

**Havfram Limited**

(previously known as Ocean Installer Limited)

**Annual Report and Financial Statements  
for the year ended 31 December 2020**

**Registered Number: SC416120**

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# Havfram Limited

## Annual Report and Financial Statements for the year ended 31 December 2020

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# **Havfram Limited**

## **Corporate Information**

### **Board of Directors**

G Scott

C Veitch

H Strand

R Gillespie

K Massie

### **Registered Office**

13 Queen's Road

Aberdeen

Scotland

United Kingdom

AB15 4YL

### **Company Secretary**

Pinsent Masons Secretarial Limited

13 Queen's Road

Aberdeen

AB15 4YL

### **Independent Auditors**

PricewaterhouseCoopers LLP

The Capitol, 431 Union Street

Aberdeen

AB11 6DA

# Havfram Limited

## Strategic report for the year ended 31 December 2020

The Directors present their Strategic report for Havfram Limited ("the Company") for the year ended 31 December 2020.

### Change of name

On 10 December 2020 the Ocean Installer Group rebranded to become Havfram Group. The Company, Ocean Installer Limited, changed its name to Havfram Limited on 13 January 2021.

### Review of the business

During 2020 Havfram has taken a role in the global energy transition, going from having its main activities within the oil and gas segment to also focusing on the offshore wind segment. Havfram Limited's strategy is to provide marine services within the two business segments: subsea services and offshore wind installation. The Company observes great synergies within the two business areas and significant growth potential in the coming years.

Havfram Limited strengthened its management team during 2020 with the appointment of Bob Gillespie as the Managing Director for the UK business.

### Key performance indicators

The Company's financial key performance indicators during the year were as follows:

	2020 £'000	2019 £'000
Revenue	11,616	3,520
Gross profit	3,922	621
Profit before taxation	2,655	124

During 2020, Havfram Limited generated revenue from subsea installation work for Dana petroleum (E&P) Limited. The offshore element of this work was undertaken during Q3 2020. The Viking Neptun construction support vessel was chartered for the project at the Triton Area Development, located in the central North Sea around 190 km east of Aberdeen. The project involved the installation, trenching and pre-commissioning of a 12" flexible production flowline at the Guillemot field.

Havfram Limited also received a termination fee, for a project which was awarded during 2019, but subsequently cancelled.

During 2020, Havfram Limited completed several FEED studies for clients and has also supported sister companies in the US and Norway for engineering support.

Management review financial information on a monthly basis. Overhead and other costs are reviewed against budget and aged debts are also monitored. Project management review meetings are undertaken regularly and include a review of project costs and associated revenues.

The financial position of the Company is shown on the Statement of Financial Position on page 11.

# Havfram Limited

## Strategic report for the year ended 31 December 2020 (continued)

### Principal risks and uncertainties

#### *Market condition*

The provision of subsea services for the offshore oil and gas industry strongly correlates with the price of oil and offshore work activity, which is outside of the Company's direct control. The oil price has shown stability in past year, and latterly some growth. The emergence of the global pandemic, COVID-19, put undue strain on the market and many clients delayed or in some circumstances cancelled projects. However, the Directors are confident that the Company is positioned in a manner that will enable it to meet the demands of its markets and business environment.

The Company seeks to minimise the competitive risk by being a leader in project management, engineering, construction, and installation expertise within the subsea, umbilical's, risers and flowlines segment. The Company also endeavours to utilise the strength of being part of a successful Havfram Group, which has taken a role in the global energy transition, going from having its main activities within the oil and gas segment to also focusing on the offshore wind segment.

#### *Foreign exchange risk*

The Company's international operations expose it to financial risks that include the effects of changes in foreign currency exchange rates and interest rates. These risks, along with an explanation of how they are managed, are discussed in note 18 to the financial statements.

#### *Other risks and uncertainties*

Other risks and uncertainties to the business include environmental and health and safety risks. These risks are described in detail in the Directors Report. The Directors and senior management of the Company have taken the necessary steps to ensure these risks are appropriately managed by introducing Health and Safety policies and procedures, well established training programme, monitoring and reporting on incidents and investigations into route cause carried out to continually improve processes.

### Future developments

The market outlook for the services provided by Havfram Limited remains optimistic. We observed several clients consolidate and thereafter commit to spend across the UKCS. So far, the Group, in which the Company is a member, is experiencing offshore projects moving ahead as planned despite the spread of coronavirus (COVID-19). The overall UK tendering activity has been moderate, although projects are being deferred into 2023 and beyond. The Havfram Group has significant backlog for 2021 and beyond and the staff in Aberdeen will be utilised on delivering specific projects (e.g. TEN (BP) Tortue) and other projects in addition to the continuing work on tenders in both the UK and overseas.

### On behalf of the Board

**Bob**

**Gillespie**

**Robert Gillespie**

**Director**

**17 November 2021**

Digitally signed by: Bob  
Gillespie  
DN: CN = Bob Gillespie  
email = Bob.  
Gillespie@havfram.com  
Date: 2021.11.17 15:34:56 Z

# **Havfram Limited**

## **Directors' report for the year ended 31 December 2020**

The Directors present their report and audited financial statements for Havfram Limited ("the Company") for the year ended 31 December 2020.

### **Principal activities**

The Company is incorporated and domiciled in Scotland, UK and is a wholly owned subsidiary of Havfram II AS (previously known as Ocean Installer Holding AS), registered in Stavanger, Norway. The Company is a private company limited by shares. The Company's principal activity is to provide a full range of subsea services for the offshore oil and gas industry. Services and activities include engineering, procurement, construction and installation expertise within the subsea, umbilicals, risers and flowlines segment. The Company operates a branch in United Arab Emirates.

### **Results and dividends**

The Company has made a profit for the year of £1.5m (2019: £200k profit). The Company is in a net liabilities position of £19.5m (2019: £20.9m). The Directors do not recommend any distribution of dividends (2019: nil).

For information on the prospects of the Company, see the Strategic report on page 3. The audited financial statements for the year ended 31 December 2020 are set out on pages 10 to 32.

### **Financial risk**

The Company's policies regarding financial risk management are clearly defined and consistently applied. They are a fundamental part of the Havfram Group's long-term strategy covering areas such as foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital management. These risks are discussed in note 18 to the financial statements.

### **Directors**

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

A MacRae (resigned 31 October 2020)

G Scott

C Veitch

H Strand

R Gillespie (appointed 14 September 2020)

K Massie (appointed 3 March 2021)

### **Employees**

The Company is committed to involving employees in the business through a policy of communication and consultation. Arrangements have been established for the regular provision of information to all employees through internal newsletters, briefings, and well-established formal consultation procedures. The Havfram Group has a staff handbook which describes the Group's policies and guidelines to ensure that all staff are treated equally and fairly.

The Group's policies are designed to promote equal opportunities throughout the organisation to prevent discrimination based on disability, sex, ethnicity, or religion.

Appraisal and development opportunities for employment of disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant.

# **Havfram Limited**

## **Directors' report for the year ended 31 December 2020 (continued)**

### **Employees (continued)**

If employees become disabled every effort is made to ensure that their employment with the Group continues. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. Havfram Limited follows the Group's policies in addition to relevant, applicable UK legislation.

### **Health and safety at work**

The well-being of employees is given the highest priority throughout the Company and it is the Company's policy not only to comply with health and safety measures, as required by law, but to act positively to prevent injury and ill health, and damage to the environment arising from its operations. The aim is to have zero accidents, injuries or losses.

### **Environment**

The Company provides offshore services. In the execution of these services environmental risk assessments and site appraisals are undertaken as standard. These assessments are discussed with clients to improve the environmental performance of the operation as a whole, through the preparation and implementation of site specific environmental plans. All operations are planned to minimise adverse environmental impacts.

### **Going concern**

As at 31 December 2020 the Company had net liabilities of £19.5m (2019: £20.9m). The Directors have obtained confirmation from the ultimate parent undertaking, Havfram Holding AS, that it will provide the necessary support to enable the Company to meet its obligations as they fall due. The confirmation is valid for a minimum of 12 months from the date of approval of the financial statements. Fellow Group Companies will not demand repayment of intercompany balances that would result in the Havfram Limited being unable to meet its obligations as they fall due.

The funding of the Company is also dependent upon the overall funding position of the Havfram Group ("the Group"). The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance and to enable management to formulate appropriate and timely mitigation strategies. During 2021 the Group has successfully refinanced its lending facility, extending the term of the loan to 15 January 2024. The covenants attached to the lending facility remain consistent with those of the previous facility.

At the year end the Group has a strong liquidity position and has headroom under its financial covenants which form a part of these facilities. The Directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process, along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate.

Therefore, the directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all of its liabilities as they fall due over the next 12 months. For these reasons the Directors consider it appropriate to prepare the Company's financial statements on a going concern basis.

### **Subsequent events**

There are no subsequent events to disclose.

# Havfram Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Directors' indemnities

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

### Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

### Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquiries of fellow Directors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant information of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

### On behalf of the Board

Bob  
Gillespie  
Digitally signed by: Bob  
Gillespie  
DN: CN = Bob Gillespie  
email = Bob.  
Gillespie@havfram.com  
Date: 2021.11.17 17:17:53 Z

Robert Gillespie

Director

17 November 2021





# Independent auditors' report to the members of Havfram Limited (previously known as Ocean Installer Limited)

## Report on the audit of the financial statements

### Opinion

In our opinion, Havfram Limited (previously known as Ocean Installer Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 December 2020 (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2020; Income Statement, Statement of Comprehensive Income, Statement of changes in equity and Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



# Independent auditors' report to the members of Havfram Limited (previously known as Ocean Installer Limited) (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

## **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' report for the year ended 31 December 2020, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to corporate tax laws and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue and profitability.



# Independent auditors' report to the members of Havfram Limited (previously known as Ocean Installer Limited) (continued)

Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding management's controls designed to prevent and deter irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted by unusual staff members including Senior Management and unusual account combinations.

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

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

## Use of this report

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

*Julie Watson*

Julie Watson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
17 November 2021

## Havfram Limited

### Income Statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	5	11,616	3,520
Cost of sales		(7,694)	(2,899)
<b>Gross profit</b>		<b>3,922</b>	<b>621</b>
Administrative expenses		(349)	(660)
<b>Operating profit / (loss)</b>	6	<b>3,573</b>	<b>(39)</b>
Finance income	7	19	-
Finance expense	7	(963)	(2)
Impairment losses	14	(30)	-
Exchange gain		56	165
<b>Profit before taxation</b>		<b>2,655</b>	<b>124</b>
Taxation	8	(1,172)	76
<b>Profit for the year</b>		<b>1,483</b>	<b>200</b>

All of the profit for the year arises from continuing operations.

### Statement of comprehensive income for the year ended 31 December 2020

	2020 £'000	2019 £'000
<b>Profit for the year</b>	<b>1,483</b>	<b>200</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,483</b>	<b>200</b>

The notes on pages 14 to 32 form an integral part of the financial statements.

# Havfram Limited

## Statement of Financial Position as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non current assets</b>			
Deferred tax assets	9	200	1,443
Intangible assets	10	149	145
Property, plant and equipment	11	145	18
Right of use asset	13	616	28
Investments	12	1	1
<b>Total non current assets</b>		<b>1,111</b>	<b>1,635</b>
<b>Current assets</b>			
Trade and other receivables	14	3,066	1,223
Prepayments		80	69
Cash and cash equivalents	15	243	1,345
<b>Total current assets</b>		<b>3,389</b>	<b>2,637</b>
<b>Total assets</b>		<b>4,500</b>	<b>4,272</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19	-	-
Accumulated losses		(19,455)	(20,938)
<b>Total equity</b>		<b>(19,455)</b>	<b>(20,938)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	23,338	24,821
Deferred income	17	-	360
Short term lease liability	13	114	29
<b>Total current liabilities</b>		<b>23,452</b>	<b>25,210</b>
Long term lease liability	13	503	-
<b>Total non current liabilities</b>		<b>503</b>	<b>-</b>
<b>Total liabilities</b>		<b>23,955</b>	<b>25,210</b>
<b>Total equity and liabilities</b>		<b>4,500</b>	<b>4,272</b>

The notes on pages 14 to 32 form an integral part of the financial statements.

The financial statements on pages 10 to 32 were approved by the board of directors and were signed on its behalf by:

Bob  
Gillespie

Digitally signed by: Bob  
Gillespie  
DN/CN = Bob Gillespie email  
= Bob.Gillespie@havfram.com  
Date: 2021.11.17 17:15:01 Z

Robert Gillespie

Director

17 November 2021

Registered Number: SC416120

## Havfram Limited

### Statement of changes in equity for the year ended 31 December 2020

	Share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 January 2020	-	(20,938)	(20,938)
Profit and total comprehensive income for the year	-	1,483	1,483
As at 31 December 2020	-	(19,455)	(19,455)

	Share capital £'000	Accumulated losses £'000	Total equity £'000
As at 1 January 2019	-	(21,138)	(21,138)
Profit and total comprehensive income for the year	-	200	200
As at 31 December 2019	-	(20,938)	(20,938)

The notes on pages 14 to 32 form an integral part of the financial statements.

# Havfram Limited

## Cash Flow Statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit before taxation		2,655	124
Adjustments to reconcile income for the year to net cash (used in) / generated from operating activities:			
depreciation	11 & 13	60	72
amortisation	10	89	107
net finance expense	7	944	2
exchange loss		488	117
tax group relief surrendered		71	2
Changes in working capital:			
(increase) / decrease in trade and other receivables		(1,843)	4,457
(increase) / decrease in prepayments		(11)	305
(decrease) in trade and other payables		(2,905)	(4,487)
(decrease) in deferred income		(360)	(365)
<b>Net cash (used in) / generated from operations</b>		<b>(812)</b>	<b>334</b>
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment	11	(139)	(20)
Acquisition of intangibles	10	(93)	(93)
<b>Net cash used in investing activities</b>		<b>(232)</b>	<b>(113)</b>
<b>Cash flows used in financing activities</b>			
Principal element of lease payment	13	(51)	(70)
<b>Net cash used in financing activities</b>		<b>(51)</b>	<b>(70)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,095)</b>	<b>151</b>
Cash and cash equivalents at 1 January		1,345	1,209
Effect of foreign exchange rates on cash and cash equivalents		(7)	(15)
<b>Cash and cash equivalents at 31 December</b>	15	<b>243</b>	<b>1,345</b>

The notes on pages 14 to 32 form an integral part of the financial statements.

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020

### 1 Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historic cost convention and on a going concern basis as the directors have been assured that they will continue to receive financial support from the Company's ultimate parent undertaking enabling the Company to meet its current obligations as they fall due.

(a) **Functional and presentation currency**

These financial statements are presented in Sterling (GBP), which is the Company's functional currency. All financial information presented in GBP has been rounded to the nearest thousand.

(b) **Use of estimates and judgements**

The preparation of financial statements requires the use of estimates. The application of the Company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes. Significant judgements and estimates in these financial statements have been made regarding revenue from construction contracts (note 17), deferred tax balances (note 9) and lease accounting under IFRS 16 (note 13).

### 2 Going concern

As at 31 December 2020 the Company had net liabilities of £19.5m (2019: £20.9m). The Directors have obtained confirmation from the ultimate parent undertaking, Havfram Holding AS, that it will provide the necessary support to enable the Company to meet its obligations as they fall due. The confirmation is valid for a minimum of 12 months from the date of approval of the financial statements. Fellow Group Companies will not demand repayment of intercompany balances that would result in the Havfram Limited being unable to meet its obligations as they fall due. The funding of the Company is also dependent upon the overall funding position of the Havfram Group ("the Group"). The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance and to enable management to formulate appropriate and timely mitigation strategies. During 2021 the Group has successfully refinanced its lending facility, extending the term of the loan to 15 January 2024. The covenants attached to the lending facility remain consistent with those of the previous facility.

At the year end the Group has a strong liquidity position and has headroom under its financial covenants which form a part of these facilities. The Directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process, along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate. Therefore, the directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all of its liabilities as they fall due over the next 12 months. For these reasons the Directors consider it appropriate to prepare the Company's financial statements on a going concern basis.



# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 3 Adoption of new accounting standards

#### (i) Effective new accounting standards

There have been no new standards, amendments or interpretations that have been published, which had a material impact on the Company and were effective for the reporting period beginning 1 January 2020.

#### (ii) New standards and interpretations issued but not yet effective

There are no new standards that are issued but not yet effective which are expected to have a material impact on the Company.

### 4 Summary of significant accounting policies

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

#### a) Foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in income or expense, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

#### b) Financial assets

##### (i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

##### (ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 4 Summary of significant accounting policies (continued)

#### b) Financial assets

##### (iv) Impairment

The Company assesses the expected credit losses associated with its financial assets using both historical information and future expectations. The forward-looking element considers whether there has been a significant increase in credit risk.

#### c) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within income or expense.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replacement part is derecognised. The day-to-day servicing of property, plant and equipment are recognised in income or expense as incurred.

##### (iii) Depreciation

Depreciation is recognised in income or expense on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

- Office equipment 3-4 years

#### d) Intangible assets

Intangible assets are recognised at cost less accumulated amortisation. Amortisation is provided to write off the cost of each asset over its estimated useful life, using the straight-line method, on the following basis:

- Software 3-4 years

#### e) Investments

Investments held as non-current assets are shown at cost less appropriate provision where the Directors consider that impairment in value has occurred. Investments are considered for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

As permitted by Section 400 of the Companies Act 2006, the Company does not prepare consolidated financial statements because it is a wholly owned subsidiary of Havfram Holding AS, which prepares consolidated financial statements (see note 22).

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 4 Summary of significant accounting policies (continued)

#### f) Long term contracts

Unbilled revenue represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Unbilled revenue is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

Provisions for anticipated losses are made in full in the year in which they become known.

#### g) Employee benefits

The Company participates in a defined contribution plan. A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee expense in income or expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### i) Revenue

##### (i) Construction contracts

Revenue from construction contracts is usually agreed on a lump sum or fixed price basis. The goods and services within each contract are one distinct package designed specifically for an individual client. The customised nature of each contract means that it meets the definition of one performance obligation under IFRS 15. Revenue is recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for the work performed to total estimated costs.

Revenue in respect of variation orders is recognised when the variation is approved by both parties to the contract. To the extent that a change in scope has been agreed but the corresponding change in price has not been agreed then revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur.

The related contract costs are recognised in the income statement when incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 4 Summary of significant accounting policies (continued)

#### i) Revenue (continued)

#### (ii) Cost reimbursable work

Revenue is recognised over time as the services are provided based on contractual rates which include a mark-up. Any revenue recognised is constrained to the extent that it is highly probable there will not be a significant reversal in future periods.

#### j) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in income or expense.

Finance expense comprise interest expense on borrowings.

Foreign currency gains and losses are presented as a financial item.

#### k) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax expense is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

#### l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with short term maturity held at bank.

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 4 Summary of significant accounting policies (continued)

#### m) Leased assets

Leases are recognised as a right of use asset and a corresponding liability on the Company's balance sheet. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the assets useful life and the lease term on a straight line basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using a mixture of the interest rate implicit in the lease, where this can be determined, or the Group's incremental borrowing rate.

#### n) Trade and other payables

These amounts represent liabilities for services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within contract terms. Trade and other payables are presented as current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 5 Revenue

The Company derives revenue from the transfer of goods and services over time. The Company does not report information to the executive board in terms of business or geographical segments. During 2020 revenue has been generated in the North Sea, Europe and Africa. Results are reported as a consolidated total or by specific project as requested by management.

	2020 £'000	2019 £'000
Sales income	11,616	3,520
<b>Revenue</b>	<b>11,616</b>	<b>3,520</b>

	2020 £'000	2019 £'000
Marine contractor operations	11,616	3,520
<b>Activity distribution of revenue</b>	<b>11,616</b>	<b>3,520</b>

## Havfram Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 6 Operating profit / (loss)

The following items have been included in arriving at operating profit / (loss):

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment	12	5
Amortisation of intangibles	89	107
Depreciation on leased assets	48	67
	149	179
<b>Auditors' remuneration</b>		
<b>Services provided by the Company's auditors and network firms:</b>		
Audit fees	21	20
Taxation compliance services	37	24
	58	44

#### 7 Finance expense net

	Note	2020 £'000	2019 £'000
<b>Finance income</b>			
Interest receivable on amounts due from related parties	21	19	-
<b>Finance expense</b>			
Interest payable on amounts due to related parties	21	(960)	-
Other interest expense		(3)	(2)
		(963)	(2)
<b>Finance expense net</b>		(944)	(2)

## Havfram Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 8 Taxation

(a) Analysis of charge / (credit) for the year	2020 £'000	2019 £'000
Current tax charge / (credit) for the year:		
Current tax on profits for the year	(71)	(26)
Adjustment in respect of prior years	-	46
<b>Total current tax</b>	<b>(71)</b>	<b>20</b>
Deferred tax for the year:		
Current year	1,404	(101)
Adjustment in respect of prior periods	4	(6)
Effect of change in tax rates	(165)	11
<b>Total deferred tax (note 9)</b>	<b>1,243</b>	<b>(96)</b>
<b>Income tax charge / (credit)</b>	<b>1,172</b>	<b>(76)</b>

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	2,655	124
Profit before taxation multiplied by standard rate of corporation tax in the UK 19% (2019: 19%)	504	24
Effects of:		
Adjustment in respect of prior periods	4	40
Effect on change of tax rates	(165)	11
Income not taxable	-	(154)
Expenses not deductible	19	3
Impairment of deferred tax asset	810	-
<b>Tax charge / (credit) for year (note 8.(a))</b>	<b>1,172</b>	<b>(76)</b>

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 8 Taxation (continued)

#### Factors affecting current and future tax charges

Changes to the UK corporation tax rate were enacted as part of Finance Act 2020 which received Royal Assent on 22 July 2020. The change reversed a previously enacted rate reduction to 17% due to come into effect from 1 April 2020. As a result, a rate of 19% was retained from 1 April 2020. Any deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the main corporation tax rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

### 9 Deferred tax assets

Deferred tax is calculated on temporary differences under the liability method using the tax rate applicable to the UK where the asset has arisen.

	2020 £'000	2019 £'000
At 1 January	1,443	1,347
Adjustment in respect of prior periods (Charge) / credit to income statement	(4) (1,404)	6 101
Effect on change of tax rates	165	(11)
Total deferred tax (note 8(a))	(1,243)	96
At 31 December	200	1,443

	2020 £'000	2019 £'000
Deferred tax asset analysed by type of timing difference:		
Fixed assets	16	14
Temporary differences related to trading	6	2
Losses	144	1,393
Research and development expenditure	34	34
At 31 December	200	1,443



## Havfram Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 10 Intangible assets

	2020 £'000	2019 £'000
<b>Cost</b>		
As at 1 January	564	471
Additions	93	93
<b>At 31 December</b>	<b>657</b>	<b>564</b>
<b>Accumulated amortisation</b>		
As at 1 January	419	312
Charge for year	89	107
<b>At 31 December</b>	<b>508</b>	<b>419</b>
<b>Net carrying amount</b>		
<b>At 31 December</b>	<b>149</b>	<b>145</b>

Intangible assets relate to software. Amortisation charge for the year is included within administrative expenses in the Income Statement.

#### 11 Property, plant and equipment

	Office Equipment £'000	Total £'000
<b>Cost</b>		
As at 1 January 2020	225	225
Additions	139	139
<b>At 31 December 2020</b>	<b>364</b>	<b>364</b>
<b>Accumulated depreciation</b>		
As at 1 January 2020	207	207
Charge for year	12	12
<b>At 31 December 2020</b>	<b>219</b>	<b>219</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>145</b>	<b>145</b>

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 11 Property, plant and equipment (continued)

	Office Equipment £'000	Total £'000
<b>Cost</b>		
As at 1 January 2019	205	205
Disposals	20	20
<b>At 31 December 2019</b>	<b>225</b>	<b>225</b>
<b>Accumulated depreciation</b>		
As at 1 January 2019	202	202
Charge for year	5	5
<b>At 31 December 2019</b>	<b>207</b>	<b>207</b>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>18</b>	<b>18</b>

Depreciation charge for the year is included within the administrative expenses in the Income Statement.

### 12 Investments

	2020 £'000	2019 £'000
<b>Shares in subsidiaries</b>		
<b>As at 1 January and at 31 December</b>	<b>1</b>	<b>1</b>

Investments owned by Havfram Limited:

Subsidiary name	Country of incorporation	Registered office	Principal activity	% ownership held
Havfram Inc	United States of America	1155 Dairy Ashford, Suite 250, Houston	Engineering Service	100
Havfram Pty Ltd	Australia	Level 1, 99 Hay Street, Subiaco, WA 6008	Engineering Service	100

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 13 Leases

The income statement includes the following amounts related to leases:

	Note	2020 £'000	2019 £'000
Depreciation on right of use assets	6	48	67
Interest expense	7	3	2
Procurement expenses		(51)	(70)
		-	(1)

The balance sheet shows the following amounts related to leases:

	Properties £'000	Total £'000
<b>Right of use assets cost</b>		
At 1 January 2020	162	162
Additions	636	636
Disposals	(162)	(162)
<b>At 31 December 2020</b>	<b>636</b>	<b>636</b>

<b>Accumulated depreciation</b>		
At 1 January 2020	134	134
Charge for the year	48	48
Depreciation on disposal	(162)	(162)
<b>At 31 December 2020</b>	<b>20</b>	<b>20</b>

<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>616</b>	<b>616</b>

	Properties £'000	Total £'000
<b>Right of use assets cost</b>		
At 1 January 2019	162	162
Additions	-	-
<b>At 31 December 2019</b>	<b>162</b>	<b>162</b>

<b>Accumulated depreciation</b>		
At 1 January 2019	67	67
Charge for the year	67	67
<b>At 31 December 2019</b>	<b>134</b>	<b>134</b>

<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>28</b>	<b>28</b>

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 13 Leases (continued)

	Current 2020 £'000	Non current 2020 £'000	Current 2019 £'000	Non current 2019 £'000
<b>Lease liabilities</b>				
At 1 January	29	-	29	68
Additions	636	-	-	-
Reclassified from long to short term	(503)	503	68	(68)
Interest	3	-	2	-
Payments	(51)	-	(70)	-
<b>At 31 December</b>	<b>114</b>	<b>503</b>	<b>29</b>	<b>-</b>

#### The Company's leasing activities and how these are accounted for:

The Company leases equipment and premises. Each of these arrangements meet the definition of a lease under IFRS 16. Rental contracts for equipment and premises are agreed for fixed periods of 2- 5 years but may have extension options described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right of use asset and a corresponding liability on the Company's balance sheet. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the assets useful life and the lease term on a straight line basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using a mixture of the interest rate implicit in the lease, where this can be determined, or the Group's incremental borrowing rate. The discount rates used vary between 2.8% and 5.4%.

Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the income statement. Short term leases are leases with a lease term of 12 months or less. Low value assets comprise office and IT equipment.

#### Extension and termination options

Extension and termination options are included in the property lease. The extension and termination options held are exercisable by the Company and not by the respective lessor.

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 14 Trade and other receivables

	Note	2020 £'000	2019 £'000
Trade receivables		1,377	9
Other receivables		83	20
Unbilled revenue		156	58
Amounts due from Group companies	21	1,450	1,136
		<b>3,066</b>	<b>1,223</b>

Amounts due from Group companies are mainly denominated in Sterling, US Dollar, Norwegian Kroner and are repayable on demand. Interest is charged on balances 30 days past due at 5% (2019: nil).

See note 18 for information on the credit quality of financial assets.

The Company applies lifetime Expected Credit Losses (ECLs) to trade receivables, unbilled revenue and amounts due from group companies upon their initial recognition. The Company assesses ECLs on its receivables, which are based on the age of the outstanding receivable along with prior experience in relation to the specific customer as well as the jurisdiction in which the balance is due before booking any provision. As well as considering historical factors, the Company also considers each customer's risk of default when determining the level of ECL provision.

Receivables are appropriately grouped by geographical region, product type or type of customer, and separate calculations produced, if historical or forecast credit loss experience shows significantly different loss patterns for different customer segments.

Actual credit loss experience is then adjusted to reflect differences in economic conditions over the period the historical data was collected, current economic conditions, forward looking information and the Company's view of the economic conditions over the expected lives of the receivables.

The following table presents the company's trade receivables by business segment:

	2020 £'000	2019 £'000
Gross carrying amount - trade receivables	1,377	9
Gross carrying amount - unbilled revenue	156	58
Gross carrying amount - amounts due from Group companies	13,360	13,226
Loss allowance	(11,910)	(12,090)
	<b>2,983</b>	<b>1,203</b>

The movement in credit loss allowance is set out below:

	2020 £'000	2019 £'000
Balance as at 1 January	12,090	12,782
Recognised in income statement during the year:		
Expected credit loss	30	-
Foreign exchange	(210)	(692)
<b>Balance as at 31 December</b>	<b>11,910</b>	<b>12,090</b>

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 15 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	243	1,345

### 16 Trade and other payables

	Note	2020 £'000	2019 £'000
Trade payables		932	241
Accrued expenses		484	511
Amounts due to Group companies	21	21,922	24,069
		23,338	24,821

Amounts due to Group companies are mainly denominated in Sterling, US Dollar and Norwegian Kroner and are repayable on demand. Interest is charged on balances 30 days past due at 5% (2019: nil).

### 17 Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2020 £'000	2019 £'000
<b>Contracts in progress:</b>		
Construction contracts – assets	156	58
Construction contracts - liabilities	-	(360)
	156	(302)
 Contracts costs incurred plus recognised net profits to date	 4,972	 8,055
Less: progress billings	(4,816)	(8,357)
	156	(302)

Revenue from construction contracts in the year was £9,621k (2019: £3,520k).

At the end of 2019 there was an ongoing project, which resulted in advances received from customers of £360k. The project was completed during 2020 and therefore advances received from customers at 31 December 2020 amounted to £nil. Retentions to be received from clients for construction contracts amounted to £nil (2019: £nil).

Revenue recognised in the current year that relates to carried forward contract liabilities was £nil (2019: £360k). Revenue recognised in the current year that relates to performance obligations that were satisfied in a prior year were nil (2019: nil).

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 18 Financial instruments

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates and interest rates.

#### a) Market risk

##### (i) Foreign exchange risk

The Company's foreign exchange risks are primarily related to the Norwegian Kroner, US Dollar and Euro. In order to mitigate the Company's currency risks the Company seeks to achieve natural hedging by ensuring that expenses are borne in the same currency as related income. The Company has not entered into any foreign exchange hedge contracts at 31 December 2020.

##### (ii) Interest rate risk

The Company is exposed to interest rate risk on its intercompany interest-bearing borrowings. The Company's policy is to monitor interest rates on intergroup borrowings closely to mitigate interest rate risk. The Company had not entered into any interest rate swap contracts at 31 December 2020.

##### (iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

#### b) Credit risk

The Company's credit risk relates primarily to its trade debtors and receivables. The Company's customers are primarily either well established international or national companies, or joint ventures thereof. An evaluation of the credit risk of each new customer is carried out to mitigate credit risk. Management monitor on going credit risk by review of aged debtors and unbilled receivables.

The bank institutions which the company holds cash with are monitored on an ongoing basis and are rated as high grade by external credit agencies.

#### c) Liquidity risk

The Company actively holds cash on deposit and has access to intercompany funding to ensure it has sufficient available funds for operations and planned expansions.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining year from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2020</b>				
Trade and other payables	23,338	-	-	-
Lease liability	114	118	375	10

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2019</b>				
Trade and other payables	24,821	-	-	-
Lease Liability	29	-	-	-

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 18 Financial instruments (continued)

#### d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors its capital structure using the ratio of book equity to total assets and on the basis that its working capital and free and unrestricted cash remain positive. The Company has no third party debt so a calculation of the debt to equity ratio has not been included in the financial statements. The amount of equity is not material.

#### Fair value of non-derivative financial assets and financial liabilities

The fair value of trade and other payables, trade and other receivables and cash and cash equivalents approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments. The fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

- The fair value of trade and other payables, trade and other receivables and cash and cash equivalents has been estimated based on quoted prices in active markets for identical assets or liabilities at the balance sheet date, which is classified as level 1.

	2020 Book value £'000	2020 Fair value £'000	2019 Book value £'000	2019 Fair value £'000
<b>Fair value of other financial assets and financial liabilities</b>				
Primary financial instruments held or issued to finance the Company's operations:				
Trade and other receivables (note 14)	3,066	3,066	1,223	1,223
Cash at bank and in hand (note 15)	243	243	1,345	1,345
Trade and other payables (note 16)	23,338	23,338	24,821	24,821

### 19 Share capital

	2020 Number of shares	2020 £'000	2019 Number of shares	2019 £'000
<b>Issued</b>				
Ordinary shares (Nominal value £1)	1	-	1	-



## Havfram Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 20 Employees and directors

Employee benefit expense for the Company during the year:

	2020 £'000	2019 £'000
Wages and salaries	2,621	1,926
Social security costs	246	189
Other pension costs	193	147
	3,060	2,262

The average monthly number of employees during the year was as follows:

	2020 Number	2019 Number
Operations and engineering	8	9
Admin	22	17
	30	26

	2020 £'000	2019 £'000
Directors:		
Aggregate emoluments and benefits	432	369
Company pension contributions to money purchase schemes	38	33
	470	402

	2020 £'000	2019 £'000
Highest paid Director:		
Aggregate emoluments and benefits	141	130
Company pension contributions to money purchase schemes	12	12
	153	142

None of the Directors earned more than £200k from Havfram Limited during 2020 (2019: none). One of the Directors received emoluments in respect of their services through fellow group companies (2019: one). None of the Directors exercised share options (2019: none). The company does not operate a defined benefit pension scheme.

# Havfram Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 21 Related party transactions

Company	Note	2020 £'000	2019 £'000
<b>Income:</b>			
In relation to transactions with fellow group companies		2,056	6
		2,056	6
<b>Expense:</b>			
In relation to transactions with fellow group companies		1,042	248
		1,042	248
<b>Amounts due from related parties:</b>			
In relation to transactions with fellow group companies	14	1,450	1,136
		1,450	1,136
<b>Amounts due to related parties:</b>			
In relation to transactions with fellow group companies	16	21,922	24,069
		21,922	24,069

The key management personnel are considered to be the Directors of the Company, some of whom are employed by other fellow Havfram Group Companies. Their responsibilities cover companies throughout the Group and their costs are allocated to companies within the Group as part of an overall charge. Therefore, it is not possible to determine the element of their remuneration relevant to this Company in a practical manner.

### 22 Ultimate parent undertaking

The immediate parent undertaking is Havfram II AS (previously known as Ocean Installer Holding AS), which is incorporated in Norway. The Company's ultimate parent undertaking is Havfram Holding AS (previously known as OIH 2 AS). Havfram Holding AS is the largest group to consolidate the financial statements of Havfram Limited. Copies of the financial statements of Havfram Holding AS and Havfram II AS may be obtained from PO Box 8070, 4068 Stavanger, Norway.

The ultimate controlling party is HitecVision Asset Solutions LP.