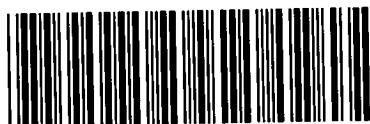


JDR Cable Systems (Holdings) Limited
Annual Report and Financial Statements
for the year ended 31 December 2019

Registered Number SC186919

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JDR Cable Systems (Holdings) Limited

Annual Report and Financial Statements

for the year ended 31 December 2019

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JDR Cable Systems (Holdings) Limited

Strategic Report for the year ended 31 December 2019

Strategy

Our business spans oil, gas and renewable energy, serving a global customer base. Over the last decade JDR Cable Systems (Holdings) Limited and its subsidiary companies ("JDR") have been transformed into a multi-faceted Group that can partner with customers through the complete product and project lifecycle; from design to manufacture and global service support. The infrastructure investments we are making enable us to support our global customer network as they grow their businesses.

In August 2017, JDR became part of the Tele-Fonika Kable family of companies. This acquisition is the desired next step in the evolution of JDR; to be owned by and to join a large industrial trade player. Tele-Fonika Kable is a trusted partner of over ten years, who has supported JDR in achieving our leadership position in renewables and sees JDR's oil and gas technology and global reach as a significant platform for growth.

JDR develops its strategies around a strategic plan covering short term objectives, medium term initiatives and long terms goals focusing around people development and technology leadership.

This plan, which is reviewed and updated annually, has 3 main objectives:

- Technology Leadership, through innovation across our product portfolio
- Strong customer partnerships and joint KPI management, providing relationship style growth
- Continuous improvement in Manufacturing, Sourcing, Engineering & Project Management (KPI driven)

The strategic plan aims to deliver an operational blueprint for growth which encompasses all areas of the business and all teams. The three objectives above continue to guide the strategy of the company.

JDR's principal activities and markets are outlined in the Directors' Report on page 5.

Business Review

The Company is an intermediate holding company. The following Business Review relates to the main trading subsidiary JDR Cable Systems Limited ("JDR").

During 2019 JDR experienced a 15% growth in revenues compared to 2018. JDR continues to offer full product lifecycle support for a growing range of product lines and continues to invest in R&D to ensure our products excel technically.

Importantly, Order Intake (the level of contracts awarded to JDR) has shown another strong year, even after a record high year in 2018, recording over £150m of new work, with significant contracts won in all markets. The lifecycle of our projects spans many months from award to delivery so this success gives us excellent visibility and confidence going into 2019 and beyond.

There were challenges in 2019, most notably some commercial claims from our customers for which we have made a provision, impacting our results in the current year. Additionally there are other challenges on the horizon, including the UK's imminent departure from the European Union and the ongoing Coronavirus pandemic, however the Directors consider JDR is prepared for these challenges. This is discussed more within the Going Concern assessment on page 15.

Financial Review

The Company is an intermediate holding company. Activity during the year is limited to administrative expenses, inter-group recharges and loan interest.

Each trading subsidiary measures a range of operational and financial metrics to help us manage our performance and achieve our business plans.

JDR Cable Systems (Holdings) Limited

Strategic Report (continued)

Future Developments & Outlook

The Group's main trading subsidiary has seen recent success in being awarded a number of high value and high profile jobs which will be delivered over the coming months and years and the Directors are confident this will help drive improved performance. This is supported by continued development of a diverse portfolio of products, design engineering and investments in plant and equipment. JDR's commissioned an additional umbilical and cable lay-up machine in 2017, providing further opportunity for growth. Alongside this, the acquisition into the Tele-Fonika Kable family increases JDR's financial stability and market influence, with access to even more diverse products, geographies and customers.

The continued move by European and other global governments and utilities toward offshore wind and wave energy, coupled with our relationship with Tele-Fonika Kable, a major global cable supplier, presents the Company with exciting opportunities for growth in this sector.

Additionally, in Oil & Gas, JDR operates in a highly specialised market, and is one of a small number of companies that manufactures subsea production umbilicals and power cables that provide the vital connection between offshore facilities. Significant new energy resources are predominantly found offshore in increasingly deeper water, which underpins demand for the Company's products, services and technical innovations.

Financial Risk Management

As an interim holding company, the Company's activities do not expose it to significant financial risks as these are managed within the subsidiary companies or on a Group basis. The key financial risks are that of liquidity and going concern; the Company enjoys support from parent and related entities as well as external lenders to meet its working capital needs.

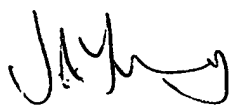
Stakeholder Engagement

As discussed in certain sections of the Directors report on page 5, the Board give consideration to all stakeholder needs when performing their duties.

Key stakeholders include JDR's employees, customers, suppliers and the communities in which we operate. JDR uses a range of methods to engage with employees including regular "all-hands" briefings and more regular communications as well as engaging third parties to carry out engagement surveys and benchmarking. JDR also enjoys close partnership with many of our key suppliers and customers and we carry out regular audit programmes and "mood monitors" as part of these long term relationships.

Results of this feedback are used to help inform the Boards decisions, in particular in relation to key strategic decisions such as investment appraisals, remuneration and commercial matters, where the needs of individual stakeholder groups are balanced against the wider requirement to promote the long term success of the company for the benefit of its members as a whole.

This Strategic Report was approved by the board on 9th July 2020 and signed on its behalf by



James Young

Director

JDR Cable Systems (Holdings) Limited

Directors' Report for the year ended 31 December 2019

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

Principal Activities

The principal activity of the company is to act as a holding company. The subsidiary undertakings principally affecting the profits or net assets of the Group in the period are listed in note 6 to the financial statements.

Registered Head Office

JDR Cable Systems (Holdings) Limited, Apex 2, 97 Haymarket Terrace, Edinburgh, EH12 5HD, United Kingdom
Registered company number: SC186919.

Results and Dividends

The company's result for the year amounted to a retained profit of £405,000 (2018: £780,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend (2018: nil).

Going Concern

As described more fully in the Statement of Directors Responsibilities on Page 7, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. This is discussed in more detail in the separate disclosures on page 15.

The Company has received a letter of support from a related company to provide financial support to allow the company to meet its obligations as they fall due for 12 months from the date of signing these financial statements. The directors of the related company have prepared forecasts and projections that show the Group has sufficient adequate financial resources to continue in operational existence in the foreseeable future being a period of at least 12 months from the date of signing.

In preparing the forecasts the directors have considered the potential impact of the coronavirus epidemic on the forecast revenues and cashflows expected to be generated by the business. The directors believe that they have adequate resources and contingency planning for what they believe might be the likely financial impact of the epidemic, however the potential impact and duration of the coronavirus epidemic are inherently uncertain.

Substantial Shareholders

The share capital of the ultimate holding company is privately owned.

Directors

The directors who held office during the period and at the date of this report were as follows:

Richard Turner (Resigned February 2019)

Piotr Mirek (Resigned January 2019)

James Young

Monika Cupiał-Zgryzek

Bartłomiej Zgryzek

Jaroslav Romanowski (Resigned April 2020)

JDR Cable Systems (Holdings) Limited

Directors' Report (continued)

Employment Policy and Involvement

The Board believes that the Company's success is due to the quality and commitment of its workforce. The Company's employee management priorities, including its remuneration strategies, are based on recruiting and retaining the best people in the industry and encouraging working practices that improve productivity, reduce costs, develop talent and provide job satisfaction. Further, the Board recognises the need for communication with employees at every level and is committed to on-going interaction with all its employees. This is achieved in a number of ways, including regular newsletters, and frequent "all hands" presentations by the Executive Management Team to staff at all company locations.

The Company is committed to a policy of equal opportunity in matters relating to employment, training and career development, and is opposed to any form of less favourable treatment afforded on the grounds of age, disability, sex, marital status, sexual orientation, nationality, race or religion.

Gender pay gap

The Board is committed to fair treatment of all employees and is aware of its obligations with respect to reporting its Gender pay gap and this is reviewed periodically. The report is published on the Company's website.

Disabled employees

Applications for employment for 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 Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as is possible, be identical to that of other employees.

Auditors

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office.

Bribery Act

JDR has an anti-bribery policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and that ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the company are aware of their legal obligations when conducting company business.

Modern Slavery Act

The Board is aware of the company's obligation to publish a statement outlining the steps that have been taken to ensure that the company and its supply chain are operating free from all forms of slavery; a full statement is available at www.jdrcables.com

JDR Cable Systems (Holdings) Limited

Directors' Report (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). The financial statements are required by law to 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 directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and 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.

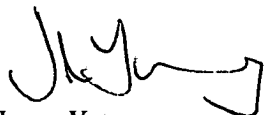
The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This Director's Report was approved by the board on 9th July 2020 and signed on its behalf by



James Young

Director

JDR Cable Systems (Holdings) Limited

Independent Auditor's Report to the Members of JDR Cable Systems (Holdings) Limited

Adverse opinion

We have audited the financial statements of JDR Cable Systems (Holdings) Limited (the 'company') for the year ended 31 December 2019, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, because of the significance of the matter described in the basis for adverse opinion section of our report, the financial statements:

- do not give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended; and
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

In all other respects, in our opinion the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for adverse opinion

As more fully explained in note 6 to the financial statements, no provision has been made for impairment loss on investments in subsidiaries, as the directors consider that the recoverable amount exceed the carrying value of investments in subsidiaries. In our opinion, there is possibility that the cash flow forecasts used in the discounted cash flow model are not likely to be achieved based on the current financial performance of the subsidiaries and a risk-adjusted discount rate would be appropriate. If a risk-adjusted discount rate of 30% had been applied and impairment losses had been so recognised the effect would have been to reduce the carrying amount of investments in subsidiaries by £18.2m, and the profit for the year and retained earnings at 31 December 2019 by £18.2m. In addition, the strategic report and the directors' report do not consider the effects of the failure to make a provision for impairment loss on investments in subsidiaries.

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 adverse opinion.

Material uncertainty related to going concern

We draw attention to the going concern basis within note 1 in the financial statements, which indicates that the company's ability to continue as a going concern is dependent upon it securing continued funding from Tele-Fonika Kable SA, a related company under common ownership. As stated in the going concern basis within note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

JDR Cable Systems (Holdings) Limited

Independent Auditor's Report to the Members of JDR Cable Systems (Holdings) Limited (continued)

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for adverse opinion section above, we were unable to obtain sufficient appropriate evidence about any provision for impairment loss on investments in subsidiaries. Accordingly, we have concluded that the other information is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for adverse opinion section of our report, in our opinion, based on the work undertaken in the course of the audit, the strategic report has not been prepared in accordance with applicable legal requirements.

Except for the effects of the matters described in the basis for adverse opinion section of our report, 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 directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

As a result of the matters described in the basis for adverse opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified material misstatements in the strategic report and the directors' report.

JDR Cable Systems (Holdings) Limited

Independent Auditor's Report to the Members of JDR Cable Systems (Holdings) Limited (continued)

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

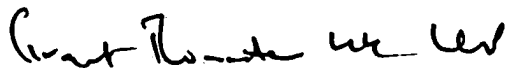
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.


Nick Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
Date: 10 July 2020

JDR Cable Systems (Holdings) Limited

Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Net operating (expenses) / income		(311)	168
Operating (loss) / profit	2	(311)	168
Net interest receivable	3	716	612
Profit before taxation		405	780
Tax on profit	5	-	-
Total comprehensive income and retained profit		405	780

All operations are continuing.

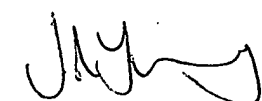
The accompanying accounting policies and notes form an integral part of these financial statements.

JDR Cable Systems (Holdings) Limited

Statement of Financial Position as at 31 December 2019

	Note	31 Dec 2019 £'000	31 Dec 2018 £'000 Restated
Fixed assets			
Investments	6	23,481	23,626
		23,481	23,626
Current assets			
Debtors – amounts falling due within one year	7	21,496	21,012
Cash at bank and in hand		1	8
		21,497	21,020
Creditors – amounts falling due within one year	8	-	(73)
Net current assets		21,497	20,947
Total assets less current liabilities		44,978	44,573
Net assets		44,978	44,573
Capital and reserves			
Called up share capital	9	28,360	28,360
Share premium account	10	12,371	12,371
Profit and loss account – accumulated funds		4,247	3,842
Total equity		44,978	44,573

The financial statements on pages 11 to 29 were approved by the Board of Directors on 9th July 2020 and were signed on its behalf by:



James Young

Director

Registered Number SC186919

The accompanying accounting policies and notes form an integral part of these financial statements.

JDR Cable Systems (Holdings) Limited

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

	Called-up share capital	Share premium account	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 January 2018	28,360	12,371	3,062	43,793
Total comprehensive income for the year	-	-	780	780
At 31 December 2018	28,360	12,371	3,842	44,573
Total comprehensive income for the year	-	-	405	405
At 31 December 2019	28,360	12,371	4,247	44,978

JDR Cable Systems (Holdings) Limited

Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	16	33	145
Investing activities			
Purchase of investments	6	(40)	(145)
Interest paid	3	-	-
Interest received	3	-	-
Net cash flow from investing activities		(40)	(145)
Financing activities			
(Decrease) / increase in borrowings		-	-
Net cash flow from financing activities		-	-
(Decrease) / increase in net cash		(7)	-
Cash and cash equivalents at 1 January		8	8
Cash and cash equivalents at 31 December		1	8

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 Accounting policies

Company information

JDR Cable Systems (Holdings) Limited is a company incorporated in Scotland. The principal place of business is 177 Wisbech Road, Littleport Innovation Park, Wisbech Road, Littleport, Cambridgeshire CB6 1RA, England.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) and rounded to the nearest thousand.

Going concern basis

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report. In addition, notes (a) to (c) of the financial risk section of the Strategic Report include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

JDR Cable Systems (Holdings) Limited is an intermediate holding company and the going concern assumption is based on the financial stability of the wider JDR Group. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas and industries. The Group has also benefitted from the continued support of both its bankers, its new owner and the partnership with Tele-Fonika Kable as a related company. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

Following the decision of the United Kingdom to leave the European Union, the Board have monitored the impact this may have on the business. JDR's global footprint offers some flexibility to deal with challenges as they arise and to date these have been minimal. Dependant on the outcome of future negotiations there may be changes to import or export tariffs which JDR is monitoring closely and we are confident these will not materially disrupt our profitability in the long term.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

Going Concern Basis (Continued)

Since the end of the 2019 accounting period, the coronavirus outbreak has spread and impacted economic output globally. JDR's work is made up of long-term contracts in the energy sector and so medium term demand is expected to be less effected than many other industries. However it is likely that there will be some disruption caused by the UK Government's social distancing guidelines and similar taking place in our supply chain all over the world, which may depress revenues in the short-term. The Company's profit and cash flow forecasts have been stress-tested for the potential impact of this disruption, although the detailed impacts may take some time to be fully understood.

The Company has received a letter of support from a related company under common ownership, Tele-Fonika Kable S.A., to provide financial support to allow the company to meet its obligations as they fall due for 12 months from the date of signing these financial statements. The directors of Tele-Fonika Kable SA have prepared forecasts and projections that show the Group has sufficient adequate financial resources to continue in operational existence in the foreseeable future being a period of at least 12 months from the date of signing. In preparing the forecasts the directors have considered the potential impact of the coronavirus epidemic on the forecast revenues and cashflows expected to be generated by the business. The directors believe that they have adequate resources and contingency planning for what they believe might be the likely financial impact of the epidemic, however the potential impact and duration of the coronavirus epidemic are inherently uncertain.

The support from Tele-Fonika Kable SA and related entities is formalised in the provision of extended payment terms on trading accounts and loans. The directors are confident that this support will continue in the future, to the extent that Tele-Fonika Kable SA is able to do so, which relies on its own facilities with its consortium of banks. If the bank facilities are withdrawn, Tele-Fonika Kable SA may not be able to extend financial support to the company, which represents a material uncertainty that may cast significant doubt on the ability of the company to continue as a going concern.

Given all of the above, and in particular the support in place from Tele-Fonika Kable SA and related entities, the Directors have concluded that it is appropriate to prepare the financial statements on going concern basis but acknowledge the existence of a material uncertainty that may arise if financial support from the related entities is withdrawn. Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation was not appropriate.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Exceptional items

Where expenditure falls outside the normal course of business, it is disclosed separately on the face of the profit and loss account to ensure transparency and comparability.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and differences on exchange included in the profit and loss account.

Investments

Investments represent shares held in wholly owned subsidiary companies and are valued at cost less any required impairment. Investments are checked for impairment annually.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where the estimates have been made include;

- Impairment of investments and amounts owed by group undertakings, based upon the information available about the future earning potential of subsidiary entities (refer note 10 for further details).

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on taxable profits at current rates in the respective taxation jurisdictions.

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 Company'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.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

Consolidated financial statements

The company is a wholly owned subsidiary of Holding JDR Limited and of its ultimate parent, Tele-Fonika Holdings Limited. It is included in the consolidated financial statements of Tele-Fonika Holdings Limited which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Interest income

Interest income is recognised using the effective interest rate method.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like amounts owed by Group undertakings and accruals.

Debt instruments (other than those wholly repayable or receivable within one year) are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are receivable or payable within one year are measured initially and subsequently at the undiscounted amount of the cash or other consideration expected to be received or paid.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Related party transactions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

2 Operating (loss) / profit

	2019 £'000	2018 £'000
Operating (loss) / profit is stated after charging		
Auditors' remuneration		
- fees payable to the Company's auditor for the audit of the financial statements	4	4
- impairment loss on investment in subsidiary	185	-

3 Net interest receivable

	2019 £'000	2018 £'000
Bank interest payable	-	6
Total interest payable and similar charges	-	6
Other interest receivable	-	1
Group interest receivable	716	617
Total interest receivable and similar income	716	618
Net interest receivable	716	612

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

4 Employee costs

	2019 £'000	2018 £'000
Wages and salaries	-	-
Social security costs	-	-
Other pensions costs	-	-
	-	-
The average number of employees (including directors) during the period was:		
	2019	2018
Production	-	-
Selling and distribution	-	-
Administration	-	-
	-	-
Details of directors' emoluments are as follows:		
	2019 £'000	2018 £'000
Aggregate emoluments	-	-
	-	-
Highest paid director		
Aggregate remuneration	-	-
Company contributions to defined contribution pension schemes	-	-
	-	-

During the year, no director (2018: nil) received any remuneration from the company. The directors receive remuneration for their services from group undertakings and related companies. It is not considered practical or possible to accurately apportion these costs to each entity in the group.

There are no retirement benefits accruing to directors of the company under defined contribution personal pension schemes (31 December 2018: none).

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

5 Tax on profit

	2019 £'000	2018 £'000
Current tax		
UK tax	-	-
Total current tax	-	-
Deferred tax		
Current period	-	-
Adjustment to prior periods	-	-
Total deferred tax	-	-
Total tax	-	-

The tax assessed for the period varies from the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit before taxation	405	780
Profit before taxation multiplied by standard rate in the UK 19%	77	148
Effects of:		
Group relief surrendered	-	-
Deferred tax not recognised	24	(30)
Expenses not deductible for tax purposes	35	3
Income not taxable	(136)	(117)
Other short term timing differences	-	(4)
Total current tax for the period	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19% rather than the previously enacted reduction to 17%.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

6 Investments

	£'000
Shares in subsidiary undertakings	
Cost	
At 1 January 2019	29,613
Disposals	-
Additions	40
At 31 December 2019	29,653
Provisions for impairment	
At 1 January 2019	(5,987)
Disposals	-
Charged in the period	(185)
At 31 December 2019	(6,172)
Net Book Value	
At 31 December 2018	23,626
At 31 December 2019	23,481

The company's subsidiary operating undertakings at 31 December 2019 were as follows:

Name of subsidiary	Nature of business	Country of registration /incorporation	Percentage of nominal share capital
JDR Cable Systems Ltd	Offshore oil & gas services	Scotland	100%
JDR Cable Systems Inc	Offshore oil & gas services	United States	100%
JDR Fabrica O E Comercio de Sistemas de Cabos, Umbilicais e Servicos Ltda.	Offshore oil & gas services	Brazil	100%
JDR Cable Systems (Holdings) Inc	Holding Company	United States	100%
JDR Cable Systems GmbH	Not Trading	Germany	100%

The shares in JDR Cable Systems Inc are held by JDR Cable Systems (Holdings) Inc.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

6 Investments (continued)

In accordance with the company's policy on impairment, the directors have considered the recoverability of the company's investments in its subsidiaries in light of the continued losses being made by JDR Cable Systems Limited.

The recoverable amount of the cash-generating unit is a source of significant estimation uncertainty. The recoverable amount was determined using a value-in use calculation which required the use of assumptions.

The calculations use cash flow projections based on financial budget approved by the directors and forecasts covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate.

The key assumptions in the value-in-use calculation included: average annual growth in revenue of 10% and projected growth of 2% beyond the five-year period; average annual charge of £1m relating to provisions for warranties and delay damages; average annual earnings before interest, taxes, depreciation and amortization of 8% of revenue and pre-tax discount rate of 10%.

The recoverable amount of the cash-generating unit based on the above key assumptions exceeded the carrying value of the investments, therefore no impairment loss has been recognised.

7 Debtors

Amounts falling due within one year:	2019 £'000	2018 £'000 Restated
Amounts owed by Group undertakings	21,496	20,812
Prepayments and accrued income	-	200
	21,496	21,012

Amounts owed by Group undertakings are unsecured loans that carry variable interest at Libor plus 2.5%. The company has indicated that it does not intend to seek repayment within one year from the accounting date of these financial statements.

8 Creditors – Amounts falling due within one year

	2019 £'000	2018 £'000
Accruals	-	73
	-	73

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

9 Called up share capital

Company	31 Dec 2019 £'000	31 Dec 2018 £'000
Allotted and fully paid:		
9,600,001 Ordinary shares of £0.10 each	960	960
226,000,824 Deferred Shares of £ 0.10 each	22,600	22,600
48,000,000 Preference shares of £0.10	4,800	4,800
	28,360	28,360

Capital

On a return of assets on liquidation or capital reduction or otherwise, the assets of the company remaining after the payment of its liabilities shall be distributed to the holders of the ordinary shares. The holders of the deferred shares are not entitled to any share of the surplus assets until each of the ordinary shareholders has received £10,000,000 per ordinary share.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

10 Reserves and Shareholders' funds

Called-up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account includes all current and prior period retained profits and losses.

Dividends

The profits of the Company available for distribution shall be applied in paying to the holders of the Ordinary Shares pro rata, according to the amounts paid up or credited as paid up on the ordinary shares held by them respectively, such amount as the directors may decide.

The Deferred Shares carry no right to a dividend.

Voting Rights

A member has one vote for every ordinary share held. The deferred shares have no voting rights.

11 Contingent liabilities

The company is party to a bank facility agreement between certain Group and related companies and their bankers. The company's share capital and assets are pledged under this agreement. The exposure under this agreement is calculated based on net assets and is £0 at 31 December 2019 (2018: £0).

12 Ultimate parent undertaking

The ultimate parent company is Tele-Fonika Holdings Limited, which is the parent company of the largest Group to consolidate these financial statements. The intermediate holding company is Holding JDR Limited. Copies of the Group financial statements can be obtained from the Company Secretary at JDR Cable Systems (Holdings) Limited, Littleport Innovation Park, 177 Wisbech Road, Littleport, Ely, Cambridgeshire, CB6 1RA.

The ultimate controlling party is Mr B Cupial, by virtue of his majority shareholding in the parent company.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

13 Financial assets and liabilities

	2019 £'000	2018 £'000
Financial assets measured at amortised cost		
Debtors	21,496	20,813
Cash at bank	1	8
Financial liabilities measured at amortised cost		
Accruals	-	73

14 Related Party Transactions

As permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the company has taken advantage of disclosure exemptions which remove the requirement to disclose transactions with other Group companies. There were no other transactions with related parties.

15 Deferred tax

At 31 December 2019 the company had an unrecognised deferred tax asset of £720,000 relating to carried forward losses (2018: £720,000).

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

16 Cash flow from operating activities

	31 Dec 2019 £'000	31 Dec 2018 £'000 Restated
Operating (loss) / profit	(312)	168
Impairment loss on investments in subsidiary	185	-
Decrease / (Increase) in debtors	232	305
Decrease in creditors	(72)	(328)
Taxation	-	-
Net cash inflow from operating activities	33	145

17 Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of the company.

An adjustment has been made to the Statement of Financial Position for year ended 31 December 2018 to classify the noncurrent portion of Amounts owed by Group undertakings as Amounts falling due within one year.

An adjustment has been made to the Statement of Cash Flows for fiscal year ended 31 December 2018, to correct the movement in debtors. This change in classification does not affect previously reported cash flows from operating activities in the Statements of Cash Flows.

JDR Cable Systems (Holdings) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (continued)

17 Reclassification of prior year presentation (continued)

The prior year (comparative) amounts have been restated as follows:

Statement of Financial Position (extract)

	2018 (previously reported) £'000	Increase/ decrease £'000	2018 (restated) £'000
Current assets			
Debtors - amounts falling due within one year	210	20,803	21,013
Debtors - amounts falling due after one year	20,803	(20,803)	0

Notes to the financial statements

FS Note: Debtors

Amounts falling due within one year

Amounts owed by Group undertakings	10	20,803	20,813
	210	20,803	21,013

Amounts falling due after one year

Amounts owed by Group undertakings	20,803	(20,803)	0
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FS Note: Cash flow from operating activities

Operating profit	168		168
(Increase)/ decrease in debtors	(307)	612	305
Increase/ (decrease) in creditors	(328)		(328)
Interest	612	(612)	0
	145	0	145

18 Post balance sheet events

Since the year end, the consequences of the COVID-19 outbreak have materially and adversely disrupted the global economic situation. The company is taking appropriate action to monitor, address and mitigate the uncertainties and increased risks facing the company as a result and have taken these additional uncertainties into account in assessing the going concern position.

It is not possible to reliably estimate the duration and severity of the economic consequences of the pandemic, and their impact on the financial position and results of the company for future periods, although as stated in the Directors' report it is not expected that these will be material for the company.