2,961,600		2,961,600	
Profit and loss reserves		4,232,232		(1,509,488)	
Total equity			7,223,832		1,482,112

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 23/10/20 and are signed on its behalf by:



R. Anderson
Director

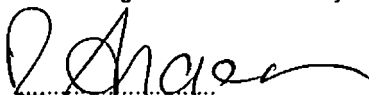
FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2019**

	Notes	2019 £	2018 £
Fixed assets			
Investments	8	20,279,998	20,279,998
Current assets			
Debtors	11	3,327,682	3,295,807
Cash at bank and in hand		198	165
		<u>3,327,880</u>	<u>3,295,972</u>
Creditors: amounts falling due within one year	12	<u>(6,148,144)</u>	<u>(5,960,638)</u>
Net current liabilities		<u>(2,820,264)</u>	<u>(2,664,666)</u>
Total assets less current liabilities		<u>17,459,734</u>	<u>17,615,332</u>
Creditors: amounts falling due after more than one year	13	-	(2,500,000)
Net assets		<u>17,459,734</u>	<u>15,115,332</u>
Capital and reserves			
Called up share capital	18	30,000	30,000
Profit and loss reserves		<u>17,429,734</u>	<u>15,085,332</u>
Total equity		<u>17,459,734</u>	<u>15,115,332</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £2,344,402 (2018 - £2,206,050 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 23/10/20 and are signed on its behalf by:



R. Anderson
Director

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Company information

Flexible Engineered Solutions (Group) Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Merchant Court, North Seaton Industrial Estate, Freeman Way, Ashington, NE63 0YB.

The group consists of Flexible Engineered Solutions (Group) Holdings Limited and all of its subsidiaries.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

Where a business combination results in a change of control the results of subsidiaries acquired are consolidated for the year from which control passed. Acquisitions are accounted for under the acquisition method with goodwill, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, being written off against reserves.

Joint ventures are accounted for under the gross equity method where the group's share of the gross assets and liabilities underlying the net investment are included in the consolidated balance sheet and the group's share of the joint ventures result are included in the consolidated profit and loss account for the period.

The consolidated financial statements incorporate those of Flexible Engineered Solutions (Group) Holdings Limited and all of its subsidiary undertakings for the year.

The merger method of accounting is applied to group reconstructions as if the entities had always been combined. Accordingly, in those years when a group reconstruction takes place, the whole of the results, assets, liabilities, shareholders funds and cash flows of the merged companies are consolidated, regardless of the actual date of the group reconstruction and corresponding figures from previous years are restated.

Going concern

The directors have prepared detailed forecasts which have been updated to consider the impact of the COVID 19 pandemic on revenues and working capital. The directors, with reference to these forecasts, consider that the entity has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, of goods and services provided to customers and, in the case of long term contracts, credit is taken appropriate to the stage of completion when the outcome of the contract can be ascertained with reasonable certainty.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Long term contracts

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

Intangible fixed assets - goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Equipment, plant and machinery	25% reducing balance per annum
Fixtures, fittings and equipment	25% reducing balance per annum
Motor vehicles	25% reducing balance per annum

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies (Continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Retirement benefits

The group operates a defined contribution pension scheme for the benefit of employees. Contributions payable are charged to the profit and loss account in the year they are payable. The assets of the scheme are held separately from those of the group.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The assets and liabilities of overseas joint ventures are translated at the exchange rate ruling at the balance sheet date. The profit and loss account of the joint venture is translated at the average exchange rate for the period. Exchange differences arising on these transactions are taken to reserves.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

2 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and subsidiaries	17,750	16,500
For other services		
All other non-audit services	9,895	8,950

3 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Total employees	62	47	-	-

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	2,429,312	1,902,910	-	-
Social security costs	215,492	176,365	-	-
Pension costs	114,147	102,048	-	-
	2,758,951	2,181,323	-	-

4 Directors' remuneration

	2019 £	2018 £
Remuneration paid to directors	205,317	203,946

5 Interest receivable and similar income

	2019 £	2018 £
Other interest receivable and similar income	2,574	2,351

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

6 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 August 2018 and 31 July 2019	1,890,603
Amortisation and impairment	
At 1 August 2018	899,265
Amortisation charged for the year	94,530
At 31 July 2019	993,795
Carrying amount	
At 31 July 2019	896,808
At 31 July 2018	991,338

The company had no intangible fixed assets at 31 July 2019 or 31 July 2018.

7 Tangible fixed assets

Group	Equipment, plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 August 2018	475,131	218,371	77,085	770,587
Additions	7,360	-	25,000	32,360
At 31 July 2019	482,491	218,371	102,085	802,947
Depreciation and impairment				
At 1 August 2018	363,416	165,272	60,118	588,806
Depreciation charged in the year	28,235	13,275	5,283	46,793
At 31 July 2019	391,651	178,547	65,401	635,599
Carrying amount				
At 31 July 2019	90,840	39,824	36,684	167,348
At 31 July 2018	111,715	53,099	16,967	181,781

The company had no tangible fixed assets at 31 July 2019 or 31 July 2018.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

8 Fixed asset investments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments	-	(361,663)	20,279,998	20,279,998

9 Subsidiaries

Details of the company's subsidiaries at 31 July 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Flexible Engineered Solutions Holdings Limited	See below	Holding company	Ordinary	100.00	-
Flexible Engineered Solutions Limited	See below	Design and supply of offshore fluid transfer systems together with associated sub sea products and hardware	Ordinary	-	100.00

The registered office of the company's subsidiaries is Merchant Court, North Seaton Industrial Estate, Ashington, Northumberland, NE63 0YB.

The company's investment in Flexible Engineered Solutions Limited is through Flexible Engineered Solutions Holdings Limited.

10 Joint ventures

Details of joint ventures at 31 July 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Rematech Offshore PTE.LTD	10 Anson Road, 27 - 08 International Plaza, Singapore, 079903	Agent for oil and gas	Ordinary	-	25.00

The company's investment in Rematech Offshore PTE.LTD is through Flexible Engineered Solutions Limited.

The directors of Rematech Offshore PTE.LTD decided to wind up the company and during the year formal strike off procedures commenced.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

11 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	1,707,087	3,687,298	-	-
Amounts recoverable on long term contracts	2,871,898	1,080,972	-	-
Amounts due from fellow group undertakings	-	-	2,750,000	2,750,000
Amounts due from participating interests	-	337,865	-	-
Other debtors	2,867,551	1,072,550	2	2
Prepayments and accrued income	94,864	90,520	-	-
	<u>7,541,400</u>	<u>6,269,205</u>	<u>2,750,002</u>	<u>2,750,002</u>
Deferred tax asset (note 16)	568,447	536,572	577,680	545,805
	<u>8,109,847</u>	<u>6,805,777</u>	<u>3,327,682</u>	<u>3,295,807</u>

Included in other debtors is £2,338,738 (2018: £502,783) due in greater than one year.

12 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	1,102,909	1,277,433	-	-
Amounts owed to group undertakings	-	-	2,750,000	2,750,000
Corporation tax payable	639,394	5,293	28	22
Other taxation and social security	60,518	58,682	-	-
Other creditors	3,640,120	4,008,460	3,398,116	3,210,616
	<u>5,442,941</u>	<u>5,349,868</u>	<u>6,148,144</u>	<u>5,960,638</u>

13 Creditors: amounts falling due after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Other creditors	-	2,500,000	-	2,500,000
	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

13 Creditors: amounts falling due after more than one year (Continued)

Other creditors in the prior year represented loan notes of £2,500,000, dated 24 October 2014 and with a repayment date of 24 October 2024. Interest is accrued on the principal amount of the notes outstanding at a fixed rate of 10%.

The company may repay the notes or any part of them prior to the repayment date provided note holders are given 3 business days' notice. A note holder may demand immediate repayment of the principal amount of all of their loan notes in the event of a default.

The company's obligation to repay the loan notes on the repayment date is subject to the company having sufficient cash to discharge its liabilities as and when they fall due for payment.

During the year the outstanding loan notes as at 1 August 2018 of £2,500,000 were repaid (2018: £2,500,000 repaid).

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	-	-	-
Payable other than by instalments	-	2,500,000	-	2,500,000
	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other loans	-	2,500,000	-	2,500,000
	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Payable after one year	-	2,500,000	-	2,500,000
	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>

	Notes	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Deferred tax liabilities	16	7,095	11,281	-	-
		<u>7,095</u>	<u>11,281</u>	<u>-</u>	<u>-</u>

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

16 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	7,095	11,281	(9,233)	(9,233)
Other short term timing differences	-	-	577,680	545,805
	<u>7,095</u>	<u>11,281</u>	<u>568,447</u>	<u>536,572</u>
	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Company				
Other short term timing differences	-	-	577,680	545,805
	<u>-</u>	<u>-</u>	<u>577,680</u>	<u>545,805</u>
			Group 2019 £	Company 2019 £
Movements in the year:				
Liability/(asset) at 1 August 2018			(525,291)	(545,805)
Credit to profit or loss			(36,061)	(31,875)
Liability/(asset) at 31 July 2019			<u>(561,352)</u>	<u>(577,680)</u>

17 Share options

During the year share options were granted in respect of a small number of B shares and C shares with an exercise price of £1. The vesting date for these options is the earlier of an exit event or 9.5 years from the date of the grant. On the grounds of materiality no charge has been made to the profit and loss account in respect of these grants.

18 Share capital

	Group and company	
	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

19 Financial commitments, guarantees and contingent liabilities

On 31 July 2019 contingent liabilities existed in respect of indemnities given on behalf of the company totalling £1,619,718 (2018: £795,879).

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, which includes the directors, is as follows.

	2019 £	2018 £
Aggregate compensation	230,535	229,220

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Rent payable		Interest paid	
	2019 £	2018 £	2019 £	2018 £
Group				
Entities with common control	107,245	108,995	769	991

Also included is the write off of the joint venture debtor of £337,865.

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 Balance £	2018 Balance £
Group		
Entities with common control	2,382,738	547,301
Entities over which the group has control, joint control or significant influence	-	337,865

FLEXIBLE ENGINEERED SOLUTIONS (GROUP) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

21 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	179,245	179,254	-	-
Between one and five years	418,005	65,623	-	-
	<u>597,250</u>	<u>244,877</u>	<u>-</u>	<u>-</u>

22 Controlling party

The directors consider the ultimate controlling parties of the group to be R Anderson and I Latimer, by virtue of their ownership of 100% of the issued share capital.

23 Events after the reporting date

Post year end the worldwide pandemic of COVID 19 struck. Whilst in the short term this has impacted the industry and the group, longer term there is not considered to be any significant impact on the group's activities due to COVID 19.