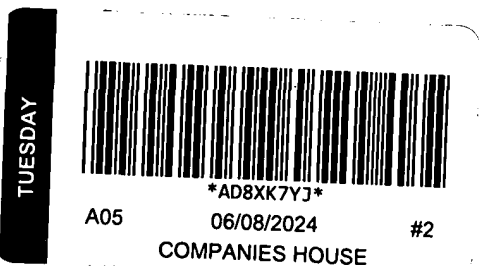


Registered number
SC123684

JFD Limited
Registered number: SC123684

Annual Report and Financial Statements

for the year ended
31 December 2023



JFD Limited

Contents	Page
Strategic Report	2
<i>Directors' Report</i>	5
Statement of Directors' Responsibilities	7
Independent Auditor's report to the Members of JFD Limited	8
Profit and Loss Account and Other Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15

JFD Limited Strategic Report

The directors present their report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activities of the Company during the year were the sale of proprietary diving systems and the design, manufacture, assembly and supply of subsea vehicles, systems for special forces and submarine rescue services including project management, engineering, maintenance and operation services. The business has a strong pipeline of project opportunities however these have taken longer than originally estimated to be concluded. JFD fully expects to be profitable in 2024.

Results for the year

The trading results for the year and the Company financial position at the end of the period are shown in the attached financial statements. The profit/(loss) for the year before taxation was £930,887, 2022: (£7,205,142).

Key performance indicators

The Directors have considered the issue of key performance indicators (KPI's) as a measure of performance and have concluded that profit before taxation is the most appropriate measure.

Risks and uncertainties

The main risks facing the Company are material availability and prices: the company monitors material requirements and when necessary, will place purchase orders for the materials in advance if possible to do so. This can be crucial to achieve delivery where the Company has entered into a contractual arrangement to supply customers with diving systems and/or products by a specified date in the future. Late delivery penalties are in all cases limited but can impact on Company profitability. Price risk is managed by close monitoring of market forces at the time of processing orders.

JFD Ltd operates in overseas emerging markets and key growth economies with fluctuating legislative restrictions, embargoes, sanctions and exchange controls, often undertaken in association with local joint venture partners. We continue to rely on winning and retaining contracts in both existing and new markets. This reflects that, whilst the maintenance of a secure and assured pipeline is essential for continued growth, we may choose to embrace the risks that we can confidently and securely manage.

In regards to climate risk, JFD Ltd is committed to minimising the impact of its operation on climate change. We are conscious of the need to reduce our impact on the climate, including the emission of greenhouse gases. We are planning initiatives to reduce to the businesses emissions such as electric vehicles and charging points as well as solar panels.

Going concern

The directors are of the opinion that the Company has sufficient financial resources to continue trading for at least 12 months from the date of this report.

See the basis of preparation section of the notes to the financial statements for more details on the going concern assessment.

This report was prepared and approved by the board on 28 June 2024 and signed by its order.

Section 172 statement

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

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard, among other matters to:

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

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. The stakeholders we consider in this regard are the people who work for us, buy from us, supply to us, own us, regulate us and live in the societies we serve and the planet we inhabit. The Board recognises that building strong relationships with our stakeholders will help us deliver our strategy in line with our long-term values, and operate the business in a sustainable way. The board is committed to effective engagement with all of its stakeholders. For example:

Supporting our local communities

We have engaged with activities such as presenting at local schools on some Company topics, such as submarine rescue, as well as active participation in the STEM (Science, Technology, Engineering and Mathematics) activities. We have also provided raffle prizes for local or industry associate charities and schools.

Empowering our employees

We conduct employee engagement surveys on a frequent basis to ensure we are taking our employee's views in our Employee Strategy, we want to hear our employee's views and also want their input. We encourage employees to join forums and working groups to contribute to the wider employee experience. We are currently working towards empowering our leaders and people managers to lead as effectively as possible by providing guidance and creating management training programmes. During quarterly Town-Hall meetings, employee input into the business is discussed.

JFD is an equal opportunities employer and is firmly committed to both the principle and realisation of equality. We are committed to comply with all applicable laws governing employment practices and to the prevention of discrimination on the basis of any lawful criteria. We consider our policies for recruitment, career development, training and promotion of employees are based on the suitability of the individual and provide those who are disabled with equal treatment with the able bodied.

The interests of the Company's shareholders

Our shareholders provide financial liquidity required for JFD to operate and are the beneficiaries in the value created by the company. We are committed to transparent communication and engagement with them. Throughout the year, the directors will have regular meetings with the shareholders to discuss results and any other key matters. Some key issues raised with our shareholders is the operational and financial performance in the year as well as strategy implementation.

The interests of the Company's employees

We are committed to ensuring that JFD is a great place to work. Attracting and developing talent is a key driver of the companies sustainable and profitable growth. We continue to build on the employee engagement surveys held which is providing valuable insights to the directors on the issues that matter to our employees. Some key issues raised with our employees during the year has been development and progression and recognition. We are striving to ensure that we work towards achieving these goals in 2023 and beyond.

Health and safety

JFD operates in challenging environments where health and safety for our people, customers and other stakeholders is of paramount importance. We are committed to our health and safety as a key value, and have a robust management system in place, which is independently verified by Lloyds register to ISO 45001.

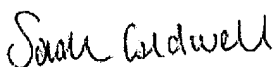
Partnering with our customers and suppliers

We continue to strive as a company to understand the challenges that our customers face and the complexities posed by the environments in which they operate. We aim to work with suppliers who share and can assist the company in achieving our goals. On supplier choices we ensure that the following criteria is met: greater clarity of environmental credentials, legal compliance, respect for human rights and transparent business ethics. We contribute to the James Fisher & Sons PLC customer and supplier working groups to share best practice and embed consistent approaches as well as continuing to affirm our commitment to support customers in their efforts to drive continuous environmental improvements.

Protecting our environment

At JFD Ltd, we are continuing to assess and quantify the impact of our operations has on the environment. We aim to develop and implement plans to conduct our operations more responsibly with identifying opportunities to improve. We have multiple environmental objectives underway, some location specific and others with a view to global roll out. Examples include; Paperless production materials, stores packaging sustainably sourced/environmentally friendly materials, use of solar panels and redesign of products to reduce impact to the environment, and 3R's (Reduce, Re-use, Recycle).

The Board hold quarterly meetings and receive reports from management on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments and investors, which it takes into account in its discussions and its decision-making process under section 172.



S Caldwell
Director
Westhill Industrial Estate
Enterprise Drive
Aberdeen
AB32 6TQ

JFD Limited
Registered number: SC123684
Directors' Report

Directors

The following persons served as directors during the year:
D J Gray
S Caldwell

Auditor

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Banker

Lloyds Bank PLC

Registered office

Westhill Industrial Estate
Enterprise Drive
Aberdeen
AB32 6TQ

Statement of Compliance

To comply with the Companies Act 2006, the Company has detailed in the Strategic report, a review of the development and performance of the business during the year including key financial performance indicators, and a description of the principal risks and uncertainties facing the Company.

Treasury policies

The Company's treasury management operates under approved treasury policies and guidelines covering funding and management of foreign currency exposure and interest rate risk. Its purpose is to manage the financial risks of the business effectively and to secure finance at a minimum cost. Activities are covered by guidelines, exposure limits, controls and a system of authority authorised by the board of the Company's ultimate holding Company, James Fisher and Sons plc.

The Company manages its cash to ensure maximum benefit is gained whilst ensuring security of investment sources. Any surplus funds are placed with institutions with strong credit ratings.

Political contributions

The Company made no political contributions in the year (2022: £nil).

Greenhouse gases

The Company is committed to minimising and possibly eliminating the detrimental impact of greenhouse gas emissions from our operational activities. Under the Companies Regulations 2018, JFD is exempt from disclosing the greenhouse gas emissions and energy consumption as they are included in the consolidated accounts of James Fisher & Sons PLC. For this disclosure, please refer to page 32 of the 2023 Annual Report.

Research and development

The Company continues to develop its range of diving equipment to provide the required systems for diving tasks in both the commercial and defence markets that ensure they are at the cutting edge of technology to conduct safe and efficient operations. The continued approach taken has ranged from continual upgrades and improvements of existing equipment with input from clients to new 'clean sheet' developments to enhance safety and performance within the industry.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Post balance sheet event

Post year end, JFD was notified by a customer for a long term contract of their intent to cancel an agreed contract, in which JFD accepted. The revenue for this contract was for £1.3m, this was taken in 2023 and there was no cancellation penalties. As the cancellation took place subsequent to the year end, the write off of the aforementioned related balances will take place in 2024.

Dividends

The Company made no dividend payment during the year (2022: £nil).

JFD Limited
Registered number: SC123684
Directors' Report

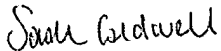
Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Indemnity

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

By order of the Board



S Caldwell
Director
Westhill Industrial Estate
Enterprise Drive
Aberdeen
AB32 6TQ

28 June 2024

JFD Limited
Registered number: SC123684
Statement of Directors' Responsibilities

Directors' responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 101 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

JFD Limited
Independent auditor's report
to the members of JFD Limited

Opinion

We have audited the financial statements of JFD Limited ("the Company") for the year ended 31st December 2023 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 of the financial statements which describes a material uncertainty in respect of the Group's reliance on successful mitigations under the combined severe but plausible scenario and the Group's ability to refinance prior to March 2025. These events and conditions, along with the other matters explained in Note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

JFD Limited
Independent auditor's report
to the members of JFD Limited

As required by auditing standards, and taking into account possible pressures to meet profit targets, recent revisions to guidance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements.

On this audit we do not believe there is a fraud risk related to revenue recognition on long-term contracts due to the stage of completion of those contracts; and for remaining revenue streams, we do not believe there is a fraud risk related to revenue recognition as the recognition is not complex.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Obtaining a list of payments made to agents and on a sample basis testing that payments had been appropriately authorised.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, compliance with export licence agreements, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

JFD Limited
Independent auditor's report
to the members of JFD Limited

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

JFD Limited
Independent auditor's report
to the members of JFD Limited

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

28 June 2024

JFD Limited
Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover	3	43,352,974	40,812,071
Cost of sales		(36,616,120)	(38,033,450)
Gross Profit		<u>6,736,854</u>	<u>2,778,621</u>
Administrative expenses		(9,507,204)	(8,807,463)
Operating (Loss)	4	<u>(2,770,350)</u>	<u>(6,028,842)</u>
Profit / (Loss) on sale of fixed assets		5,825	(58,644)
Income from investments	7	8,450,662	516,800
Interest receivable	8	140,319	137,562
Interest payable	9	(4,895,569)	(1,772,018)
Profit / (Loss) before taxation		<u>930,887</u>	<u>(7,205,142)</u>
Tax on profit / (loss)	10	(2,551,379)	1,219,689
(Loss) for the financial year		<u>(1,620,492)</u>	<u>(5,985,453)</u>

The results for the period are derived from continuing operations.

There was no other comprehensive income for the period other than the profit for the financial year (2022: £nil).

Notes on pages 15 to 28 form part of the financial statements.

JFD Limited
Balance Sheet
as at 31 December 2023

	Notes	2023 £	2022 £
Fixed assets			
Intangible assets	11	4,262,231	3,013,055
Tangible assets	12	8,866,626	9,018,678
Investments	13	<u>10,596,761</u>	<u>10,610,146</u>
		23,725,618	22,641,879
Current assets			
Stocks	14	10,826,341	11,223,490
Debtors (of which £8,447,259 (2022: £12,742,011) is due after more than one year)	15	35,018,165	38,782,984
Cash at bank and in hand		<u>6,997,695</u>	<u>5,956,686</u>
		52,842,201	55,963,160
Creditors: amounts falling due within one year	16	(14,237,319)	(16,778,338)
Net current assets		<u>38,604,882</u>	<u>39,184,822</u>
Total assets less current liabilities		<u>62,330,500</u>	<u>61,826,701</u>
Creditors: amounts falling due after more than one year	17	(53,893,858)	(52,994,595)
Provisions for liabilities			
Deferred taxation	18	(1,801,280)	(747,432)
Other provisions	19	<u>(2,337,788)</u>	<u>(2,166,608)</u>
		(4,139,068)	(2,914,040)
Net assets		<u>4,297,574</u>	<u>5,918,066</u>
Capital and reserves			
Called up share capital	20	393,455	393,455
Share premium	21	930,600	930,600
Capital redemption reserve		332,514	332,514
Merger reserve		544,555	544,555
Profit and loss account	22	2,096,450	3,716,942
Total equity		<u>4,297,574</u>	<u>5,918,066</u>

Notes on pages 15 to 28 form part of the financial statements.

Sarah Caldwell

S Caldwell
Director
Approved by the board on
28 June 2024

JFD Limited
Statement of Changes in Equity
for the year ended 31 December 2023

	Share capital	Share premium	Merger reserves	Capital redemption reserves	Profit and loss account	Total
	£	£	£	£	£	£
At 1 January 2022	393,455	930,600	544,555	332,514	9,702,395	11,903,519
Loss for the financial year	-	-	-	-	(5,985,453)	(5,985,453)
Dividends	-	-	-	-	-	-
At 31 December 2022	<u>393,455</u>	<u>930,600</u>	<u>544,555</u>	<u>332,514</u>	<u>3,716,942</u>	<u>5,918,066</u>
At 1 January 2023	393,455	930,600	544,555	332,514	3,716,942	5,918,066
Loss for the financial year	-	-	-	-	(1,620,492)	(1,620,492)
Dividends	-	-	-	-	-	-
At 31 December 2023	<u>393,455</u>	<u>930,600</u>	<u>544,555</u>	<u>332,514</u>	<u>2,096,450</u>	<u>4,297,574</u>

Notes on pages 15 to 28 form part of the financial statements.

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

1 Summary of significant accounting policies

JFD Limited (the 'Company') is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, James Fisher and Sons plc includes the Company in its consolidated financial statements. The consolidated financial statements of James Fisher and Sons plc are prepared in accordance with UK-adopted international accounting standards and are available to the public and may be obtained from Fisher House, PO Box 4, Barrow in Furness, Cumbria, LA14 1HR.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of James Fisher and Sons plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Basis of preparation

The company is a wholly owned subsidiary of James Fisher and Sons plc (the 'Group').

The company is party to the Group banking arrangements with JFD Limited being a named party on the banking documents and providing a cross-guarantee for certain Group facilities. Consequently, in assessing the going concern of JFD Limited, the Directors also consider the financial situation of the Group as a whole and therefore the Going concern basis of preparation of the Company is dependant on the ongoing ability of the Group to continue trading and provide any financial support required by the Company, to the extent it is necessary.

The Directors of James Fisher and Sons plc have indicated their intention to make available such funds as are needed by the Company, for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. However, the Group's consolidated financial statements for the year ended 31 December 2023 authorised for issue on 16 April 2024 includes a material uncertainty over the Group's ability to continue as a going concern, relating primarily to the Group's reliance on successful mitigations under the combined severe but plausible scenario and the ability to refinance prior to March 2025.

The Group's basis of preparation within the consolidated financial statements for the year ended 31 December 2023 authorised for issue on 16 April 2024 stated the following:

"In determining the appropriate basis of preparation of the financial statements ended 31 December 2023, the Board is required to consider whether the Group can continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties and sensitivities, as set out below.

On 6 June 2023, the Group signed a £209.9m secured revolving credit facility, maturing in March 2025 (the "RCF"), which was provided by the six pre-existing lenders to the Group (see Note 27).

There are a number of mandatory repayments (both scheduled and where cash is generated from disposals) incorporated into the facility terms. At the time when the facility terms were negotiated, the timing of these repayments were intended to align with forecast cash inflows. However, as cash inflows can vary from forecast due to timings of projects and revenue receipts, prior to the year end, the Group obtained appropriate waivers to alter the phasing and quantum of the December 2023 mandatory repayment. This quantum of this mandatory repayment has been reduced and is now due in June 2024. As a result, the facility was reduced by the debt repayments leaving committed facilities at 31 December 2023 of £192.7m (2022: £247.5m) and undrawn committed facilities of £24.7m (2022: £88.0m).

The facility contains a restriction on capital expenditure spend as well as minimum liquidity requirements. It also contains reducing Net debt/EBITDA covenants and increasing interest cover requirements throughout the facility and certain non-financial covenants (see Note 29). The Group, with the ongoing support of the banking syndicate, has remained in compliance with all covenants and remained so at the 31 December 2023 measurement date.

The Group's net debt for the purposes of banking covenants consists of net bank borrowings adjusted for finance lease liabilities (on a pre-IFRS 16 basis) and advance payment guarantees. The net debt for covenant purposes was £149.7m as at 31 December 2023 and the net debt/EBITDA ratio of 2.75 times (2022 2.7 times). This remains above the Group's target range of 1-1.5 times. The Group was in compliance with all financial covenants for the year ended 31 December 2023.

In anticipation of covenant compliance throughout the going concern assessment period being challenging based on the original requirements of the RCF, subsequent to the year end the Group has agreed with the banking syndicate to reset the covenant levels on the net debt/EBITDA and interest cover ratios, and minimum liquidity, under the RCF to less onerous levels for the remaining duration of the facility. The testing requirement has also been altered from monthly to quarterly for the net debt/EBITDA covenant.

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

Going concern assessment period

Accounting standards require the directors to assess the Group's ability to continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. The Board has considered an appropriate period for going concern assessment considering any known liquidity events that will occur after the twelve-month period. Given that the RCF matures in March 2025, the directors concluded that the twelve-month going concern assessment period to 30 April 2025 is appropriate.

Board assessment

Base case

The Group has prepared its base case based on the budget/plan for the period to 30 April 2025.

The base case also considers downside risks to business performance that could arise in the period and restricts capital expenditure in line with the limit for FY24 in the RCF. Given parts of the Group's business involves securing new contracts which can be delayed or cancelled, cash flows have been adjusted to take account of such risks materialising. Although the intention of the Group is to continue the disposals of non-strategic assets and businesses, the base case does not include such disposals or acquisitions as these are not in the direct control of the Group.

The forecasts also take account of the macro-economic environment such as potential increases in interest rates, inflationary pressures and shifts in market trends. The base case demonstrated the Company would have headroom against its facilities and would comply with financial covenants over the going concern assessment period.

Severe but plausible downside scenario

The Group also modelled severe but plausible downside scenarios in which the Board has taken account of the following:

- trading downside risks, which assume the Group is not successful in delivering the anticipated profitability levels due to risks associated with contract wins and/or delays and forecast margins achievement resulting in operating profit reduction of 21% in the full year to December 2024 from the adjusted base budget and a reduction of 23% January 2025 to June 2025;
- cash inflow disruptions that may result from late payments from customers or project delivery challenges; and
- further short-term increases in interest rates from the current rate of 5.25% to 5.5% SONIA rate between June 2024 and December 24.

Under a combination of all of the above downside scenarios ("the combined severe but plausible scenario"), prior to mitigating actions within the control of management, the forecasts indicate that the Directors would potentially need to request a waiver from the lenders in relation to the mandatory repayment of £3.5m that is required in June 2024, and seek additional funding, in order for the Group to continue to meet its liabilities as they fall due. The combined severe but plausible scenario also results in limited headroom on financial covenant compliance in the going concern assessment period, prior to mitigating actions. However, the Directors are confident that they have a number of controllable mitigating actions that could be implemented regardless of whether a waiver for the mandatory repayment from the lenders is obtained, including reducing discretionary spend on certain projects and hiring freezes. After the effect of these mitigations the combined severe but plausible scenario indicates that the Group can make the June repayment and would remain cash positive and in compliance with all financial covenants, albeit with limited headroom. In addition, whilst not a controllable mitigation, the Directors will also seek to negotiate an extension of creditor terms with certain suppliers if required.

In addition, due to the quarterly and monthly covenant testing requirements within the RCF, there is an inherent timing risk associated with both profits and large project related customer receipts. Therefore there is a risk that should the combined severe but plausible scenario outlined above materialise, additional support from the lender group may be necessary to avoid any temporary non-compliance with covenants. The Group will continue to actively manage its cashflow to mitigate this risk and operate within the terms of the RCF.

As part of the RCF, there is a non-financial covenant that requires the Group to provide signed audited financial statements for all guarantors party to the banking arrangement within 180 days of the year end. As at 31 December 2023, the Group has obtained a waiver from the banks for certain guarantors where this covenant requirement has not been met in respect of 31 December 2022 audited financial statements. The Board believe that they are able to meet the revised signing dates as outlined in this waiver however acknowledge that should the revised signing dates not be met then an additional waiver will need to be obtained to prevent a breach to the Group's banking facility.

Expiry of RCF during the going concern assessment period

As noted above, the RCF expires on 31 March 2025. The ability to refinance is not fully within the control of the Directors, however the Group has successfully negotiated facilities in the past and is also looking to deleverage its balance sheet within the next 12 months with various planned disposals of non-strategic businesses together with asset sales. On 22 March 2024, the Group announced that it entered into an agreement for sale of the entire issued share capital of RMS Pumptools Limited (RMS) the estimated net proceeds of which are approximately £83m. These proceeds will be used to reduce leverage and strengthen the Group's balance sheet. The disposal is expected to complete early in H2 2024, subject to certain conditions. Demonstrating the ability of the Group to reduce debt levels to within our target net debt / EBITDA range of 1-1.5x before a refinancing is undertaken should make it easier to execute the Group's refinancing plan and put in place new facilities during 2024 on more favourable terms than the current facility. The Directors acknowledge that within the existing terms of the RCF upon completion of disposals amounts borrowed under the RCF are required to be repaid but these amounts are not specified. Should the disposal of RMS occur the Directors are confident that this would not result in a scenario worse than the combined severe but plausible scenario for liquidity however there would be a breach of the interest cover covenant in December 2024 under the current RCF as the covenant is calculated on a twelve-month rolling basis. The Directors also expect that the new facilities on more favourable terms will be in place prior to December 2024. Should the RMS disposal or alternative planned disposals not successfully complete, the Directors may need to consider other refinancing alternatives when the existing RCF expires.

Assessment Conclusion

Based on their assessment, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, the Directors recognise that the reliance on successful mitigating actions and, potentially, a waiver of the June 2024 mandatory repayment under the combined severe but plausible scenario, and the ability to refinance the RCF, which matures within the going concern assessment period, indicate the existence of a material uncertainty, related to events or conditions that may cast significant doubt on the Group's and the company's ability to continue as a going concern and, therefore, that the group and company may be unable and to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate."

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

Re-assessment of group position

In order for the Directors of JFD Limited to assess going concern for the Company the Directors of the Group have re-assessed the position of the Group as follows:

-The period considered in reassessing the Group's position has been extended to cover at least a 12 month period from the date that these financial statements were authorised for issue.
-The mandatory repayment of £3.5m that was due to the lenders in June 2024 will now be repaid by the Group on 28 June 2024. Under a combination of all of the same downside scenarios as the original going concern assessment performed by the Group ("the combined severe but plausible scenario"), taking into account the repayment of £3.5m to the lenders in June 2024, prior to mitigating actions within the control of management, the forecasts now indicate that additional funding is required in August 2024. In order for the Group to continue to meet its liabilities as they fall due, the combined severe but plausible scenario also results in limited headroom on financial covenant compliance in the going concern assessment period, prior to mitigating actions. However, the Directors of the Group remain confident they have a number of controllable mitigating actions that could be implemented, including reducing discretionary spend on certain projects and hiring freezes. After the effect of these mitigations the combined severe but plausible scenario indicates the Group would remain cash positive and in compliance with all financial covenants, albeit with limited headroom. In addition, whilst not a controllable mitigation, the Directors of the Group will also seek to negotiate an extension of creditor terms with certain suppliers if required.

-As noted above, as part of the RCF, there continues to be a non-financial covenant that requires the Group to provide signed audited financial statements for all guarantors party to the banking arrangement within 180 days of the year end. The Directors of the Group continue to believe that they are able to meet the revised signing dates as outlined in waivers obtained however they acknowledge that should the revised signing dates not be met then an additional waiver will need to be obtained to prevent a breach to the Group's banking facility.

-As noted above, the RCF expires on 31 March 2025. The ability to refinance is not fully within the control of the Directors, however the Group has successfully negotiated facilities in the past and is also looking to deleverage its balance sheet within the next 12 months with various planned disposals of non-strategic businesses together with asset sales. The position with regards to the planned disposal of RMSpumptools Limited (RMS), and the intended use of the proceeds, remains as described in the group basis of preparation above, except that a letter of consent was obtained from the lenders on 15 May 2024 which granted permission for the Group to retain a portion (£10m) of the net proceeds to provide additional liquidity comfort. The Directors of the Group continue to foresee a breach of the interest cover covenant in December 2024 under the current RCF as a result of the RMS disposal but also continue to expect new facilities to be in place prior to this date.

The Directors of the Company have considered the group-wide reassessment and are satisfied the Group remains a going concern.

Conclusion

Taking all these factors into account, the Directors are satisfied that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements, and therefore have prepared the financial statements on a going concern basis. However, the Directors recognise the Group's reliance on successful mitigating actions under the combined severe but plausible scenario and the ability to refinance the Group's RCF which matures within the going concern assessment period, indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue

Revenue, after excluding trade discounts and value added tax, represents the provision of goods and services by the Company in the normal course of business. Revenue is recognised when control of the goods and services is transferred to the customer, the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of the transfer of control will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices where appropriate. Given the bespoke nature of many of the Company's products and services, which are designed and/or manufactured under contract to the customer's individual specifications, there are typically no observable stand-alone selling prices. In such cases, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Company's pricing principles.

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

Revenue and profit recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Company determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date.

Contracts that satisfy the over time criteria primarily occur either because the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs (typically projects contracts) or the Company's performance does not create an asset with an alternative use and it has an enforceable right to payment for performance completed to date (typically production contracts).

For each performance obligation to be recognised over time, the company typically recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred. If the over time criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Bid costs

All pre-contract bidding costs which are incurred irrespective of whether the contract is awarded relating to the design, manufacture or operation of assets or the provision of services are expensed when incurred.

Contract costs

In some circumstances, the company incurs costs to obtain a contract with a customer, for example commission fees. The costs are recognised initially as an asset within debtors: contract assets are amortised on a systematic basis as the goods and services are transferred to the customer.

Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product by product basis.

Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset, other than a trade receivable without a significant financing component, or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or 'Fair Value through the Profit and Loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and any gain or loss on de-recognition are recognised in profit or loss.

Company investments in subsidiaries and joint ventures

The Company recognises its investments in subsidiaries and joint ventures at cost. Income is recognised from these investments when its right to receive the dividend is established.

A provision is made if there are indicators that the carrying value may not be recoverable. For initial impairment assessment, the value of the investment is compared with the net assets of the entities invested in. If the net assets are lower than the investment value, the company estimates recoverable amount using value in use calculations for the entity and its subsidiaries using cashflow projections taken from the budget for year one and most recent five-year strategic plans for years two to five which are approved by the board.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those at which they were initially recognised are taken to the profit & loss account.

Intangible fixed assets

Intangible assets are stated at cost or fair value less any provision for impairment.

Intangible assets assessed as having finite lives are amortised over their estimated useful economic life and are assessed for impairment whenever there is an indication that they are impaired. Amortisation charges are on a straight line basis and recognised in the profit & loss account. Estimated useful lives are as follows:

Development costs	5 years or over the expected period of product sales, if less
Patents and licences	5 years or over the period of the licence, if less
Goodwill	Not amortised, but tested annually for impairment

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment losses

Depreciation is provided to write-off the cost of property, plant and equipment to their residual value in equal annual instalments over their estimated useful lives through the straight line depreciation method, as follows:

Freehold property	40 years
Leasehold improvements	25 years or the period of the lease, if shorter
Plant and equipment	Between 5 and 20 years
Motor vehicles	Between 5 and 8 years
Computer equipment	Between 3 and 4 years
Office equipment	Between 4 and 6 years
Other	Between 4 and 10 years

No depreciation is charged on assets under construction or land.

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

Impairment of tangible and intangible assets

At each reporting date the Company assesses whether there are any indications that an asset has been impaired. If any indication exists, an estimate of the recoverable amount of the asset is made which is determined as the higher of its fair value less costs to sell and its value in use. These calculations are determined for an individual asset unless that asset does not generate cash inflows independently from other assets, in which case its value is determined as part of that group of assets. To assess the value in use, estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit & loss account.

If an event occurs after the recognition of an impairment that leads to a decrease in the amount of the impairment loss previously recognised the impairment loss is reversed. The reversal is recognised in the profit & loss account to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Research and development costs

Research expenditure is expensed in the profit & loss account as incurred. Expenditure on development which represents the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically feasible, and the Company has sufficient resources to complete development. The useful life of projects meeting the criteria for capitalisation is determined on a project by project basis. Capitalised development expenditure is measured at cost and amortised over its expected useful life on a straight line basis. Other development costs are recognised in the profit & loss account as incurred.

Stock

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables stores and finished goods for sale are stated at purchase cost on a first in first out basis. Work in progress and finished goods are stated at the cost of direct materials and labour plus attributable overheads allocated on a systematic basis based on a normal level of activity. Net realisable value is based on estimated selling price less the estimated costs of completion and sale or disposal.

Taxation

Corporation tax is provided on taxable profits from activities not qualifying for tonnage tax relief and is recognised in the profit & loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes, that will result in an obligation to pay more, a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where a deferred tax liability arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction affect neither accounting nor taxable profit; and
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is expected to be realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Short-term leases and leases of low-value assets

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

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

Pension plans

The company recognises a liability and an expense for short term employee benefits, including bonuses, only when contractually or constructively obliged.

Share capital and reserves

Ordinary shares are classified as equity. Costs attributable to the issue of new shares are deducted from equity from the proceeds.

Offset arrangements

Cost of sales, for both products and services, consist of materials, labour, subcontracting costs and an allocation of indirect costs (overhead and general and administrative), as well as the costs to fulfill our industrial cooperation agreements, sometimes referred to as offset agreements, required under certain contracts with international customers. For each of our contracts, we monitor the nature and amount of costs at the contract level, which form the basis for estimating our total costs to complete the contract.

Changes in accounting standards

The company forms part of a group of subsidiary companies owned directly or indirectly by James Fisher and Sons Plc, each of which jointly and severally guarantee the obligations of James Fisher and Sons Plc under the Group's Revolving Credit Facility (RCF). The company has previously not recognised any liability for this guarantee, but this has required reassessment following the implementation of IFRS 17.

The company has chosen to account for this guarantee under IFRS 9. Subsequent to initial recognition, IFRS 9 requires the company to measure the financial guarantee at the higher of IFRS 9 expected credit losses or fair value at initial recognition less cumulative amount of income recognised under IFRS 15. The Directors have assessed that the probability of a cash outflow in relation to the potential activation of the guarantee provided by the company to the Group's lenders is remote. This conclusion reflects the directors' assessment that the guarantee would only be called upon in an extreme scenario where the group as a whole was unable to meet its obligations and the lender concludes that calling the guarantee is preferable to other recovery strategies.

As such no liability is recorded in relation to the guarantee in either the current or prior period on the basis that any liability is immaterial.

2 Accounting estimates and judgements

Impairment review of contracts

Impairment review is performed reviewing each significant contract on an individual basis exercising judgement in this area. Management review each significant contract. This is based on current progress, historical payment profile and capability of future payments in conjunction with the contract performance obligations. An impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount when economic uncertainty exists. Once the assessment has taken place management consider if impairment of contract asset and costs is required. Based on December 2023 no impairment is required.

Sensitivity to impairment

The company recognises the following balances in relation to JFD Sweden: an investment of £6.3 million; goodwill of £1m and long term loans of £3.1m. Given net liabilities in the counterparty, management has considered JFD Sweden's future cash flows and given JFD Sweden's future cash flows are dependent upon its ability to secure projects, an additional sensitivity was run to remove unsecured projects from the terminal value cash flow due to potential delays in securing projects. This sensitivity resulted in a full impairment of the balances set out above. If the discount rate (with all other variables being equal) in the JFD Sweden CGU increased by 0.5%, this would result in a reduction of headroom of £0.8m from £15.1m to £14.3m.

Investments impairment

Parent company investments in Note 13 comprising shares and loans totalling net book value £11m, are tested annually for impairment. For shares, the Company estimates recoverable amount using value in use calculations which requires assumptions about future levels of demand, gross margins and cost inflation. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of judgement. For loans receivable, the Company makes an assessment of credit risk and the estimation of expected credit losses are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date.

Foreign offset agreements

As described in Note 16, 19 and 26, the company has entered into foreign offset agreements as part of securing some international business. These agreements contain penalties which would be incurred if the offset obligation is not delivered. There were estimates and judgements in arriving at the amounts provided. This included judgement in assessing the accounting treatment of the contracts whereby the offset is treated as a levy recognised within cost of sales. Estimates were applied in calculating the offset provisions and the contingent liability to meet the offset requirements in country. If the company does not meet its offset obligations it may incur penalties of 5% per annum of the unfulfilled obligation in any particular year in addition to those for which the company already has an obligation from prior years and which are provided for per note 19.

Revenue

Revenue is recognised as control of the goods and services is transferred to the customer, the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of the transfer of control will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract.

Areas of estimation relate to construction contract accounting and specifically estimating the stage of completion and forecast outturn of the contract. Given that these are now close to completion stage, the estimation uncertainty is considered low.

3 Revenue	2023 £	2022 £
Sale of goods	16,113,293	9,704,505
Services rendered	14,279,827	18,425,322
Revenue from construction contracts	<u>12,859,854</u>	<u>12,682,244</u>
	<u>43,352,974</u>	<u>40,812,071</u>
By geographical market:		
United Kingdom and Republic of Ireland	28,155,150	27,720,152
Asia	10,235,590	7,772,785
Rest of world	<u>4,862,234</u>	<u>5,319,134</u>
	<u>43,352,974</u>	<u>40,812,071</u>
4 Expenses and auditor's remuneration	2023 £	2022 £
Included in profit are the following:		
Depreciation of owned fixed assets	1,607,152	1,579,272
Amortisation of intangible assets	334,907	452,439
Research and development expenditure	265,243	310,141
Auditor's remuneration for audit services	436,992	160,864
Foreign exchange losses / (gains)	364,073	271,701

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

5 Directors' emoluments	2023	2022
	£	£
Emoluments	309,861	284,260
Company contributions to defined contribution pension plans	<u>20,745</u>	<u>18,890</u>
	<u>330,606</u>	<u>303,150</u>

Highest paid director:

Emoluments	156,787	152,430
Company contributions to defined contribution pension plans	<u>10,533</u>	<u>10,166</u>
	<u>167,320</u>	<u>162,596</u>

Number of directors to whom retirement benefits accrued:	2023	2022
	Number	Number
Defined contribution plans	<u>2</u>	<u>2</u>

Two director(s) are remunerated directly by JFD Ltd (2022: Two).

6 Staff costs	2023	2022
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	15,508,161	15,080,793
Social security costs	1,828,432	1,807,697
Other pension costs	<u>784,433</u>	<u>662,506</u>
	<u>18,121,026</u>	<u>17,550,996</u>

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

Average number of employees during the year	2023	2022
Technical and administration	311	328
Sales	<u>10</u>	<u>11</u>
	<u>321</u>	<u>339</u>

The assets of the Company's defined contribution scheme are held separately from those of the Company in an independently managed fund. The amount charged to the profit and loss account of £784,433 (2022: £662,506) represents the contributions payable to the scheme in respect of the accounting period. The pension creditor at 31 December 2023 was £238,900 (2022: £112,191).

7 Income from Shares and Group undertakings	2023	2022
	£	£
Dividend income from joint venture undertaking	628,384	516,800
Dividend income from subsidiary	<u>7,822,278</u>	<u>-</u>
	<u>8,450,662</u>	<u>516,800</u>

8 Other interest receivable and similar income	2023	2022
	£	£
Intercompany interest	<u>140,319</u>	<u>137,562</u>
Total interest receivable and similar income	<u>140,319</u>	<u>137,562</u>

9 Interest payable and similar expenses	2023	2022
	£	£
Intercompany interest	4,789,387	1,635,667
Other interest payable	<u>106,182</u>	<u>136,351</u>
	<u>4,895,569</u>	<u>1,772,018</u>

10 Taxation on profit	2023	2022
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	61,017	(1,416,820)
Adjustments in respect of previous periods	<u>1,436,514</u>	<u>(133,469)</u>
	<u>1,497,531</u>	<u>(1,550,289)</u>
Deferred tax:		
Origination and reversal of timing differences	477,404	180,777
Adjustments in respect of prior periods	<u>576,444</u>	<u>149,823</u>
	<u>1,053,848</u>	<u>330,600</u>
Tax on (loss) / profit	<u>2,551,379</u>	<u>(1,219,689)</u>

Factors affecting corporation tax charge in the year
The effective rate is higher (2022: lower) than the standard rate of corporation tax in the UK of 23.5% (2022: 19%).

Reconciliation of effective tax rate	2023	2022
	£	£
Profit / (Loss) before tax	<u>930,887</u>	<u>(7,205,142)</u>
Standard rate of corporation tax in the UK	23.5%	19%
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax	£ 218,758	£ (1,368,977)
Effects of:		
Expenses not deductible for tax purposes	4,027	80,524
Ineligible depreciation	32,161	82,977
Non-taxable income	(2,074,201)	(98,192)
Movement on unrecognised deferred tax	2,278,887	-
Enhanced first year allowances	(225)	(26,811)
Overseas tax	50,370	51,050
Effect of rate change	28,644	43,386
Adjustment in respect of prior periods	<u>2,012,958</u>	<u>16,354</u>
Total tax charge for period	<u>2,551,379</u>	<u>(1,219,689)</u>

The adjustment in respect of prior years relates to a true up of group relief surrender to group companies on the finalisation of the group's tax computations.

Factors that may affect future tax charges

From 1 April 2023, the UK tax rate increased to 25%. There is no change proposed on deferred tax, this is calculated at 25%.

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

11 Intangible fixed assets

	Goodwill £	Patents trade- marks £	Development costs £	Total £
Cost				
At 1 January 2023	999,655	1,709,576	8,966,355	11,675,586
Additions	-	49,043	1,535,040	1,584,083
At 31 December 2023	<u>999,655</u>	<u>1,758,619</u>	<u>10,501,395</u>	<u>13,259,669</u>
Amortisation				
At 1 January 2023	-	1,709,576	6,952,955	8,662,531
Provided during the year	-	817	334,090	334,907
At 31 December 2023	-	<u>1,710,393</u>	<u>7,287,045</u>	<u>8,997,438</u>
Carrying amount				
At 31 December 2023	<u>999,655</u>	<u>48,226</u>	<u>3,214,350</u>	<u>4,262,231</u>
At 31 December 2022	<u>999,655</u>	-	<u>2,013,400</u>	<u>3,013,055</u>

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

12 Tangible fixed assets

	Assets in Construction	Other tangibles	Motor Vehicles	Land and buildings	Plant and machinery	Office Equipment	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2023	2,657,551	1,107,167	308,232	9,058,564	8,276,356	3,877,743	25,285,613
Additions	634,195	87,529	124,024	94,021	90,769	424,562	1,455,100
Disposals	-	-	(120,560)	-	-	-	(120,560)
Write-down	-	(88,093)	(71,731)	(455,850)	(1,412,871)	(2,008,173)	(4,036,718)
At 31 December 2023	<u>3,291,746</u>	<u>1,106,603</u>	<u>239,965</u>	<u>8,696,735</u>	<u>6,954,254</u>	<u>2,294,132</u>	<u>22,583,435</u>
Depreciation							
At 1 January 2023	-	901,808	278,210	5,868,041	5,879,256	3,339,620	16,266,935
Charge for the year	-	109,245	40,729	726,429	509,628	221,121	1,607,152
On disposals	-	-	(120,560)	-	-	-	(120,560)
Write-down	-	(88,093)	(71,731)	(455,850)	(1,412,871)	(2,008,173)	(4,036,718)
At 31 December 2023	<u>-</u>	<u>922,960</u>	<u>126,648</u>	<u>6,138,620</u>	<u>4,976,013</u>	<u>1,552,568</u>	<u>13,716,809</u>
Carrying amount							
At 31 December 2023	<u>3,291,746</u>	<u>183,643</u>	<u>113,317</u>	<u>2,558,115</u>	<u>1,978,241</u>	<u>741,564</u>	<u>8,866,626</u>
At 31 December 2022	<u>2,657,551</u>	<u>205,359</u>	<u>30,022</u>	<u>3,190,523</u>	<u>2,397,100</u>	<u>538,123</u>	<u>9,018,678</u>

Included in the table above within write down's for both cost and depreciation is £4,036,718 worth of assets which were considered to be no longer in use, there was no overall impact on both the Balance Sheet and Profit and Loss account as all assets had a zero net book value.

Included in the table above within Land and buildings is IFRS16 assets. Property, plant and equipment includes right-of-use assets at a cost of £3,596,410 in relation to leased properties that do not meet the definition of investment property.

	2023 £	2022 £
Carrying amount of land and buildings on cost basis (net book value)	<u>1,568,269</u>	<u>2,048,845</u>

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

13 Fixed asset Investments

	Investments in subsidiary undertakings £
Cost	
At 1 January 2023	14,902,372
At 31 December 2023	<u>14,902,372</u>
Impairment	
At 1 January 2023	(4,292,226)
Impairment in year	<u>(13,385)</u>
At 31 December 2023	<u>(4,305,611)</u>
Net book value	
At 31 December 2023	<u>10,596,761</u>
At 1 January 2023	<u>10,610,146</u>

The company holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares held Class	Ownership 2022 %	Ownership 2021 %
Divex Asia Pacific Pty Limited 1	Australia	Ordinary	100%	100%
JFD South Africa (Proprietary) Limited 2	South Africa	Ordinary	100%	100%
Divex FZE 3	UAE	Ordinary	100%	100%
Divex Ltd (formerly Hyperco Holdings Ltd 4	UK	Ordinary	100%	100%
JFD North America 5	USA	Ordinary	100%	100%
James Fisher Australia Pty Ltd 6	Australia	Ordinary	100%	100%
James Fisher Singapore Pte Ltd 7	Singapore	Ordinary	100%	100%
JFD Sweden A.B 8	Sweden	Ordinary	100%	100%
JFD Domeyer GmbH 9	Germany	Ordinary	50%	50%
First Response Marine Pte Ltd 10	Singapore	Ordinary	50%	50%
WUHU Divex Diving System Ltd 11	China	Ordinary	49%	49%

- 1 Head Office – 54 Bushland Ridge, Bibra Lake, WA 6163, Australia.
2 Head Office – Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441, South Africa.
3 Head Office – Morison Menon, Level 15, Lake Central - At The Bay, Business Bay, Dubai, UAE.
4 Head Office – C/O James Fisher Offshore Limited, North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GC.
5 Head Office – 440 Monticello Avenue, Suite 1844, Norfolk, VA 23510, USA.
6 Head Office – Level 1, 38 Station Street, Subiaco, WA 6008, Australia.
7 Head Office – 160 Robinson Road, #17-01 SBF Center, Singapore 068914.
8 Head Office – Rindovagen, Rindö Väst, 185 41 Vaxholm, Sweden.
9 Head Office – Konsul-Smidt-Str. 15, D-28217 Bremen, Germany.
10 Head Office – 16 Benoi Road, Singapore 629889.
11 Head Office – No. 58, Yongchang Road, Jujiang District, Wuhu City, Anhui Province, P. R. China

14 Stocks

	2023 £	2022 £
Raw materials and consumables	1,299,161	1,346,819
Work in progress	3,019,020	4,324,554
Finished goods and goods for resale	<u>6,508,160</u>	<u>5,552,117</u>
	<u>10,826,341</u>	<u>11,223,490</u>

Raw materials consumable and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £21,853,658 (2022: £23,055,119).

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

15 Debtors	2023 £	2022 £
Trade debtors	2,186,844	1,604,449
Amounts owed by group undertakings	13,764,300	17,534,894
Amounts owed by joint venture undertakings	2,377,681	2,310,511
Corporation tax	198,443	1,021,061
Other debtors	1,625,397	1,632,399
Prepayments and accrued income	2,207,935	1,676,674
Contract assets	12,657,565	13,002,996
	<u>35,018,165</u>	<u>38,782,984</u>
Amounts due after more than one year included in:	8,447,259	12,742,011
Due within one year	26,570,906	26,040,973
	<u>35,018,165</u>	<u>38,782,984</u>

At 31 December 2023 aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £112,731,628 (2022: £127,794,817). Progress billings and advances received from customers under open construction contracts amounted to £101,235,627 (2022: £116,796,391). Advances for which related work has not started, and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to £253,060 at 31 December 2022 (2022: £38,561).

16 Creditors: amounts falling due within one year	2023 £	2022 £
Lease liabilities	38,744	4,576
Trade creditors	3,456,432	4,923,695
Amounts owed to group undertakings and undertakings in which the company has a participating interest	5,023,836	6,990,288
Other taxes and social security costs	871,455	1,284,529
Other creditors	1,814,077	589,528
Accruals and contract liabilities	3,032,775	2,985,722
	<u>14,237,319</u>	<u>16,778,338</u>

Within amounts owed to group undertakings in Note 16, £2.3m of this balance relates to the offset penalty obligation disclosed in Note 19.

17 Creditors: amounts falling due after one year	2023 £	2022 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	52,130,471	50,736,157
Lease liabilities	1,763,387	2,258,438
	<u>53,893,858</u>	<u>52,994,595</u>

18 Deferred taxation	2023 £	2022 £
Accelerated capital allowances	(1,801,280)	(747,432)
	<u>(1,801,280)</u>	<u>(747,432)</u>
	2023 £	2022 £
At 1 January 2023	(747,432)	(416,832)
(Charged) / credited to the profit and loss account	(1,053,848)	(330,600)
At 31 December 2023	<u>(1,801,280)</u>	<u>(747,432)</u>

Deferred tax liabilities are attributable to accelerated capital allowances.

At 31 December 2023, the company had unrecognised deferred tax assets in respect of trading losses of £5,102,684 (2022: Nil) and capital losses of £82,175 (2022: £82,175).

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

19 Provisions for liabilities

	Warranty & Offset Penalty Provisions £
At 1 January 2023	(2,166,608)
Additional provisions made during the period	(615,481)
Amounts used during the year	444,301
At 31 December 2023	<u>(2,337,788)</u>

The Company may be parties to legal proceedings and claims which arise in the ordinary course of business, and can be material in value. Disclosure of contingent liabilities or appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities may materialise.

Some international customers require defence contractors to comply with their industrial cooperation regulations, often referred to as offset requirements. The intention of offset requirements is to enhance the social and economic environment of the foreign country by requiring the contractor to promote investment in the country. The offset requirements can be satisfied through purchasing supplies and services from in-country vendors, providing financial support for in-country projects, establishment of joint ventures with local companies (direct investment) and establishing facilities for in-country operations. It can also involve technology and technical know-how transfer. In the event contractors fail to perform in accordance with offset requirements then penalties may arise unless a negotiated position can be reached with the respective authorities. Offset obligations are calculated based on regulations, normally a fixed percentage of the revenue contract value. Similarly, penalties are calculated on standard methodology, normally a fixed percentage of the unfulfilled offset obligation. Offset contractual compliance is monitored separately from the revenue contract counterparty.

JFD Ltd has entered into foreign offset agreements as part of securing some international business. As at 31 December 2023, a provision of £0.8m has been recognised in regard to offset agreement penalties (£2.3m of which is disclosed in amounts owed to group undertakings, Note 16). The liability is expected to be settled over the next 24 months.

20 Share capital	Nominal value	2023 Number	2023 £	2022 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	393,455	<u>393,455</u>	<u>393,455</u>
			393,455	393,455
21 Share premium			2023 £	2022 £
As at 1 January and 31 December 2023			<u>930,600</u>	<u>930,600</u>
22 Profit and loss account			2023 £	2022 £
At 1 January 2023			3,716,942	9,702,395
Profit / (Loss) for the year			(1,620,492)	(5,985,453)
Dividends			-	-
At 31 December 2023			<u>2,096,450</u>	<u>3,716,942</u>
23 Dividends			2023 £	2022 £
The following dividends paid were recognised during the period:			-	-
Nil (2022: Nil) per qualifying ordinary share			<u>-</u>	<u>-</u>

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

24 Leases

The following sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

Leases under IFRS 16	2023 £	2022 £
Falling due:		
within one year	38,744	4,576
within two to five years	786,500	1,260,820
in over five years	976,887	997,618
	<u>1,802,131</u>	<u>2,263,014</u>

The following sets out the breakdown of the net book values of the right of use assets covered in the above leases:

	Land and buildings £	Plant and machinery £	Motor Vehicles £	Total £
Net book values				
Balance at 1 January 2023	2,048,825	-	30,021	2,078,846
Additions to right-of-use assets	19,116	-	124,024	143,140
Depreciation charge for the year	(499,672)	-	(40,729)	(540,401)
Disposals	-	-	-	-
Balance at 31 December 2023	<u>1,568,269</u>	<u>-</u>	<u>113,316</u>	<u>1,681,585</u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

Leases under IFRS 16	2023 £	2022 £
Interest expense on lease liabilities	96,447	113,042

25 Related party transactions

During the year the Company entered into transactions in the ordinary course of business with fellow group members who were not wholly owned. Transactions entered into and trading balances outstanding at 31 December were as follows:

	Sales to	
	2023 £	2022 £
JFD Dorney	596,486	318,602
WUHU Divex Diving System	-	37,006
	<u>596,486</u>	<u>355,608</u>
	Receivable outstandings	
	2023 £	2022 £
JFD Dorney	190,605	-
First Response Marine	-	11,510
WUHU Divex Diving System	9,256	52,930
	<u>199,861</u>	<u>64,440</u>

During 2023 and 2022 there were no purchases from related parties not wholly owned within the group and consequently no outstanding creditors.

JFD Limited
Notes to the Accounts
for the year ended 31 December 2023

26 Commitments and Contingencies

Capital Commitments

The company had no capital commitments at 31 December 2023 (31 December 2022: £nil).

Contingent Liabilities

As described in Note 19, JFD Limited has entered into foreign offset agreements as part of securing some international business. The remaining contractual offset obligation at the end of December 2023 is £8.2m. The penalties which would be incurred if the offset obligation is not delivered, excluding those already provided, is estimated to be £0.8m. The contingent liabilities disclosed assume no change from the current contractual obligations. However, contract time extensions have been requested and plans are in place to mitigate the penalty risk as far as possible.

In the ordinary course of the Company's business, counter indemnities have been given to banks in respect of custom bonds, foreign exchange commitments and bank guarantees.

The Company and a number of its fellow subsidiaries have entered into guarantee & indemnity agreements with the Group's banks. There are 2 separate guarantees in place at year-end with Lloyds Bank PLC, the first of which expires on 31/07/2024 for \$1.5m and the other guarantee expires on 13/02/2026 for £5.6m. These guarantees have shared liability amongst the group and its subsidiaries.

27 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of James Fisher and Sons plc which is the ultimate parent company incorporated in United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by James Fisher and Sons plc incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Fisher House, PO Box 4, Barrow in Furness, Cumbria, LA14 1HR.

28 Presentation currency

The financial statements are presented in Sterling.

29 Legal form of entity and country of incorporation

JFD Limited is a private company limited by shares and incorporated in Scotland.

30 Principal place of business

The address of the company's principal place of business and registered office is:

Westhill Industrial Estate
Enterprise Drive
Aberdeen
AB32 6TQ