REGISTERED NUMBER: 09902725 (England and Wales)

TELE-FONIKA HOLDINGS LIMITED

GROUP STRATEGIC REPORT,

DIRECTORS' REPORT AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Murphy Salisbury Limited
Chartered Accountants and Statutory Auditors
15 Warwick Road
Stratford upon Avon
Warwickshire
CV37 6YW

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

TELE-FONIKA HOLDINGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:	P M Bak Ms M Cupial-Zgryzek M P Hassa
SECRETARY:	EBS Corporate Services Limited
REGISTERED OFFICE:	Innovation Centre Gallows Hill Warwick Warwickshire CV34 6UW
REGISTERED NUMBER:	09902725 (England and Wales)
AUDITORS:	Murphy Salisbury Limited Chartered Accountants and Statutory Auditors 15 Warwick Road Stratford upon Avon Warwickshire CV37 6YW

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their strategic report of the Company and the Group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The principal activity of the Group is the design and manufacture of umbilical systems and subsea power cables for the offshore oil and gas and renewable energy industries. These products are some of the essential components for the development and production of offshore oil and gas and the delivery of energy derived from offshore wind farms.

A period of prolonged uncertainty in Oil & Gas appears to be coming to an end and together with continued high levels of activity in the renewables sector, 2020 sees the Group growing revenues and carrying high levels of secured contracts into 2021. Continued investments in our manufacturing facilities and equipment are enabling us to capitalise on this now and in the future.

Importantly, Order Intake (the level of contracts awarded to the Group) has shown another strong year, with significant contracts won in all markets, and with 2021 expected to be a record year in terms of Order Intake. The lifecycle of our projects spans many months from award to delivery so this success gives us excellent visibility and confidence going into 2021 and beyond.

During 2020, the Group experienced a 0.3% increase in revenue. The Group continues to offer full product lifecycle support for a growing range of product lines and continues to invest in R&D to ensure our products excel technically. Gross margins increased to 19% (2019: 8%).

Significant commercial claims continued to impact the business in 2020, with resources being dedicated to these rectifications. However, as they had been provided for in 2019, the financial impact on 2020 was minimal. Other challenges included the UKs departure from the European Union, and the ongoing Coronavirus pandemic. The directors consider that the Group is prepared for these challenges.

STRATEGY

The business spans oil, gas and renewable energy, serving a global customer base. Over the last decade the Group has been transformed into a multi-faceted business that can partner with customers through the complete product and project lifecycle; from design to manufacture and global service support. The infrastructure investments we have made, enables us to support our global customer network.

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

The Group develops its strategies around a strategic plan covering short term objectives, medium term initiatives and long terms goals focusing around people development and technology leadership.
This plan, which is reviewed and updated annually, has 3 main objectives:

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

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

KEY PERFORMANCE INDICATORS

Despite strong order intake and revenue, and a marked improvement on 2019, 2020 was another loss making year. The business continues to strongly focus on profitability, quality and safety. This is expected to result in return to profitability in 2021. The Group continues to enjoy the full support of the Tele-Fonika Kable Group and is well set up for the future and confident of returning to profitability.

We measure a range of operational and financial metrics to help us manage our performance and achieve our business plans:

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The key financial metrics are Order intake (new contracts won), Revenue and Adjusted EBITDA (measured as earnings before interest, tax, depreciation and amortisation and after adding back exceptional items).

	2020 £'000	2019 £'000
Order intake	61,000	158,428
Revenue	122,284	121,915
Adjusted EBITDA	4,128	(20,812)

Reconciliation of Operating Loss to EBITDA:	2020 £'000	2019 £'000
Operating loss	(9,400)	(36,097)
Exceptional administrative expenses	481	-
Amortisation of goodwill	4,195	6,284
Amortisation of development and software costs	955	1,127
Depreciation charges	7,897	7,874
Adjusted EBITDA	4,128	(20,812)

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and foreign exchange risk and liquidity risk. The use of financial derivatives is controlled by the Board and finance function. The Group does not use derivative financial instruments for speculative purposes.

a) Foreign exchange risk

The Group's activities expose it primarily to the financial risks of changes to foreign currency exchange rates, although revenues and costs are matched where possible. The Group uses foreign exchange forward contracts where necessary to hedge residual material exposures.

b) Credit risk

The Group's principal financial assets are bank balances and cash, and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers and managed by a robust set of processes to mitigate credit risk, including the use of structured billing arrangements throughout the life of a project as well as financial guarantees or insurance products where appropriate.

c) Liquidity risk

The Group manages liquidity risk via revolving credit facilities and long-term debt.

d) Cash flow risk

The group manages this risk, where significant, by use of derivatives as explained above.

e) Revenue recognition

The Group's management reviews the main projects on a monthly basis through the Project Reports, where estimated costs to complete are reviewed.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

SECTION 172(1) STATEMENT
As discussed in certain sections of the Directors' report, the Board give considerations to all stakeholder needs when performing their duties.

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

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

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

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

Additionally, in Oil & Gas, the Group operates in a highly specialised market, and is one of a small number of companies that manufactures subsea production umbilicals and power cables that provide the vital connection between offshore facilities. Significant new energy resources are predominately found offshore in increasingly deeper water, which underpins demand for the Group's products, services and technical innovations. We believe new discoveries of oil and gas, particularly offshore in West Africa, Australia, Asia, Brazil and the Middle East will offer significant growth opportunities for the Group.

ON BEHALF OF THE BOARD:

Signature valid
Dokument podpisany przez Paweł Bąk
Data: 2021.09.29 18:02:05 CEST

....
P M Bak - Director

Date: 29/9/2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2020.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2020.

GOING CONCERN
As described more fully in the notes to the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

FUTURE DEVELOPMENTS
Future developments are discussed within the Strategic Report.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

P M Bak
Ms M Cupial-Zgryzek
M P Hassa

DISABLED EMPLOYEES
Applications for employment for disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as is possible, be identical to that of other employees.

GENDER PAY GAP
The Board is committed to fair treatment of all employees and is aware of its obligations with respect to reporting its gender pay gap and this is reviewed periodically. The report is published on its website and appropriate measures have been taken for such publication.

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

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

ENGAGEMENT WITH EMPLOYEES

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

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

For more details regarding the Group's employee engagement please see the relevant section of the Strategic Report.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Murphy Salisbury Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Signature valid

Dokument podpisany przez Paweł Bąk
Data: 2021.09.29 [illegible]:02:29 CEST

....

P M Bak - Director

Date: 29/9/2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TELE-FONIKA HOLDINGS LIMITED

Opinion
We have audited the financial statements of Tele-Fonika Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company·affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related 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.

We wish to draw your attention to note 2 of the financial statements, which indicates that for the year to 31 December 2020, the group incurred a net loss of £10m (2019: £33m) and as of that date, had net liabilities of £66.5m (2019: £56.5m). The results give rise to an uncertainty surrounding the group's ability to continue as a going concern for the foreseeable 12 months. As disclosed in note 2 to the financial statements, the group has considerable financial resources, together with long-term contracts and has support from its bankers, owner and its partnership with Tele-Fonika Kable S.A.. Our opinion remains unmodified in respect of this matter.

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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TELE-FONIKA HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 a Report of the Auditors 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:

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TELE-FONIKA HOLDINGS LIMITED

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to the identification and disclosure of related parties. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Corporate Governance Code and local tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included compliance with industry and manufacturing regulations and GDPR regulation.

Audit response to risks identified

As a result of performing the above, we identified the identification and disclosure of related parties as a key audit matter related to the potential risk of fraud.

Our procedures to respond to risks identified included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Mark Bullock FCA (Senior Statutory Auditor)
for and on behalf of Murphy Salisbury Limited
Chartered Accountants and Statutory Auditors
15 Warwick Road
Stratford upon Avon
Warwickshire
CV37 6YW

Date: 29/09/2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	4	122,284	121,915
Cost of sales		98,583	112,214
GROSS PROFIT		23,701	9,701
Administrative expenses		35,336	45,798
		(11,635)	(36,097)
Other operating income	5	2,235	-
OPERATING LOSS	8	(9,400)	(36,097)
Interest payable and similar expenses	11	1,795	(2,698)
LOSS BEFORE TAXATION		(11,195)	(33,399)
Tax on loss	12	(1,308)	(521)
LOSS FOR THE FINANCIAL YEAR		(9,887)	(32,878)
OTHER COMPREHENSIVE INCOME			
Currency translation differences		(163)	(145)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(163)	(145)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(10,050)	(33,023)
Loss attributable to:			
Owners of the parent		(9,887)	(32,878)
Total comprehensive income attributable to:			
Owners of the parent		(10,050)	(33,023)

The notes form part of these financial statements

TELE-FONIKA HOLDINGS LIMITED (REGISTERED NUMBER: 09902725)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
FIXED ASSETS					
Intangible assets	14		2,229		6,452
Tangible assets	15		79,544		81,926
Investments	16		-		-
			81,773		88,378
CURRENT ASSETS					
Stocks	17	25,944		18,413	
Debtors	18	47,732		66,271	
Cash at bank		4,265		5,751	
		77,941		90,435	
CREDITORS					
Amounts falling due within one year	19	119,862		94,251	
NET CURRENT LIABILITIES			(41,921)		(3,816)
TOTAL ASSETS LESS CURRENT LIABILITIES			39,852		84,562
CREDITORS					
Amounts falling due after more than one year	20		(99,143)		(104,678)
PROVISIONS FOR LIABILITIES	22		(7,238)		(36,363)
NET LIABILITIES			(66,529)		(56,479)
CAPITAL AND RESERVES					
Called up share capital	23		25		25
Retained earnings	24		(66,554)		(56,504)
SHAREHOLDERS' FUNDS			(66,529)		(56,479)

The financial statements were approved by the Board of Directors and authorised for issue on ..29./.9./.2021................ and were signed on its behalf by:

Signature valid
Dokument podpisany przez Paweł Bąk
Data: 2021.09.29 18:03:00 CEST

....
P M Bak - Director

Signature valid
Dokument podpisany przez Monika Cupiał-Zgryzek; Tele-Fonika S.A.
Data: 2021.09.29 19:36:26 CEST

....
Ms M Cupial-Zgryzek - Director

Signature valid
Digitally signed by MICHAŁ HASSA; MICHAŁ HASSA
Date: 2021.09.29 18:27:23 CEST

....
M P Hassa - Director

TELE-FONIKA HOLDINGS LIMITED (REGISTERED NUMBER: 09902725)

COMPANY BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
FIXED ASSETS					
Intangible assets	14		-		-
Tangible assets	15		-		-
Investments	16		20		-
			20		-
CURRENT ASSETS					
Debtors	18	53,659		54,261	
Cash at bank		749		633	
		54,408		54,894	
CREDITORS					
Amounts falling due within one year	19	3,803		2,378	
NET CURRENT ASSETS			50,605		52,516
TOTAL ASSETS LESS CURRENT LIABILITIES			50,625		52,516
CREDITORS					
Amounts falling due after more than one year	20		49,574		51,500
NET ASSETS			1,051		1,016
CAPITAL AND RESERVES					
Called up share capital	23		25		25
Retained earnings	24		1,026		991
SHAREHOLDERS' FUNDS			1,051		1,016
Company's profit/(loss) for the financial year			35		(68)

The financial statements were approved by the Board of Directors and authorised for issue on ..29/9/2021............... and were signed on its behalf by:

Signature valid
Dokument podpisany przez Paweł Bąk
Data: 2021.09.29 18:03:29 CEST

....
P M Bak - Director

Signature valid
Dokument podpisany przez Monika Cupiał-Zgryzek; Tele-Fonika S.A.
Data: 2021.09.29 19:33:50 CEST

....
Ms M Cupial-Zgryzek - Director

Signature valid
Digitally signed by MICHAL HASSA; MICHAL HASSA
Date: 2021.09.29 18:28:50 CEST

....
M P Hassa - Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	25	(23,481)	(23,456)
Deficit for the year	-	(32,878)	(32,878)
Other comprehensive income	-	(145)	(145)
Total comprehensive income	-	(33,023)	(33,023)
Balance at 31 December 2019	25	(56,504)	(56,479)
Deficit for the year	-	(9,887)	(9,887)
Other comprehensive income	-	(163)	(163)
Total comprehensive income	-	(10,050)	(10,050)
Balance at 31 December 2020	25	(66,554)	(66,529)

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	25	1,059	1,084
Changes in equity			
Total comprehensive income	-	(68)	(68)
Balance at 31 December 2019	25	991	1,016
Changes in equity			
Total comprehensive income	-	35	35
Balance at 31 December 2020	25	1,026	1,051

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	1	4,765	4,334
Tax paid		(26)	(42)
Net cash from operating activities		4,739	4,292
Cash flows from investing activities			
Purchase of intangible fixed assets		(910)	-
Purchase of tangible fixed assets		(4,300)	(5,859)
Net cash from investing activities		(5,210)	(5,859)
Cash flows from financing activities			
Repayment under finance leases		(612)	(815)
Interest paid		(403)	44
Net cash from financing activities		(1,015)	(771)
Decrease in cash and cash equivalents		(1,486)	(2,338)
Cash and cash equivalents at beginning of year	2	5,751	8,089
Cash and cash equivalents at end of year	2	4,265	5,751

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£'000	£'000
Loss before taxation	(11,195)	(33,399)
Depreciation charges	6,519	7,853
Amortisation charges and impairment	5,133	10,079
Government grants	(226)	-
Finance costs	1,795	(2,698)
	2,026	(18,165)
Increase in stocks	(7,531)	(8,127)
Decrease/(increase) in trade and other debtors	19,873	(3,253)
(Decrease)/increase in trade and other creditors	(9,603)	33,879
Cash generated from operations	4,765	4,334

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement *in respect of* cash and cash equivalents *are in respect of* these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£'000	£'000
Cash and cash equivalents	4,265	5,751

Year ended 31 December 2019

	31.12.19	1.1.19
	£'000	£'000
Cash and cash equivalents	5,751	8,089

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£'000	£'000	£'000
Net cash			
Cash at bank	5,751	(1,486)	4,265
	5,751	(1,486)	4,265
Debt			
Finance leases	(612)	612	-
	(612)	612	-
Total	5,139	(874)	4,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATUTORY INFORMATION

Tele-Fonika Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Group financial statements are presented in pound sterling (£) and rounded to thousands.

The Company's functional and presentational currency is the pound sterling (£).

Going concern

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

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographical areas and industries. The Group has also benefited from the continued support of its bankers, its owner and the partnership with Tele-Fonika Kables SA as a related company. The Directors are confident that this support will continue in the future. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

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

- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity that is controlled by the parent. The results of the subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences to the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries, are carried cost less impairment.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

All financial statements are made up to 31 December 2020.

continued...

2. **ACCOUNTING POLICIES - continued**

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

Cable and umbilical projects are accounted for using the percentage-of-completion method. Under the percentage-of-completion method, we recognise contract revenue based on costs incurred to date as a percentage of total estimated costs. Profits are only recognised when the project is at least 25% complete. Otherwise, turnover is recognised to the extent of the cost incurred.

Where the outcome of a project cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue on smaller orders for spare parts, design engineering or offshore technician services is recognised upon delivery.

Goodwill
Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life, which is estimated to be 3 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Other intangible assets
Other intangible assets include software and licences. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on a straight line basis over its estimated useful life of 5 years, taking into account any residual values expected. Amortisation is recorded in "administrative expenses".

Where factors, such as technological advancement or changes in market price indicate that residual values or useful life have changes, the residual value, useful life or amortisation rate is amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible fixed assets
Tangible assets are stated at cost less accumulated depreciation and impairment. Such costs include all costs directly attributable to making the asset capable of operating as intended. Depreciation is provided in equal instalments over their estimated useful lives by using the following rates:

Leasehold improvements: 10-15 years
Plant and machinery: 5-20 years
Office furniture and computer equipment: 5-10 years
Assets in the course of construction: Not depreciated

The Group undertakes a review for impairment of fixed assets if events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is the higher of net realisable value and value in use, the fixed asset is written down to its recoverable amount.

continued...

2. ACCOUNTING POLICIES - continued

Stocks
Stock and WIP is stated at the lower of cost and net realisable value. Stock is recognised as an expense in the period in which the related revenue is recognised. Cost is determined using a standard cost model. Cost includes the purchase price, including taxes duties and other directly attributable costs to bring stock to its present location and condition. The cost of manufactured goods and work in progress (WIP) includes design cost, raw materials and direct labour.

At the end of each period, stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its net realisable value and an impairment charge is recognised in the income statement. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

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

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

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

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

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

Derivatives, including forward foreign exchange contracts to hedge exposure to foreign currency risk arising from large purchases of key raw materials, are not basic financial instruments.
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

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

continued...

2. **ACCOUNTING POLICIES - continued**

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development
Expenditure on research is written off in the year in which it is incurred.

Expenditure on new product development is capitalised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development costs are stated as intangible assets, valued at cost less accumulated amortisation and impairment. Amortisation is provided in equal instalments, over the expected economic life of the new products, of 5 years.

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

Pension costs and other post-retirement benefits
The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the profit or loss in the period to which they relate.

Cash and cash equivalents
Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

continued...

2. **ACCOUNTING POLICIES - continued**

Provisions

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

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

Operating leases

Expenditure on operating leases is charged to the income statement on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period.

Exceptional costs

The Group classifies certain one-off charges as 'exceptional costs'. These are material items which derive from events or transactions that falls within the ordinary activities of the reporting entity and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view. These are disclosed separately, where necessary, to provide further understanding of the financial performance of the Group.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group'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 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 where the revision affects only that period, or in the period of the revision and future period where the revision affects both current and future periods.

Goodwill

The determination of whether goodwill should be impaired requires the estimation of future cash flows and growth factors adapted by each cash generating unit. Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate These factors are all affected by prevailing market and economic factors outside the Group's control.

Investments

The Group assess the carrying values of investments annually or more frequently if warranted by a change in circumstances. If it is determined that the carrying values of investments cannot be recovered, the unrecoverable amounts are charged to the income statement. Recoverability is dependent upon assumptions and judgements regarding discount rates, future cash flows and profit margins. A material change in assumptions may significantly impact the potential impairment of these assets.

Useful economic life of non-current assets

Management estimate the useful economic life of non-current assets based on the period over which the asset is expected to be used and provide for depreciation accordingly. Where an indication of impairment is identified the recoverable value requires estimation.

Provisions for warranty and other provisions

Estimates regarding the warranty and other provisions are subject to complex technical and commercial discussions over a relatively long period. In calculating the level of provisions required, judgements have been made on the probability of success in defending claims and estimated outcome of such claims.

continued...

Revenue
In order to determine the revenue that the Group is able to recognise on its ongoing projects in a specific period, the Group has to estimate costs to complete on such projects, and make estimates relating to future purchase prices of materials and other costs. In making these assessments there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values, projects costs and the appropriateness of estimates made.

4. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	2020	2019
	£'000	£'000
Asset management	1,361	4,258
Offshore oil & gas services	120,923	117,657
	122,284	121,915

An analysis of turnover by geographical market is given below:

	2020	2019
	£'000	£'000
United Kingdom	23,616	30,479
Europe	71,383	35,356
North America	9,074	7,315
Rest of the World	18,211	48,765
	122,284	121,915

5. OTHER OPERATING INCOME

	2020	2019
	£'000	£'000
Sundry receipts	2,076	-
Government grants	159	-
	2,235	-

	2020	2019
	£'000	£'000
Group		
Scrap income	2,076	-
Furlough income	159	-
Other income	**2,235**	-

continued...

6. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Wages and salaries	22,765	18,031
Social security costs	2,733	1,917
Other pension costs	985	842
	26,483	20,790

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

	2020	2019
Production	403	397
Selling and distribution	54	51
Administration	103	107
	560	555

7. DIRECTORS' EMOLUMENTS

	2020	2019
	£	£
Directors' remuneration	7,655	7,629

8. OPERATING LOSS

The operating (loss)/profit for the group is stated after charging:

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets	7,138	7,874
Goodwill amortisation	4,195	6,284
Amortisation of other intangibles	954	1,127
Operating lease charges:		
- plant & machinery	280	265
- land & building	3,262	3,129
Exceptional administrative expenses	481	-

continued...

9. AUDITORS' REMUNERATION

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the parent company and the Group's consolidated financial statements	60	53
Fees payable to the Group's auditor for the audit of the Company's subsidiaries' financial statements	75	49
Fees payable to the Group's auditor and its associates in respect of:		
Tax compliance	21	19
All other services	54	18

10. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Exceptional items	(481)	-

Exceptional costs in 2020 relate to personnel restructuring, performed within one of the subsidiaries.

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Group		
Bank loan interest	2	-
Other interest & charges	251	312
Related party interest payable	2,700	3,706
Net exchange differences	(2,477)	(4,064)
Total interest payable and similar charges	**475**	**(46)**
Other interest & income	-	-
Fair value movement on derivative contracts	1,360	(2,652)
Net interest payable / (receivable)	**1,835**	**(2,698)**

continued...

12. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	26	(521)
Origination and reversal of timing differences	(1,334)	-
Tax on loss	(1,308)	(521)

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Loss before tax	(11,195)	(33,399)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(2,127)	(6,346)
Effects of:		
Expenses not deductible for tax purposes	1,289	4,343
Income not taxable for tax purposes	426	(577)
Utilisation of tax losses	265	-
Impact of overseas tax rates	631	670
Adjustment to deferred tax at average rate	-	426
Deferred taxation not recognised	(1,665)	2,978
Group relief	(265)	(2,103)
Fixed assets ineligible depreciation / amortisation	138	52
Adjustment to deferred tax in respect of prior periods	-	36
Total tax credit	(1,308)	(521)

Tax effects relating to effects of other comprehensive income

	2020 Gross £'000	2020 Tax £'000	2020 Net £'000
Currency translation differences	(163)	-	(163)

	2019 Gross £'000	2019 Tax £'000	2019 Net £'000
Currency translation differences	(145)	-	(145)

13. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

continued...

14. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Development costs £'000	Computer software £'000	Totals £'000
COST				
At 1 January 2020	20,985	3,716	879	25,580
Additions	16	910	-	926
At 31 December 2020	21,001	4,626	879	26,506
AMORTISATION				
At 1 January 2020	16,796	1,712	620	19,128
Amortisation for year	4,195	787	167	5,149
At 31 December 2020	20,991	2,499	787	24,277
NET BOOK VALUE				
At 31 December 2020	10	2,127	92	2,229
At 31 December 2019	4,189	2,004	259	6,452

15. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £'000	Plant and machinery £'000	Office furniture and equipment £'000	Assets under construction £'000	Totals £'000
COST					
At 1 January 2020	4,902	89,511	1,335	1,274	97,022
Additions	151	4,204	96	1,383	5,834
Exchange differences	(1)	(302)	(2)	(14)	(319)
Reclassification/transfer	-	1,109	(247)	(862)	-
At 31 December 2020	5,052	94,522	1,182	1,781	102,537
DEPRECIATION					
At 1 January 2020	1,540	13,179	377	-	15,096
Charge for year	742	7,031	230	-	8,003
Exchange differences	(1)	(104)	(1)	-	(106)
At 31 December 2020	2,281	20,106	606	-	22,993
NET BOOK VALUE					
At 31 December 2020	2,771	74,416	576	1,781	79,544
At 31 December 2019	3,362	76,332	958	1,274	81,926

Assets held under finance leases amount to £0 and are included within plant and machinery (2019: £3,417,000).

continued...

16. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £'000
COST	
Additions	20
At 31 December 2020	20
NET BOOK VALUE	
At 31 December 2020	20

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Holding JDR Ltd
Registered office: England and Wales
Nature of business: Holding company

Class of shares:	% holding
(direct)	100.00

MCN SP Z.O.O.
Registered office: Poland
Nature of business: Not trading

Class of shares:	% holding
(direct)	100.00

BTL Limited
Registered office: Isle of Man
Nature of business: Asset management

Class of shares:	% holding
(direct)	100.00

JDR Cable Systems (Holdings) Ltd
Registered office: Scotland
Nature of business: Holding company

Class of shares:	% holding
(indirect)	100.00

JDR Cable Systems Ltd
Registered office: Scotland
Nature of business: Offshore oil & gas services

Class of shares:	% holding
(indirect)	100.00

continued...

16. FIXED ASSET INVESTMENTS - continued

JDR Cable Systems GmbH
Registered office: Germany
Nature of business: Not trading

Class of shares:	% holding
(indirect)	100.00

JDR Cable Systems (Holdings) Inc
Registered office: United States
Nature of business: Holding company

Class of shares:	% holding
(indirect)	100.00

JDR Cable Systems Inc
Registered office: United states
Nature of business: Offshore oil & gas services

Class of shares:	% holding
(indirect)	100.00

JDR Fabrica O E Comercio de Sistemas de Cabos, Ltda
Registered office: Brazil
Nature of business: Offshore oil & gas services

Class of shares:	% holding
(indirect)	100.00

17. STOCKS

	Group	
	2020	2019
	£'000	£'000
Stocks	23,396	-
Raw materials and consumables	-	14,694
Work-in-progress	2,548	3,719
	25,944	18,413

There is no significant difference between the replacement cost of raw materials and consumables and work in progress and their carrying amounts. Stocks are stated after provisions for impairment of £2,310,000 (2019: £2,310,000).

continued...

18. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade and other receivables	25,889	29,696	323	362
Other debtors	527	3,816	-	-
Derivatives at fair value	689	2,049	-	-
Tax	4	-	-	-
VAT	6	2	4	3
Deferred tax asset	5,467	4,133	-	-
Prepayments and accrued income	15,043	26,374	3,830	2,366
	47,625	66,070	4,157	2,731
Amounts falling due after more than one year:				
Trade debtors	107	201	107	201
Amounts owed by group undertakings	-	-	49,395	51,329
	107	201	49,502	51,530
Aggregate amounts	47,732	66,271	53,659	54,261

Deferred tax asset

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Deferred tax	5,467	4,133	-	-

Trade debtors are stated after provisions for impairment of £526,000 (2019: £526,000).

Certain amounts owed by group undertakings are unsecured, repayable on 7 November 2028 and carry variable interest rate at 3-month LIBOR plus 1.85% margin.
Accrued interest on the loans has been included in the amounts owed by group undertakings.

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

The carrying amount of the trade and other receivables includes receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its statement of financial position. The amount repayable under the factoring agreement is presented as secured borrowing.

As announced in the Budget on 11 March 2020 and subsequently enacted on 17 March 2020, the rate applicable from 1 April 2020 now remains at 19%, rather than the previous enacted future reduction to 17%.
The deferred tax asset recognised is based on a corporation tax rate of 19% (2019: 19%). No deferred tax asset has been recognised on any tax losses, as there is currently insufficient evidence that the asset would be recoverable.

continued...

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	-	-	5	-
Finance leases (see note 21)	-	612	-	-
Payments on account	19,302	23,606	-	-
Trade creditors	14,114	14,735	1	1
Amounts owed to group undertakings	-	-	6	2
Social security and other taxes	679	633	-	-
Other creditors	4,419	2,661	3,741	2,350
Secured borrowing	8,930	8,509	-	-
Due to related parties	69,631	38,346	-	-
Accruals and deferred income	2,787	5,149	50	25
	119,862	94,251	3,803	2,378

Secured borrowings relate to an asset-based factoring arrangement of which £8,903,000 (2019: £8,509,000) had been advanced to the Group against certain sales invoices. The finance provider has full recourse to the Group for sums advanced in the event such sales invoices become ineligible under the terms of the facility.

Amounts due to related parties are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts due to related parties	96,957	102,266	49,574	51,500
Deferred government grants	2,186	2,412	-	-
	99,143	104,678	49,574	51,500

Loans due from related parties were advanced by related companies and the investor. The loans carry interest at LIBOR plus various margin and are repayable, together with all accrued interest, on maturity. The maturity of the loans range from dates being more than one year and up to ten years.

The finance lease is over certain Group assets in Hartlepool. The lease amount of £5,000,000 was advanced during 2015 and is being repaid in monthly instalments over 5 years. The loan attracts interest at 3.5% per annum.

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Finance leases	
	2020	2019
	£'000	£'000
Net obligations repayable:		
Within one year	-	612

continued...

21. LEASING AGREEMENTS - continued

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

	2020 £'000	2019 £'000
Land and buildings		
Within one year	3,199	3,287
Between 2 - 5 years	6,025	6,958
In more than 5 years	312	501
	9,536	10,746
Other assets		
Within one year	203	216
Between 2 - 5 years	372	550
In more than 5 years	-	4
	575	770

22. PROVISIONS FOR LIABILITIES

	Group	
	2020 £'000	2019 £'000
Other provisions	7,238	36,363
Aggregate amounts	7,238	36,363

Group

	Deferred tax £'000	Other provisions £'000
Balance at 1 January 2020	(4,133)	36,363
Provided during year	-	1,640
Credit to Statement of Comprehensive Income during year	(1,334)	-
Utilised during year	-	(30,765)
Balance at 31 December 2020	(5,467)	7,238

The other provisions mainly relates to excess contractual costs which the company believes it may incur on projects which have been delivered to clients. These costs are not fully known, subject to negotiation and are unlikely to be offset by additional revenues. It is expected that the majority of expenditures will be incurred in the next financial year and that all will be incurred within two years. The provision has been estimated in accordance with the appropriate contract documents.

continued...

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
25,000	Ordinary	£1	25	25

24. RESERVES

Group

	Retained earnings £'000
At 1 January 2020	(56,504)
Deficit for the year	(9,887)
Currency translation	(163)
At 31 December 2020	(66,554)

Company

	Retained earnings £'000
At 1 January 2020	991
Profit for the year	35
At 31 December 2020	1,026

25. PENSION COMMITMENTS

The Group operates a personal pension scheme which is available to all employees. Currently 387 (2019: 426) employees are members of the scheme. This scheme is administered independently of the Group. The total pension cost which is included in the profit and loss account represents contributions payable by the Group and amounted to £985,000 (2019: £842,000).

26. CONTINGENT LIABILITIES

During the course of business, the Group has given certain contract performance guarantees totalling £52,744,000 (2019: £57,172,000).

The Group is party to a bank facility agreement between certain Group and related companies and their bankers. The Group's subsidiaries' share capital and assets are pledged under this agreement. The exposure under this agreement is calculated based on net assets and as at 31 December 2020 is £nil (2019: £nil).

In previous periods the Group received a government grant to assist with the purchase of assets. The aggregated amount of such grants received during the year was £102,000 (2019: £nil). Grants receivable are credited to long term creditors and released to the income statement over the life of the related assets.

In the event of any breach of grant conditions the full amount of the grant received would be repayable. Since the Group is not aware of any actual, or potential, breaches of conditions, no provision is required for repayment.

continued...

27. CAPITAL COMMITMENTS

	Group	
	2020	2019
	£'000	£'000
Contracted but not provided for in the financial statements	1,515	674

28. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year the Group made purchases from Tele-Fonika Kable S.A. a company related by virtue of common ownership, amounting to £42.8m (2019: £33.7m). The outstanding balance due for payment in relation to these purchases as at 31 December 2020 was £67.2m (2019: £34.9m). In addition, a loan due to the same company of £nil (2019: £2.5m) was outstanding at the year end of 31 December 2020. This loan accrues interest at LIBOR + 1.3%, with £0.2m interest accrued at 31 December 2020 (2019: £0.2m).

In 2017 the Group acquired JDR Cable Systems (Holdings) Limited and its subsidiary undertakings. The Group incurred costs during the year of £nil (2019: £538k) relating to the acquisition, which were paid on its behalf by Tele-Fonika Kable S.A.. The outstanding balance due in relation to these costs at year end is £nil (2019: £4.8m).

As at the year end, the Group owed £53.5m (2019: £53.8m) to the controlling party. The loans are unsecured, accrued interest at LIBOR plus margin and are repayable on the 10th anniversary of the loan agreement dates. Interest of £1.4m (2019: £2.1m) was incurred in the year, which is included within the balance.

29. POST BALANCE SHEET EVENTS

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

It is not possible to reliably estimate the duration and severity of the economic consequence of the pandemic, and its impact on the financial position and results of the company for future periods, although it is not expected that these will be material for the group.

30. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Boguslaw Cupial, by virtue of his 100% shareholding.