

Company Registration No. SC254764

SPARROWS ANGOLA LIMITED

Report and Financial Statements

For the year ended 31 December 2021



SPARROWS ANGOLA LIMITED

Report and financial statements for the year ended 31 December 2021

Contents	Page(s)
Officers and professional advisers	1
Strategic report	2-4
Directors' report	5-6
Directors' responsibilities statement	7
Independent auditors' report	8-11
Profit and loss account	12
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15-22

SPARROWS ANGOLA LIMITED

Report and financial statements for the year ended 31 December 2021

Officers and professional advisers

Directors

S A A Mitchell
N A Johnson

Secretary

Pinsent Masons Secretarial Limited

Registered Office

13 Queen's Road
Aberdeen
Scotland
United Kingdom
AB15 4YL

Bankers

Royal Bank of Scotland plc
2 Marischal Square
Aberdeen
AB10 1BL

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Solicitors

Pinsent Masons LLP
13 Queen's Road
Aberdeen
AB15 4YL

Freshfields Bruckhaus Deringer LLP
100 Bishopsgate
London
EC2P 2SR

Independent Auditors

PricewaterhouseCoopers LLP
The Capitol
431 Union Street
Aberdeen
AB11 6DA

SPARROWS ANGOLA LIMITED

Strategic report for the year ended 31 December 2021

The directors present the strategic report and audited financial statements of Sparrows Angola Limited ("the Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Company in the current year and previous year was that of inspection and maintenance services to the offshore energy industry.

The Company is a subsidiary of Sparrows Offshore Group Limited and Hawk Debtco Limited ("the Group") group of companies.

Business review

The Group's mission is to support the global energy industry in developing an efficiency-driven culture by optimising the performance, reliability and safety of critical equipment and people through the provision of specialist products and integrated engineering services. This is supported through its core values of:

- HSEQ - we are committed to upholding the highest standards of health, safety, environment and quality globally
- Trust - we prioritise being transparent and reliable to consistently deliver a high quality service to all of our customers
- People - we endeavour to provide a supportive and engaging working environment that allows people to thrive
- Efficiency - we strive to optimise productivity through the delivery of lean value-driven innovative technical solutions
- Integrity - we behave in a manner that reflects mutual respect, honesty and ethical business practice in all of our dealings

Our commitment to consistently provide high quality through our 'above all, one standard' approach to quality and safety means delivery is assured with Sparrows Angola Limited.

The Company profit and loss account for the financial year is presented on page 11.

Key performance indicators

The Company's key performance indicators are turnover, profit after tax and operating profit.

	FY21	FY20
Turnover (£'000)	635	563
Profit/(loss) for the year (£'000)	2,799	(4,877)
Operating profit/(loss) (£'000)	189	(2)

2021 turnover increased on prior year primarily due to growth in activity in the Offshore Energy market and emergence from COVID-19 pandemic.

Principal risks and uncertainties

The management of the business and execution of the Group's strategy, are subject to a number of risks. Key business risks and uncertainties affecting the Group are considered to relate to the development of new business opportunities and the enlargement of the existing client base, particularly in relation to overseas operations and entry into new end markets. Business risks are reviewed regularly by the directors of the Group and appropriate processes are put in place to monitor and mitigate their impact.

SPARROWS ANGOLA LIMITED

Strategic report for the year ended 31 December 2021

Consideration of climate change

In preparing the financial statements we have considered the impact of climate change, particularly in the context of disclosures included in the Strategic report this year. The Company continues to build its presence in the renewables and industrial markets to diversify its end markets. There has not been a material impact on financial reporting judgements and estimates arising from our consideration. The Company is exempt from Streamlined energy and carbon reporting on the basis that this information is included in the consolidated financial statements of indirect parent, Hawk Debtco Limited.

Future developments and COVID-19

The COVID-19 situation was upgraded by the World Health Organization as a global health emergency and formally classed as a pandemic in March 2020. The consequences of the COVID-19 pandemic include (but are not limited to) global supply and manufacturing disruptions, workforce restrictions, global travel restrictions, and unfortunate fatalities.

The Group is an integral part of the energy supply chain and as such has continued to operate across its various territories in providing essential services to its customers in the energy and critical infrastructure sectors.

The Group has put in place COVID-19 related measures in line with local relevant Health & Safety regulations on how its key employees operate and work effectively and safely in its workshops and facilities. The Group continues to work proactively with its key customers and suppliers in relation to ongoing projects and providing essential services to the continuity of supply, and ongoing efficiency of offshore energy production and electricity generation through renewables wind turbines in key markets.

The Group and its customer base have worked collaboratively to be able to continue to provide its essential services, in a safe manner, whilst ensuring it protects the health and well-being of its own, and its customers and suppliers, employees and assets. This includes working collaboratively to ensure staff can undertake necessary quarantine periods, and/or undergo adequate testing, before mobilising to offshore assets or to other key customer sites.

However, there is a risk that the COVID-19 pandemic could potentially have adverse consequences for the Group's revenue and earnings, with the volume and timing of certain work potentially being impacted across a number of regions.

Management continues to closely monitor the impact of the COVID-19 pandemic and respond as appropriate to ensure the ongoing future stability of the business, and continued supply of essential services to its customer base in the broader Energy sector. However, Management is unable to accurately predict the length and ultimate economic impact of various lockdown measures put in place across a number of countries and border closures, and hence the potential impact that COVID-19 could continue to have. Therefore, there exists an element of uncertainty on the final impact on revenue and earnings in 2022. However, Management is confident that the measures it has taken and will continue to take, its end market diversification strategy, together with the Group's sound financial strength, will ensure the long-term success of the Group.

The directors believe that the Group will continue to benefit from broadening its product and service offering within its existing territories and customer base, whilst continuing to diversify into new geographies and customers. The Directors will continue to develop and expand its renewables business and will further build upon its expansion into industrial markets, whilst continuing to proactively manage its cost base.

SPARROWS ANGOLA LIMITED

Strategic report for the year ended 31 December 2021

Approved by the Board of Directors and signed on behalf of the Board



S A A Mitchell
Chief Executive Officer
5 May 2022

SPARROWS ANGOLA LIMITED

Directors' report for the year ended 31 December 2021

The directors present their annual report on the affairs of the Company, together with the audited financial statements and independent auditors' report for the year ended 31 December 2021.

Directors

The present membership of the board is set out on page 1. The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S A A Mitchell
N A Johnson

Future developments

The future developments of the Company are discussed in the Strategic report.

Going concern

The Company is a member of the Sparrows Offshore Group Limited and Hawk Debtco Limited ("the Group") group of companies. The Company is party to cross-guarantees in respect of Hawk Debtco Limited's financing facilities (note 16).

Although inherent uncertainties exist within the Group's future projections, primarily in relation to future market conditions and activity levels and the impact of exchange rate movements on future reported performance and financial position, the directors expect to be in compliance with the Group's current financing terms and conditions for the foreseeable future.

Having considered the foregoing, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be applied in the preparation of these financial statements.

Dividends

No dividends were recommended or paid for the year (2020: £nil).

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of foreign currency risk, credit risk, liquidity risk and interest rate and cash flow risk. The Company does not use derivative financial instruments for speculative purposes.

- **Liquidity risk:** the group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for current and planned operations.
- **Interest rate and cash flow risk:** the group manages interest rate risk on its long-term borrowings by the use of interest rate swap contracts.
- **Credit risk:** the group's policies require appropriate credit checks on potential customers before sales are made. The amount of exposure to an individual counterparty is subject to a limit, which is reassessed on a regular basis.
- **Foreign currency risk:** the group manages foreign exchange risk by using foreign currency denominated debt as a natural hedge. Settlement risk is managed by matching foreign currency receipts and payments whenever possible.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

SPARROWS ANGOLA LIMITED

Directors' report for the year ended 31 December 2021

Post balance sheet events

Hawk Newco Limited, an indirect parent Company of Sparrows Angola Limited, has signed an agreement to sell the Hawk Newco Group to a subsidiary of Altrad Group. Completion of the transaction is subject to customary regulatory approvals and is expected to occur by the second or third quarter of 2022.

Forward-looking statements

Where the financial statements contains forward-looking statements, these are based on current expectations and assumptions and are subject to risk factors and uncertainties which the directors believe are reasonable. Accordingly, the Company's actual future results may differ materially from the results expressed or implied in these forward-looking statements. We do not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company during the year. Under section 487 of the Companies Act 2006 PricewaterhouseCoopers LLP will be deemed to have been re-appointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Approved by the Board of Directors and signed on behalf of the Board



S A A Mitchell
Chief Executive Officer
5 May 2022

SPARROWS ANGOLA LIMITED

Directors' responsibilities statement for the year ended 31 December 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors' report to the members of Sparrows Angola Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sparrows Angola Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement for the year ended 31 December 2021, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

SPARROWS ANGOLA LIMITED

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and Health and Safety laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results, including revenue recognition and manipulation of EBITDA. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of: non-compliance with laws and regulations; claims and litigations; and instances of fraud
- Evaluation, and where relevant, testing of the operating effectiveness of management's controls designed to prevent and detect fraud in financial reporting
- Reading any key correspondence with regulatory authorities received in the year
- Challenging management on assumptions made in their significant accounting estimates
- Identifying and testing journal entries with specific focus on entries containing unusual account combinations and journal entries made by unusual staff members including senior management in response to the risk of management override of controls
- Review of board minutes

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

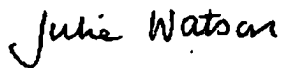
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
5 May 2022

SPARROWS ANGOLA LIMITED

Profit and loss account Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	635	563
Cost of sales		(430)	(606)
Gross profit/(loss)		205	(43)
Administrative expenses		(20)	10
Other operating income	7	4	31
Operating profit/(loss)		189	(2)
Finance income	8	2,610	-
Finance costs	9	-	(4,875)
Profit/ (loss) before taxation	10	2,799	(4,877)
Tax on profit/ (loss)	11	-	-
Profit/(loss) for the financial year		2,799	(4,877)

All of the results for the current and prior year relates to continuing operations.

Statement of comprehensive income Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit/(loss) for the financial year		2,799	(4,877)
Currency translation difference on foreign branch		(2,397)	4,572
Total comprehensive income/(expense)		402	(305)

SPARROWS ANGOLA LIMITED

Balance sheet As at 31 December 2021

	Note	2021 £'000	2020 £'000
Current assets			
Debtors	12	8,795	7,674
Cash at bank and in hand		37	27
		<u>8,832</u>	<u>7,701</u>
Creditors: amounts falling due within one year	13	<u>(21,336)</u>	<u>(20,607)</u>
Net current liabilities		<u>(12,504)</u>	<u>(12,906)</u>
Total assets less current liabilities		<u>(12,504)</u>	<u>(12,906)</u>
Net liabilities		<u>(12,504)</u>	<u>(12,906)</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account		<u>(12,604)</u>	<u>(13,006)</u>
Total shareholders' deficit		<u>(12,504)</u>	<u>(12,906)</u>

The financial statements of Sparrows Angola Limited (registered number SC254764) on pages 12 to 22 were approved by the Board of Directors on 5 May 2022 and signed on its behalf by



N A Johnson
Chief Financial Officer

SPARROWS ANGOLA LIMITED

Statement of changes in equity For the year ended 31 December 2021

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance as at 1 January 2020	100	(12,701)	(12,601)
Loss for the financial year	-	(4,877)	(4,877)
Other comprehensive income for the year	-	4,572	4,572
Total comprehensive expense for the year	-	(305)	(305)
Balance as at 31 December 2020	100	(13,006)	(12,906)
Balance as at 1 January 2021	100	(13,006)	(12,906)
Profit for the financial year	-	2,799	2,799
Other comprehensive expense for the year	-	(2,397)	(2,397)
Total comprehensive income for the year	-	402	402
Balance as at 31 December 2021	100	(12,604)	(12,504)

SPARROWS ANGOLA LIMITED

Notes to the financial statements Year ended 31 December 2021

1. General information

The principal activity of the Company in the current year and previous year was that of inspection and maintenance services to the offshore energy industry.

The Company is a private Company limited by shares and is incorporated and domiciled in Scotland, UK. The address of its registered office is 13 Queens Road, Aberdeen, Scotland AB15 4YL.

2. Statement of compliance

The individual financial statements of Sparrows Angola Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The Company is a member of the Sparrows Offshore Group Limited and Hawk Debtco Limited group of companies. The Company is party to cross-guarantees in respect of Hawk Debtco Limited's financing facilities (note 16).

At 31 December 2021 the Company has net current liabilities of £12.6m (2020: £12.9m) and continues to be reliant on support provided by other Group companies in order to meet its potential obligations. The Company has confirmed the continuing support of the Group and that repayment of the advances from other Group entities will not be sought if it would compromise the ability of the Company to trade in the ordinary course of business.

Although inherent uncertainties exist within the Group's future projections, primarily in relation to future market conditions and activity levels and the impact of exchange rate movements on future reported performance and financial position, the directors expect to be in compliance with the Group's current financing terms and conditions for the foreseeable future.

Having considered the foregoing, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be applied in the preparation of these financial statements.

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

3. Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions:

- (i) A reconciliation of the number of shares outstanding at the beginning and end of the period [FRS 102 para 4.12(a)(iv)];
- (ii) The requirement to prepare a statement of cash flows, on the basis that it is a qualifying entity and its indirect parent Company, Hawk Debtco Limited, includes the Company's cash flows in its own consolidated financial statements [Section 7 of FRS 102 and para 3.17(d)]
- (iii) The non-disclosure of key management personnel compensation in total [FRS 102 para 33.7]
- (iv) The non-disclosure of related party transactions between two or more members of a Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member [FRS 102 para 33.1A]

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and Machinery 3-10 years

Residual value is calculated on prices prevailing at the date of acquisition.

Government grant income

Grant income represents amounts receivable in respect of expenditure. The income is credited to profit and loss in the same period as expenditure is charged to profit and loss. All government grant income received during the year relates to UK Government Coronavirus Job Retention Scheme ("Furlough").

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. At the end of each reporting period such assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amounts would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

3. Summary of significant accounting policies (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset expire or are settled, or (c) substantially all the risks and rewards of the ownership of the asset are transferred to another party or, (d) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from Group companies are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT. Turnover from the provision of goods or services is recognised when the risks and rewards of ownership of goods have been transferred to the customer.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed at the period end as a proportion of the total contract value. Full provision is made for losses on contracts as soon as they are foreseen.

Foreign currency

Amounts expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the close of business at the balance sheet date. Transactions during the year are translated at the rates prevailing at the date of the transactions. Exchange gains or losses are recorded in the profit and loss account.

Taxation

Corporation tax, including United Kingdom and overseas taxation, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. 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 assets and liabilities are not discounted.

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

4. Critical accounting judgements and estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Turnover

The turnover is wholly attributable to the Company's principal activities.

Geographical analysis of turnover:

	2021 £'000	2020 £'000
Turnover by origin		
Africa	635	563

The turnover is wholly attributable to the Company's principal activity. No further segmental analysis of turnover is provided as the directors believe this may be prejudicial to the best interests of the Company.

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

6. Information regarding directors and employees

The directors are also directors of other group companies who settle their remuneration. It is not considered possible to apportion directors' remuneration to this subsidiary on the basis of the level of service and accordingly no allocation has been made. The remuneration paid by other group companies has been disclosed in the financial statements of the companies concerned.

The Company had no employees during the current and preceding year.

7. Other operating income

	2021 £'000	2020 £'000
Government grant income – Job retention schemes	4	31

8. Finance income

	2021 £'000	2020 £'000
Foreign exchange gain	2,610	-

9. Finance costs

	2021 £'000	2020 £'000
Foreign exchange loss	-	4,875

10. Profit/(loss) before taxation

The audit fee of £9,000 (2020: £9,000) was borne by a fellow group Company in the current and prior year.

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

11. Tax on profit/(loss)

	2021 £'000	2020 £'000
Current taxation		
Adjustments in respect of prior periods		
Foreign tax	-	-
Total current tax	-	-
Total tax charge on loss	-	-

The tax assessed on the profit/(loss) for the year is lower (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	2,799	(4,877)
Tax on profit/(loss) at standard rate of 19% (2020: 19%)	532	(927)
<i>Factors affecting charge for the year:</i>		
Group relief not paid for	(75)	-
Losses upon which deferred tax not recognised	(457)	-
Group relief surrendered	-	925
Expenses not deductible for tax purposes	-	2
Total tax charge for the year	-	-

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

12. Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	<u>8,795</u>	<u>7,674</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	21,364	20,599
Accruals and deferred income	<u>26</u>	<u>8</u>
	<u>21,390</u>	<u>20,607</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Called up share capital

	2021 £'000	2020 £'000
Called up, allotted and fully paid		
100,000 (2020: 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>

SPARROWS ANGOLA LIMITED

Notes to the financial statements (continued) Year ended 31 December 2021

15. Financial commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £'000	2020 £'000
Payments due		
Not later than one year	-	3
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>

16. Contingent liabilities

The Company has entered into an arrangement with the Group bankers of its intermediate parent Company, Hawk Debtco Limited, and subsidiaries, whereby cross-guarantees and securities have been granted in respect of the Group debt.

For the purposes of the group financing facilities, the parent Company is Hawk Debtco Limited

Group borrowings are secured by a standard security over any fixed assets and cash balances of the Company and certain other group companies and a floating charge over the whole of the assets of the Company and certain other group companies.

17. Post balance sheet events

Hawk Newco Limited, an indirect parent Company of Sparrows Angola Limited, has signed an agreement to sell the Hawk Newco Group to a subsidiary of Altrad Group. Completion of the transaction is subject to customary regulatory approvals and is expected to occur by the second or third quarter of 2022.

18. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Sparrows Offshore International Group Limited.

The directors regard Hawk Caledonia LP, a limited partnership incorporated in Scotland, as the ultimate parent undertaking and controlling party.

The largest group in which the results of the Company are consolidated at 31 December 2021 is that headed by Sparrows Offshore Group Limited (Registered office: 13 Queens Road, Aberdeen, Scotland, AB15 4YL). The smallest group in which the results of the Company are consolidated at 31 December 2021 is that headed by Hawk Debtco Limited (Registered office: 13 Queens Road, Aberdeen, Scotland, AB15 4YL).