Company Registration No. SC398784 (Scotland)

ENPRO SUBSEA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ENPRO SUBSEA LIMITED

COMPANY INFORMATION

Directors	S Barrie	(Appointed 16 April 2020)
	B Ferguson	(Appointed 20 February 2020)
	A Johnson	(Appointed 20 February 2020)
	D Tipton	(Appointed 20 February 2020)
Secretary	D Willey	
Company number	SC398784	
Registered office	c/o Hunting Energy Services Badentoy Avenue Portlethen Aberdeen AB12 4YB	
Auditor	Deloitte LLP Union Plaza 1 Union Wynd Aberdeen AB10 1SL	

ENPRO SUBSEA LIMITED

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ENPRO SUBSEA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present the strategic report and financial statements for the year ended 31 December 2020.

Fair review of the business
The principal activity of the Company is to provide subsea production optimisation products and services to the oil and gas industry.

On 21 February 2020, Hunting Energy Holdings Limited completed the acquisition of 100% of the share capital of Enpro Subsea Limited. As a result, Enpro Subsea Limited is now a fully owned subsidiary of Hunting Energy Holdings Limited and an indirect subsidiary of Hunting PLC, the LSE listed (LSE: HTG) international energy services group. For periods up to and including the year 31 December 2019, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 issued by the Financial Reporting Council, and on completion of the acquisition by Hunting Energy Holdings Limited, management made the decision to transition the financial statements to be prepared under IFRS. Further details on the impact of this transition can be found in Note 2.

Enpro is a production optimisation specialist focused on delivering enhanced hydrocarbon production for customers through their patented range of products and services.

Enpro's mission is to maximise ultimate recovery from subsea wells by enabling production enhancing technologies on standard hardware while structurally reducing cost and delivering first oil faster.

The Company adds value to clients through its four business streams protected by a strong patent portfolio, Flow Access Modules (FAM), Flow Intervention Services (FIS), Decommissioning (F-Decom) and Field Development (F-Dev).

The results of the Company for the period are set out on page 11. The Company performed strongly during the period, particularly given the continued challenging market conditions and impact of the Covid-19 pandemic, with a profit for the period after taxation of £23,967 (2019: £733,933). Revenue for the period was £10,043,213 (2019: £11,110,653) and a gross profit of £2,024,966 (2019: £3,992,650) was achieved. Net assets at 31 December 2020 totalled £6,122,246 (2019: £6,098,153).

The management team delivered this turnover and gross profit due to continued adoption of its product portfolio and by maintaining strong relationships with long term repeat customers.

Principal risks and uncertainties
The process of managing risk is addressed through a framework of policies and procedures and internal controls. All policies and procedures are subject to an ongoing review by management and subject to independent ISO certification. Compliance with regulation, health and safety, legal and ethical standards is a high priority for the Company.

Economic and market risks together with supply chain risks are managed by establishing strong partner relationships with both clients and subcontractors. The Company's success depends on its ability to win projects, deliver them safely and to client satisfaction and respond effectively to changing client needs.

Strategic risks are managed by the management team who rigorously control the tendering and pricing process ensuring all the risks and rewards are considered prior to tender.

The Company's success depends in part on the continued service of its key management, and on its ability to continue to attract, motivate and retain suitably qualified employees.

In the cyclical oil and gas market, there is some risk that revenue rates fall disproportionately to supply chain costs. Management ensures a flexibility in the Company's headcount by maintaining a reasonable proportion of contractors to staff and builds long term relationships with key partners within its supply chain.

Covid-19 market impact
Like most businesses in the oilfield services industry, the adverse impact on oil supply as a result of the Covid-19 pandemic has significantly impacted upon Enpro's operations.

The safety and wellbeing of our people remained the Company's top priority and we reacted swiftly to implement new ways of working to accommodate the logistical and operational challenges. Whilst these protections have had an impact upon the results of the business we continued to deliver projects whilst safeguarding the health and safety of our people.

As the impact of the pandemic eases and our customers return to the sanction of capital projects the Company anticipates a return to growth.

Financial key performance indicators

The primary key performance indicators used by the Company to assess its performance include revenue (£10,043,213, 2019: £11,110,653), gross profit (£2,024,966, 2019: £3,992,650) and operating profit (£101,915, 2019: £1,045,497) which allow management to understand, assess and subsequently make decisions on the performance of Enpro Subsea Limited as well as tracking progress against its strategic objectives. Year-on-year movements are attributable to reduced volumes and adverse pricing pressure in light of OPEC instability and the impact of the Covid-19 pandemic on commodity markets, as well as a shift in revenue mix and cost inflation in the supply chain.

Section 172(1) Statement

This statement has been prepared in compliance with the Companies (Miscellaneous Reporting) Regulations 2018.

Section 172(1) of the Companies Act 2006 provides that a director of a company must act in a way that he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests - below are the six key factors:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In discharging our Section 172 duties, we have regard to the factors set out above. We also have regard to other factors, which we consider relevant to the decision being made. Those factors, for example, include the interests and views of the Hunting PLC Group entities. The Directors remain conscious that their decisions could have an impact on other stakeholders where relevant. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances.

Each year we review the Company's short and long-term strategy and ensure that it is aligned with that of the Group. We endeavor to operate responsibly and to make carefully considered decisions.

The following sections provide a summary of key stakeholder and associated engagement and decision-making and some of the considerations taken by us in fulfilling our duty under section 172(1) of the Act:

- *Shareholders*: The ultimate parent company and controlling company is Hunting PLC. Each dividend proposal considered by the Directors is determined on its own merits. Dividends reflect business performance over time and the Directors not only consider the results and position of the Company for the financial year in question, but also the future requirements of the Company over the next three years. The Company paid no dividend during the year (2019: £nil) to Hunting PLC or any Hunting Group company.

- *Employees*: At the year-end, the Company had 11 (2019: 16) employees. As a subsidiary of the Hunting PLC Group, the Company is required to comply with the Group's ethical employment and human rights policies, as published in the Hunting PLC Code of Conduct (located at www.huntingplc.com).

  Employees are offered benefits on joining the Company, including healthcare cover, post-retirement benefits and, in certain instances, when Group exceeds performance in terms of operational or financial targets, this includes participation in annual bonus arrangements.

  The Company is committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives.

  The Company targets full compliance with all relevant regional laws covering employment and minimum wage legislation. As a responsible employer, full and fair consideration is given to applications for positions from disabled persons. The Group's ethics policies support equal employment opportunities.

- *Suppliers*: Enpro's supplier base assists the Company in achieving its purpose of providing innovative solutions which our customers can rely on and trust.

  Enpro's strategic sourcing includes working with a wide range of suppliers with regular two-way dialogue on technical or quality specifications and expectations. Enpro works closely with its supply chain to ensure that procedures and processes are fit for purpose including Quality Assurance, Health and Safety performance and employment practices.

  In the case of new suppliers, qualification procedures are in place to ensure quality and delivery expectations are met.

  Like the Group's customer base, Enpro completes due diligence on its supplier base and communicates its ethics policies to its major suppliers. The Group's Code of Conduct is issued to its suppliers and specifically our Modern Slavery policy, which highlights the Group's ethical trading and fair labour policies.

- *Governments*: The Company seeks to comply with all applicable and relevant local laws and regulations. The Company is also committed to acting with integrity and transparency in all tax matters, to comply with local tax regulation and pay taxes when due. The Company's tax contributions comprise corporate income taxes. When evaluating how the Company's business affairs should be organised, a wide variety of factors are considered, including operational efficiency, risk management and taxation. If the tax regulation allows the Company's business affairs to be organised in a manner which reduces tax costs, while meeting the Company's overall objectives, the Directors will do so but the Company will not carry out tax evasion or create artificial structures. Where appropriate, professional tax or legal advisers will be engaged to ensure that tax law has been interpreted correctly. The Company will not enter into transactions that have a main purpose of interpreting tax law that is opposed to its original intention or spirit. Day-to-day matters are delegated to the Group's Head of Taxation and a small team of in-house tax professionals who hold a combination of accounting and tax qualifications. The Directors also monitor and discuss changes to tax legislation that will have an impact on the Company.

The Directors consider that, in complying with its statutory duty during 2020 and under section 172 of the Companies Act 2006 (the "Act"), they have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of its members and stakeholders as a whole.

This report was approved by the board of directors on 17 December 2021 and signed on its behalf by:

B Ferguson
Director

Date: 17 December 2021

The Directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the Company is to provide subsea production optimisation products and services to the oil and gas industry.

Results and dividends
The results for the year are set out on page 11.

No ordinary dividends were paid in the current or prior year. The Directors do not recommend payment of a final dividend.

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

T Bryce	(Resigned 20 February 2020)
I Donald	(Resigned 20 February 2020)
S Barrie	(Appointed 16 April 2020)
B Ferguson	(Appointed 20 February 2020)
A Johnson	(Appointed 20 February 2020)
D Tipton	(Appointed 20 February 2020)
E Gamman	(Resigned 20 February 2020)
G Herrera	(Resigned 20 February 2020)
J Reid	(Resigned 20 February 2020)
S Robb	(Resigned 20 February 2020)
N Rogerson	(Resigned 20 February 2020)
P Rose	(Appointed 20 February 2020 and resigned 15 April 2020)
D Slattery	(Resigned 20 February 2020)

Financial instruments
See Note 23 to the financial statements.

Engagement with employees
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them through formal and informal meetings.

Future developments
The Directors remain confident that the Company will continue to expand its customer base and revenue through:

- Continued client adoption of its FAM product line.
- Commercialisation of its FIS 15k asset and service offering.
- Continued success with F-Decom, whilst developing new opportunities for application on alternative structure types.
- Focused development of the North Sea, West Africa & Gulf of Mexico regions as well as other international opportunities.

Research and development
The Company continues to utilise its technical and materials expertise to remain at the forefront of innovative technology and produce specialist products and services to maximise the performance and capabilities of its customers. The Company maintains its links to key oilfield service companies in the United Kingdom and elsewhere and continues to work with new and existing customers and suppliers to develop its knowledge and products.

Auditor
Anderson Anderson and Brown Audit LLP resigned as auditors to the Company and were replaced by the appointment of Deloitte LLP. In accordance with section 485 of the Companies Act 2006, a resolution to re-appoint the auditor, Deloitte LLP, will be put at a General Meeting.

Statement of disclosure to auditor
Each Director in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Post balance sheet events
The Directors do not consider any post balance sheet events to exist at the date of signing the financial statements.

This report was approved by the board of directors on 17 December 2021 and signed on its behalf by:

B Ferguson
Director

Date: 17 December 2021

ENPRO SUBSEA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are 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. 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.

ENPRO SUBSEA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENPRO SUBSEA LIMITED

Opinion

In our opinion the financial statements of Enpro Subsea Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included anti-bribery legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Significant risk surrounding revenue cut-off and project accounting. Testing was performed on sales post year end, and projects and their associated stage of completion at year end. Work was also performed on the design and implementation of key revenue controls.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

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

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

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's 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.

G. Hollis

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Graham Hollis, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
Date: 17 December 2021

ENPRO SUBSEA LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	4	10,043,214	11,110,653
Cost of sales		(8,018,248)	(7,118,003)
Gross profit		2,024,966	3,992,650
Other operating income		5,662	90,026
Administrative expenses		(1,928,713)	(3,037,179)
Operating profit	5	101,915	1,045,497
Investment income	9	40,706	21,169
Finance costs	10	(5,810)	(302,910)
Profit before taxation		136,811	763,756
Income tax expense	11	(112,844)	(29,823)
Profit and total comprehensive income for the year		23,967	733,933

The income statement has been prepared on the basis that all operations are continuing operations.

There were no items of other comprehensive income and consequently no separate statement of comprehensive income is presented.

The statement of comprehensive income should be read in conjunction with the Notes to the financial statements on pages 16 - 45.

ENPRO SUBSEA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £	2018 £
Non-current assets				
Intangible assets	12	1,090,815	1,089,884	728,935
Property, plant and equipment	13	5,159,674	4,469,923	2,183,540
Right-of-use assets	14	209,269	270,519	320,815
Investments	15	2	2	2
		6,459,760	5,830,328	3,233,292
Current assets				
Inventories	17	194,634	30,534	85,213
Trade and other receivables	18	5,915,705	7,529,128	7,315,589
Cash and cash equivalents		1,778,290	2,548,038	2,955,159
		7,888,629	10,107,700	10,355,961
Current liabilities				
Trade and other payables	20	3,293,495	4,640,044	4,023,049
Borrowings	19	100	270,002	280,003
Lease liabilities	21	75,527	60,485	287,402
		3,369,122	4,970,531	4,590,454
Net current assets		4,519,507	5,137,169	5,765,507
Non-current liabilities				
Trade and other payables	20	450,131	585,171	-
Borrowings	19	3,599,974	3,600,000	3,600,000
Lease liabilities	21	159,557	225,039	55,094
Deferred tax liabilities	22	647,459	459,134	74,413
		4,857,121	4,869,344	3,729,507
Net assets		6,122,146	6,098,153	5,269,292
Equity				
Called up share capital	25	145	119	118
Share premium account	26	598,007	598,007	503,080
Retained earnings		5,523,994	5,500,027	4,766,094
Total equity		6,122,146	6,098,153	5,269,292

ENPRO SUBSEA LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 17 December 2021 and are signed on its behalf by:

B Ferguson
Director

The statement of financial position should be read in conjunction with the Notes to the financial statements on pages 16 - 45.

Company Registration No. SC398784

ENPRO SUBSEA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Stated for the period ended 31 December 2019:					
Balance at 1 January 2019 under FRS 102		118	503,080	4,787,775	5,290,973
Transition adjustments	**2**	-	-	(21,681)	(21,681)
Balance at 1 January 2019 under IFRS		118	503,080	4,766,094	5,269,292
Year ended 31 December 2019:					
Total comprehensive income under IFRS	**30**	-	-	733,933	733,933
Issue of share capital	**25**	1	99,022	-	99,023
Redemption of shares	**25**	-	(4,095)	-	(4,095)
Balance at 31 December 2019		119	598,007	5,500,027	6,098,153
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	23,967	23,967
Issue of share capital	**25**	145	-	-	145
Reduction in shares	**25**	(119)	-	-	(119)
Balance at 31 December 2020		145	598,007	5,523,994	6,122,146

The statement of changes in equity should be read in conjunction with the Notes to the financial statements on pages 16 - 45.

ENPRO SUBSEA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from operations	29		765,221		3,017,824
Interest paid	10		(5,810)		(302,910)
Tax refunded			24,086		161,330
Non-cash movement on adoption of new *accounting standards*	2		-		(320,815)
Net cash inflow from operating activities			783,497		2,555,429
Investing activities					
Purchase of intangible assets	12	(73,361)		(425,049)	
Purchase of property, plant and equipment	13	(1,194,412)		(2,594,204)	
Interest received	9	40,706		21,169	
Net cash used in investing activities			(1,227,067)		(2,998,084)
Financing activities					
Proceeds from issue of shares	25	-		99,023	
Redemption of shares	25	-		(4,095)	
Repayment of borrowings	19	(269,928)		-	
Payment of lease liabilities	21	(56,250)		(59,394)	
Net cash (used in)/generated from financing activities			(326,178)		35,534
Net decrease in cash and cash equivalents			(769,748)		(407,121)
Cash and cash equivalents at beginning of year			2,548,038		2,955,159
Cash and cash equivalents at end of year			1,778,290		2,548,038
Relating to:					
Bank balances			1,778,290		2,548,038

1 Accounting policies

Company information

Enpro Subsea Limited is a private Company limited by shares incorporated in Scotland. The registered office is c/o Hunting Energy Services, Badentoy Avenue, Portlethen, Aberdeen, AB12 4YB. The Company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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

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

These financial statements for the year ended 31 December 2020 are the first financial statement of Enpro Subsea Limited prepared in accordance with IFRS. The Company transitioned from FRS 102 to IFRS for all periods presented and the date of transition to IFRS was 1 January 2019. Further details on the impact of the transition can be found in Note 2.

1.2 Going concern

The Directors, having made due and careful enquiry, are of the opinion that the Company has adequate working capital to execute its operations over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In arriving at this conclusion, the Directors have given due consideration to the impact of the worldwide Covid-19 pandemic on future operations and the ability of the Company to continue to operate as a going concern. The Directors recognise that the situation remains highly fluid and as a result making accurate forecasts on the likely implications is difficult, however the Directors recognise that trading over the coming months could potentially be adversely affected.

Despite this, the Directors remain confident that the Company can continue to operate as a going concern and trade profitably. This assessment is based on risk adjusted projections which considers sensitivities around further potential revenue reductions. The Directors believe they can make suitable operational changes should revenue levels reduce beyond their base case projections and would be able to continue to trade over the next 12 months. This, retained reserves and financial support from the group will allow the Company to continue to meet its obligations as they fall due.

As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

1 Accounting policies **(Continued)**

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. The Company has adopted IFRS 15 in the current and prior year using the full retrospective method of adoption. IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are met:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Long term construction contracts

Profit and revenue recognition on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a basis to reflectthe proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which has been completed to date based on conclusion of contract milestones and taking account of costs incurred to date. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer or there is a reasonable degree of certainty that they will be accepted. Full provision is made for losses on all contracts in the year in which they are first foreseen.

The Company applies the IFRS 15 'Revenue from Contracts with Customers' five-step model whereby revenue is recognised at an amount which reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The five-step model involves the following steps: identification of a contract with a customer, identification of the performance obligations of the contract, determination of the transaction price, allocation of the transaction price, and finally recognition of the revenue as the performance obligations are satisfied.

1 Accounting policies **(Continued)**

1.4 Intangible assets other than goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:
- Patents & licences - 10 years
- Development costs - 10 years
- Trademarks - 10 years

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold property	17%
Office equipment	25%
Plant and equipment	20%
Right-of-use assets	Over lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Non-current investments

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

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

1 Accounting policies **(Continued)**

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The Company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1 Accounting policies **(Continued)**

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.18 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Impact of adoption of IFRS

These financial statements, for the year ended 31 December 2020, are the first the Company has prepared in accordance with IFRS and applicable accounting standards. For periods up to and including the year 31 December 2019, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 issued by the Financial Reporting Council.

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2020, together with the comparative period data as at and for the year ended 31 December 2019, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2019, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its local GAAP statement of financial position as at 1 January 2019 and its previously published local GAAP financial statements as at and for the year ended 31 December 2020.

All items of property, plant and equipment have been presented at cost with no aggregate adjustment for items at fair value as cost is representative of fair value.

The following new and revised Standards and Interpretations came into effect on 1 January 2020 and have been applied by the Company in all periods reported due to IFRS 1 prohibiting the application of different versions of IFRSs that became effective at earlier dates.

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company and have an effect on the current period or a prior period or may have an effect on future periods:

		Effective from:
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
IAS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 9, IAS 39 and IFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 16 (Amendments)	Covid-19-related Rent Conscessions	1 June 2020

The Directors do not expect that the adoption of the other Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

Due to the Company's transition from FRS 102 to IFRS at 1 January 2019, the Company has applied IFRS 16 (as issued by the IASB in January 2017) for the current and prior year. The date of initial application of IFRS 16 for the Company is 1 January 2019. IFRS 16 was the only standard which had a material impact on previously reported figures, aside from the requirement of additional disclosures, and is wholly attributable to the adjustments made on the Company's transition to IFRS.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described below. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

2 Impact of adoption of IFRS **(Continued)**

Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

(a) Impact of the new definition of a lease
The Company has adjusted all amounts related to its leases to reflect IFRS 16 from the date of transition to IFRS Standards, being 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting
(i) Former operating leases
IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the partnership has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

(ii) Former finance leases
The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the partnership recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

(c) Financial impact of the initial application of IFRS 16
The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the prior year.

2 Impact of adoption of IFRS **(Continued)**

Impact on profit or loss

	2019
	£
Increase in depreciation of right-of-use asset	61,250
Increase in finance costs	7,074
Decrease in other expenses	(75,000)
Increase in profit for the year (Note 30)	6,676

Impact on assets, liabilities and equity as at 31 December 2019

	Notes	IFRS 16 adjustments
		£
Right-of-use assets	14	270,519
Net impact on total assets		270,519
Lease liabilities	21	(285,524)
Net impact on total liabilities		(285,524)
Reported retained earnings at 31 December 2019 under FRS 102		5,515,032
Effect on transition to IFRS		(15,005)
Retained earnings at 31 December 2019 under IFRS		5,500,027

The impact of the transition to the IFRS Standards on the total equity and financial performance of the Company is disclosed in Note 30.

Company as a lessee:

(1) The application of IFRS 16 to leases previously classified as operating leases under FRS 102 resulted in the recognition of right-of-use assets of £270,519 and lease liabilities of £285,524. It also resulted in a decrease in other expenses of £75,000 and an increase in depreciation of £61,250 and interest expense of £7,073.

(2) Equipment under finance lease arrangements previously presented within 'Property, plant and equipment' of £270,519 is now presented within the line item 'Right-of-use assets'. There has been no change in the amount recognised.

(3) The lease liability on leases previously classified as finance leases under FRS 102 and previously presented within 'Obligations under finance leases' of £285,524 is now presented in the line 'Lease liabilities'. There has been no change in the liability recognised.

The application of IFRS 16 has an impact on the statement of cash flows of the Company.

2 Impact of adoption of IFRS **(Continued)**

Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the partnership has opted to include interest paid as part of financing activities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

		Effective from:
IFRS 17	Insurance Contracts	1 January 2023
IFRS 4 (Amendments)	Insurance Contracts	1 January 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvements 2018-2020 Cycle	Amendments to IFRS 1 (subsidiary as a first-time adopter), IFRS 9 (fees in the '10 percent' test for derecognition of financial liabilities), IFRS 16 (lease incentives), IAS 41 (taxation in the fair value measurements)	1 January 2022
IFRS 3 (Amendments)	References to the Conceptual Framework	1 January 2022
IAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IFRS 4 (Amendments)	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Revenue and margin recognition on long-term contracts

Revenue on unfulfilled contracts is recognised based on the estimated stage of completion and only when the outcome of the contract can be estimated reliably. At 31 December 2020 there were 19 contracts (2019: 15) in the course of completion which required an assessment of the stage of completion and expected profitability. The stage of completion is reviewed on a contract by contract basis.

In making this judgement, management have considered the detailed criteria for the recognition of revenue from the sale of goods set outlined IFRS 15 - Revenue from Contracts with Customers. Management have concluded that the most reliable measure of completion against performance obligations is based on the proportion of the total contract costs incurred to date.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

Property, plant and equipment is amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the income statement in specific periods, however the Directors do not consider there to be a significant risk that the current assumptions are likely to change to the extent that could cause a material adjustment to the carrying value of the Company's property, plant and equipment in the next financial year, and accordingly no sensitivities to these assumptions have been disclosed

4 Revenue

4.1 Disaggregated Revenue information

Set out below is the disaggregation of revenue from the Company's contracts with customers:

Further detail regarding the categories of revenue can be seen on page 31.

	For the year ended 31 December 2020				
	F Decom	**FAM**	**F Dev**	**FIS**	**Total**
	£	**£**	**£**	**£**	**£**
Type of goods or service	5,543,495	3,834,228	625,375	40,115	10,043,213
Geographical markets					
United Kingdom	5,543,495	711,302	-	-	6,254,797
Europe	-	-	-	-	-
America	-	2,723,003	625,375	-	3,348,378
Africa	-	399,923	-	40,115	440,038
Total revenue from contracts with customers	5,543,495	3,834,228	625,375	40,115	10,043,213
Timing of revenue recognition					
Goods transferred over time	5,543,495	3,834,228	625,375	40,115	10,043,213

	For the year ended 31 December 2019				
	F Decom	**FAM**	**F Dev**	**FIS**	**Total**
	£	**£**	**£**	**£**	**£**
Type of goods or service	2,561,627	7,901,112	647,914	-	11,110,653
Geographical markets					
United Kingdom	2,561,627	1,264,191	199,242	-	4,025,060
Europe	-	-	448,672	-	448,672
America	-	3,676,042	-	-	3,676,042
Africa	-	2,960,879	-	-	2,960,879
Total revenue from contracts with customers	2,561,627	7,901,112	647,914	-	11,110,653
Timing of revenue recognition					
Goods transferred over time	2,561,627	7,901,112	647,914	-	11,110,653

4 Revenue (Continued)

Set out below, is the reconciliation of the revenue from contracts with customers:

	For the year ended 31 December 2020				
	F Decom	**FAM**	**F Dev**	**FIS**	**Total**
	£	**£**	**£**	**£**	**£**
External customers	5,543,495	3,834,228	625,375	40,115	10,043,213
Total revenue from contracts with customers	5,543,495	3,834,228	625,375	40,115	10,043,213

	For the year ended 31 December 2019				
	F Decom	**FAM**	**F Dev**	**FIS**	**Total**
	£	**£**	**£**	**£**	**£**
External customers	2,561,627	7,901,112	647,914	-	11,110,653
Total revenue from contracts with customers	2,561,627	7,901,112	647,914	-	11,110,653

4.2 Contract balances

	2020	**2019**
	£	**£**
Trade receivables	357,723	5,143,873
Accrued income	684,642	1,123,406
Deferred income	-	(1,005,901)

4.3 Performance obligations

Information about the Company's performance obligations are summarised below:

Field Decommissioning ("F Decom")
F Decom is a low risk method of accessing trapped attic fluids in gravity based structures, enabling operators to meet their OSPAR requirements.

The F Decom contract comprises two different types of contract. Sale of equipment and provision of services.

Under the sale of equipment, Enpro promises to provide equipment to the customer, no other service such as installation etc is promised. The customer would engage in field decommissioning services as a separate arrangement. As such provision of the equipment is the performance obligation in the contract.

With regards provision of services, Enpro is responsible for providing qualified and skilled employees. The customer takes responsibility for the work done by them. Thus, each hour of service provided is a distinct performance obligation under IFRS15. However, given the nature of the services provided are the same, Enpro can apply series guidance and consider the work done by the employee per week or month as one performance obligation under series guidance under IFRS15.

4 Revenue **(Continued)**

Flow Access Modules ("FAM")
FAM creates a flexible access point within the subsea jumper envelope, enabling the use of standard Christmas trees whilst providing life of field flexibility within the system design.

Enpro produces FAM equipment which is provided to the customer. The customer benefits from each item of FAM equipment. Each item of FAM equipment delivered as part of the contract would constitute a distinct performance obligation under IFRS15.

Field Development ("F Dev")
F Dev provides outsourced engineering and project management expertise to provide best execution and delivery of clients field development strategies.

Under these contracts, Enpro is responsible for providing qualified and skilled employees. The customer takes responsibility for the work done by them.

This is a contract type where each hour of service provided is a distinct performance obligation under IFRS15.

However, given the nature of the services provided are the same, Enpro can apply series guidance and consider the work done by the employee per week or month as one performance obligation under series guidance under IFRS15.

Flow Intervention System ("FIS")
FIS is an intervention system and aftermarket support offering for low cost hydraulic intervention.

Under these contracts, Enpro is responsible for providing qualified and skilled employees. The customer takes responsibility for the work done by them.

This is a contract type where each hour of service provided is a distinct performance obligation under IFRS15.

However, given the nature of the services provided are the same, Enpro can apply series guidance and consider the work done by the employee per week or month as one performance obligation under series guidance under IFRS15.

4.4 Unsatisfied contracts
At the year end, the Company has contracts with which there are remaining performance obligations either partially or fully satisfied of £1.328m (2019: £5.340m). These obligations are expected to be satisfied in 2021.

5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(92,205)	(85,020)
Research and development costs	-	1,242,050
Government grants	-	(90,026)
Depreciation of property, plant and equipment	504,661	307,821
Depreciation of right-of-use assets	61,250	61,250
Amortisation of intangible assets (included within administrative expenses)	72,430	64,100
Cost of inventories recognised as an expense	4,927,206	4,549,559

Government grants relate to funding received from Scottish Enterprise for US market research to assist geographical expansion.

6 Auditor's remuneration

	2020	2019
Fees payable to the Company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the Company	20,000	15,250

7 Employees

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2020	2019
	Number	Number
Management	7	6
Other	4	10
Total	11	16

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	353,244	209,849
Social security costs	153,356	50,284
Pension costs	10,515	32,422
	517,115	292,555

8 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	116,837	209,849
Company pension contributions to defined contribution schemes	10,515	32,422
	127,352	242,271

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2019: 7).

Following the Company's acquisition by Hunting Energy Holdings Limited on 21 February 2020 the Directors ceased to receive remuneration from Enpro Subsea Limited and were instead paid by entities under common control who make no recharges to the Company. The Directors serve on a number of other subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each subsidiary.

Remuneration disclosed above include the following amounts paid to the highest paid Director:

Remuneration for qualifying services	n/a	71,263
Company pension contributions to defined contribution schemes	n/a	8,363

As aggregate remuneration for Directors does not exceed £200,000 in 2020, no highest paid director information has been disclosed for the year ended 31 December 2020.

9 Investment income

	2020	2019
	£	£
Interest income		
Financial instruments measured at amortised cost:		
Other interest income on financial assets	40,706	21,169

Income above relates to assets held at amortised cost, unless stated otherwise.

Interest income represents interest charged on intercompany balances.

10 Finance costs

	2020	2019
	£	£
Interest on lease liabilities (Note 30)	5,810	7,074
Dividends on redeemable preference shares not classified as equity	-	288,000
Other interest payable	-	7,836
Total interest expense	5,810	302,910

11 Income tax expense

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	(92,001)	(327,531)
Adjustments in respect of prior periods	16,520	(47,060)
Total UK current tax	(75,481)	(374,591)
Foreign taxes and reliefs	-	19,693
	(75,481)	(354,898)
Deferred tax		
Origination and reversal of temporary differences	149,199	337,631
Changes in tax rates	52,448	-
Adjustment in respect of prior periods	(13,322)	47,090
	188,325	384,721
Total tax charge	112,844	29,823

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020	2019
	£	£
Profit before taxation	136,811	763,756
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	25,994	145,114
Effect of expenses not deductible in determining taxable profit	31,204	98,571
Adjustment in respect of prior years	3,198	(1,207)
Effect of change in UK corporation tax rate	52,448	(39,721)
Research and development tax credit	-	(192,627)
Effect of overseas tax rates	-	19,693
Taxation charge for the year	112,844	29,823

Deferred tax is calculated in full on temporary differences under the liability method using the tax rate applicable to the territory in which the asset or liability has arisen. Deferred tax is provided at 19% (2019:17%).

The Finance Act 2020, substantively enacted on 17 March 2020, superseded provisions from previous Finance Acts and set the tax rate to continue at 19% for financial years 2020 and 2021. The Finance Act 2020, substantively enacted on 24 May 2021, set the main tax rate to continue at 19% for financial year 2022, but introduced a new main tax rate of 25% for financial year 2023.

12 Intangible assets

	Patents & licences	Development costs	Trademarks	Total
	£	£	£	£
Cost				
At 1 January 2019	500,000	278,935	-	778,935
Additions	196,999	225,340	2,710	425,049
At 31 December 2019	696,999	504,275	2,710	1,203,984
Additions	24,593	48,768	-	73,361
At 31 December 2020	721,592	553,043	2,710	1,277,345
Amortisation				
At 1 January 2019	50,000	-	-	50,000
Charge for the year	63,829	-	271	64,100
At 31 December 2019	113,829	-	271	114,100
Charge for the year	72,124	-	306	72,430
At 31 December 2020	185,953	-	577	186,530
Carrying amount				
At 31 December 2020	535,639	553,043	2,133	1,090,815
At 31 December 2019	583,170	504,275	2,439	1,089,884

Development expenditure relates to engineering and testing of new applications for the existing product lines which is not complete and in use at year end. Amortisation is not currently being charged but will be charged once the applications have been completed and are commercially available.

13 Property, plant and equipment

	Freehold property	Office equipment	Plant and equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	36,671	94,525	2,237,581	2,368,777
Additions	-	14,045	2,580,159	2,594,204
At 31 December 2019	36,671	108,570	4,817,740	4,962,981
Additions	-	12,706	1,181,706	1,194,412
At 31 December 2020	36,671	121,276	5,999,446	6,157,393
Accumulated depreciation				
At 1 January 2019	3,389	57,846	124,002	185,237
Charge for the year	6,112	16,356	285,353	307,821
At 31 December 2019	9,501	74,202	409,355	493,058
Charge for the year	6,112	16,895	481,654	504,661
At 31 December 2020	15,613	91,097	891,009	997,719
Carrying amount				
At 31 December 2020	21,058	30,179	5,108,437	5,159,674
At 31 December 2019	27,170	34,368	4,408,385	4,469,923

Included within plant & equipment are costs relating to equipment that is not complete and in use at year end. Assets under construction at 31 December 2020 totalled £3,591,174 (2019: £2,409,468). Depreciation is not currently being charged but will be charged once the equipment is completed and is use.

14 Right-of-use assets

	Office lease
	£
Cost	
At 1 January 2019	367,498
At 31 December 2019	367,498
At 31 December 2020	367,498
Accumulated depreciation	
At 1 January 2019	35,729
Charge for the year	61,250
At 31 December 2019	96,979
Charge for the year	61,250
At 31 December 2020	158,229
Carrying amount	
At 31 December 2020	209,269
At 31 December 2019	270,519

15 Investments

	2020	2019
	£	£
Investments in subsidiaries	2	2

All investments in subsidiaries are stated at amortised cost which the Directors believe to be the same as on acquisition.

16 Subsidiaries

Details of the Company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Principal activities	Class of shares held	% Held Direct	Voting
Enpro Subsea Operations Limited	1	Dormant company	Ordinary	100.00	100.00
Enpro Subsea Group Limited	1	Dormant company	Ordinary	100.00	100.00
Enpro Subsea LLC	2	Dormant company	Ordinary	100.00	100.00

16 Subsidiaries **(Continued)**

Registered office addresses (all UK unless otherwise indicated):

1 C/O Hunting Energy Services, Badentoy Avenue, Badentoy Industrial Estate, Portlethen, Aberdeen, United Kingdom, AB12 4YB

2 16825 Northchase Drive, Suite 600, Houston, Texas, 77060

The Company also indirectly owns Enpro Subsea Group Limited (Ghana) and Enpro Subsea Group Ghana Limited, both registered in Ghana. Both of these companies are currently dormant and have not traded since incorporation.

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006. The smallest and largest group in which the results of the Company are consolidated is that headed by Hunting PLC. A copy of these accounts are available at 5 Hanover Square, London, England, W1S 1HQ.

The investments in subsidiaries are all stated at cost.

17 Inventories

	2020	2019
	£	£
Finished goods	194,634	30,534

18 Trade and other receivables

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Trade receivables	357,723	5,143,873	-	-
Current tax recoverable	406,292	354,899		
VAT recoverable	180,546	366,150	-	-
Amounts owed by related parties (Note 27)	3,805,214	33,019	-	-
Other receivables	92,627	87,807	-	-
Prepayments	1,073,303	1,543,380	-	-
	5,915,705	7,529,128	-	-

Amounts due from related parties relates to loans from related group companies. These balances have no set repayment terms and accrue interest on balances outstanding. All loans with related parties are repayable on demand and therefore classified as current assets.

19 Borrowings

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Borrowings held at amortised cost:				
Share capital treated as debt	-	-	-	26
Share premium treated as debt	-	-	3,599,974	3,599,974
Directors' loans (Note 27)	-	199,902	-	-
Loans from related parties	100	70,100	-	-
	100	270,002	3,599,974	3,600,000

Disclosure of the terms and conditions attached to the non-equity shares is made in Note 25.

20 Trade and other payables

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Trade payables	323,528	1,112,282	-	-
Accruals and deferred income	2,816,564	3,472,160	-	-
Social security and other taxation	150,773	41,690	-	-
Other payables	2,630	13,912	450,131	585,171
	3,293,495	4,640,044	450,131	585,171

21 Lease liabilities

	2020	2019
Maturity analysis	£	£
Within one year	75,000	56,250
In two to five years	168,750	243,750
Total undiscounted liabilities	243,750	300,000
Future finance charges and other adjustments	(8,666)	(14,476)
Lease liabilities in the financial statements	235,084	285,524

21 Lease liabilities **(Continued)**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£	£
Current liabilities	75,527	60,485
Non-current liabilities	159,557	225,039
	235,084	285,524

	2020	2019
Amounts recognised in profit or loss include the following:	£	£
Interest on lease liabilities	5,810	7,074

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances	Tax losses	Short term timing differences	Total
	£	£	£	£
Deferred tax liability at 1 January 2019	(113,311)	35,496	3,402	(74,413)
Deferred tax movements in prior year				
Credit to profit or loss	(350,375)	(35,496)	1,150	(384,721)
Deferred tax liability at 1 January 2020	(463,686)	-	4,552	(459,134)
Deferred tax movements in current year				
Credit to profit or loss	(189,475)	-	1,150	(188,325)
Deferred tax liability at 31 December 2020	(653,161)	-	5,702	(647,459)

Deferred tax assets of £6,000 (2019: £5,000) have been recognised as the Company has assessed that the realisation of the benefit is probable.

23 Financial instruments

Categories of financial instruments

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The carrying amounts of financial instruments

	2020	2019
	£	£
Financial assets at amortised cost		
Trade debtors	357,723	5,143,873
Finished goods	194,634	30,534
Other receivables	92,627	87,807
	644,984	5,262,214

	Book value 2020	Fair value 2020	Book value 2019	Fair value 2019
	£	£	£	£
Financial assets at fair value				
Cash at bank and in hand	1,778,290	1,778,290	2,548,038	2,548,038
Amounts owed by related parties (Note 27)	3,805,214	3,805,214	33,019	33,019
	5,583,504	5,583,504	2,581,057	2,581,057

	2020	2019
	£	£
Financial liabilities at amortised cost		
Trade payables	(323,528)	(1,112,282)
Accruals	(2,816,564)	(2,466,259)
Deferred income	-	(1,005,901)
Other payables	(2,630)	(13,912)
Irredeemable preference shares	(3,599,974)	(3,600,000)
	(6,742,696)	(8,198,354)

As at 31 December 2020, the Company held no financial liabilities at fair value (2019: none).

The carrying value of the Company's financial assets and liabilities measured at amortised cost are approximately equal to their fair value.

Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. The Company only transacts with entities that are rated the equivalent to investment grade and above. This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to assess its major customers. The maximum credit exposure of the Company is £nil (2019: £nil).

23 Financial instruments **(Continued)**

Capital risk management

The Company capital is managed by Group Treasury as part of the overall Group position. The Group manages its capital to ensure that entities in the Group have access to funds as required.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise but are not considered significant. Exchange rate movements are monitored within the Group.

Externally imposed capital requirement

The Company is not subject to externally imposed capital requirements.

Financial risk management objectives

The Company is ultimately controlled by Hunting PLC ("The Group"). The Group seeks to minimise the effects of floating interest rate risk by using derivate financial instruments to hedge these risk exposures. The use of financial derivatives is governed by their Group's policies approved by the board of directors, which provide written principles on interest rate risk and the use of financial derivatives. Compliance with policies is reviewed by the internal auditor on a quarterly basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Liquidity risk management

The liquidity of the Company is managed by Group Treasury as part of the overall Group position. The Group managed its liquidity to ensure that entities in the Group have access to funds as required.

24 Retirement benefit schemes

Defined contribution schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £96,613 (2019: £32,422). There were outstanding pension contributions of £18,222 at 31 December 2020 (2019: £9,569).

25 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£**	**£**
Authorised, issued and fully paid				
Ordinary A of 1p each	-	3,361	-	34
Ordinary B of 1p each	-	8,023	-	80
Ordinary D of 1p each	-	480	-	5
Ordinary of £1 each	145	-	145	-
	145	11,864	145	119

25 Share capital (Continued)

	2020	2019	2020	2019
Preference share capital	**Number**	**Number**	**£**	**£**
Authorised, issued and fully paid				
Preference A of 1p each	-	2,630	-	26

Preference shares classified as liabilities	-	26

During the year the Company issued 6 Ordinary A shares of £0.01 each for a consideration of £0.06. Following this, a special resolution was passed to convert and consolidate the new and existing Ordinary A, Ordinary B, Ordinary D and Preference A shares into 145 ordinary shares of £1.00 each.

All classes of share have an equal voting right. The preference shares have priority over other share classes in respect of dividends receivable and on a return on capital up to a set hurdle of net proceeds. All other shares rank equally in respect of dividends and return on capital.

26 Share premium account

	2020	2019
	£	£
At the beginning of the year	598,007	503,080
Issue of new shares (Note 25)	-	99,022
Share capital redemption	-	(4,095)
At the end of the year	598,007	598,007

27 Related party transactions

Remuneration of key management personnel
The Company considers the Directors to be key management personnel and their remuneration is disclosed in Note 8.

During the year, the Company made advances to the Directors of £210,000. Credits were received of £10,098 which resulted in amounts due to the Company at the year end of £nil (2019: Amounts due to the Directors of £199,902).

Other transactions with related parties
The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due from related parties	**£**	**£**
Related group company loan - Hunting Knightsbridge Holdings Limited	3,769,658	-
Related group company - Enpro Subsea LLC	35,556	33,019
	3,805,214	33,019

27 Related party transactions **(Continued)**

Amounts due to related parties	2020 £	2019 £
Shareholder loans	(100)	(70,100)

The intercompany balances are trading in nature unless stated otherwise.

The total value of transactions with related parties for the year are £3,768,033, which results in an overall receivable balance outstanding at the year end of £3,805,114 (2019: £37,081 payable). There is no interest charged on trading balances and the balances are repayable on demand. The Directors have assessed the receivable balance under an expected credit loss model and believe it to be recoverable.

28 Controlling party

The Company's ultimate parent company is Hunting PLC, a public limited company registered in England. The Directors regard Hunting PLC as the ultimate parent and controlling party. The smallest and largest group in which the results of the Company are consolidated is that headed by Hunting PLC. A copy of these accounts are available at 5 Hanover Square, London, England, W1S 1HQ.

The Company is a wholly owned subsidiary of Hunting Energy Holdings Limited, a company registered in England, which is the immediate parent company.

29 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	23,967	733,933
Adjustments for:		
Taxation charged	112,844	29,822
Finance costs	5,810	302,910
Government grants	-	585,171
Investment income	(40,706)	(21,169)
Amortisation and impairment of intangible assets (Note 12)	72,430	64,100
Depreciation and impairment of property, plant and equipment (Note 13)	504,661	307,821
Depreciation and impairment of right-of-use assets (Note 14)	61,250	61,250
Non-cash conversion of share capital	26	-
Movements in working capital:		
(Increase)/decrease in inventories	(164,100)	54,679
Decrease/(increase) in trade and other receivables	1,664,818	(19,970)
(Decrease)/increase in trade and other payables	(1,475,779)	919,277
Cash generated from operations	765,221	3,017,824

30 Reconciliation between FRS 102 and IFRS

Changes to the balance sheet

	At 31 December 2019		
	FRS 102	**Adjustment**	**IFRS**
Assets and liabilities			
Right-of-use assets	-	270,519	270,519
Lease liabilities	-	(285,524)	(285,524)
Net impact on assets and liabilities	-	(15,005)	(15,005)
Capital and reserves			
Retained earnings at 1 January 2019	4,787,775	(21,681)	4,766,094
Profit for the financial period	727,257	6,676	733,933
Retained earnings at 31 December 2019	5,515,032	(15,005)	5,500,027
Share capital	119	-	119
Share premium account	598,007	-	598,007
Total equity at 31 December 2019	6,113,158	(15,005)	6,098,153

Changes to the income statement

	Year ended 31 December 2019		
	FRS 102	**Adjustment**	**IFRS**
Administrative expenses	(3,050,929)	13,750	(3,037,179)
Interest payable and expenses (Note 10)	(295,837)	(7,074)	(302,911)
Profit for the financial period	727,257	6,676	733,933

Reconciliation of changes in profit for the previous financial period

Profit as previously reported	727,257
Adjustments to prior year	
Adjustments on transition to IFRS (Note 2)	6,676
Profit as adjusted	733,933

These adjustments are as a result of the Company's transition to IFRS. Further details can be found in Note 2.