

Registered number  
SC123684

JFD Limited  
Registered number: SC123684

Annual Report and Financial Statements

for the year ended  
31 December 2022

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# JFD Limited

<b>Contents</b>	<b>Page</b>
Strategic Report	2
Directors' Report	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 2022.

### 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. Order intake in 2022 did not compensate for the completion of long term projects. However, a number of new opportunities are being pursued for order intake in 2023 and beyond. Challenges with a long term sub-rescue contract adversely impacted performance.

### 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 (loss)/profit for the year before taxation was (£7,205,142), 2021: £1,819,553.

### 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 requirement 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.

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.

1 January 2021 marked the end of the Transition Period following the UK's departure from the European Union on 31 January 2020. Due to the geographical location of JFD Limited customers being predominately based in the UK and Asia, we do not consider Brexit to have a material impact on the business.

The ongoing COVID pandemic has continued to impact the company results, particularly in China during 2022 where local lockdowns adversely impacted JFD's ability to complete customer contracts and collect final payment milestones. Although the impact of the pandemic on 2022 was not as severe as in 2020 and 2021, it remained a risk to the company. In order to mitigate these risks, JFD now has robust working from home provisions and policies to govern safe working at sites where working at home is not possible. We continue to track and follow government restrictions and recommendations where necessary. These controls however, cannot totally mitigate the business interruption should customers choose to delay or cancel projects.

### 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 27 July 2023 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.

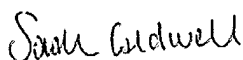
### Partnering with our customers and suppliers

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 Group PLC's 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

E P O'Lionaird (resigned 31 October 2022)

P A Speirs (appointed 31 October 2022, resigned 31 December 2022)

**Secretary**

P A Speirs (appointed 1 September 2022, resigned 31 December 2022)

J H Marsh (resigned 1 September 2022)

**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 (2021: £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 36 of the 2022 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**

There were no significant post balance sheet events.

**Dividends**

The Company made no dividend payment during the year (2021: £2,000,000).

**JFD Limited**  
**Registered number:** SC123684  
**Directors' Report**

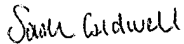
**Disclosure of information to the auditor**

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

27 July 2023

**JFD Limited**  
**Registered number:** SC123684  
**Directors' Report**

**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 2022 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 2022 and of its loss 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.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**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/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 the revenue recognition because the Company's revenue consists of routine, non-complex transactions which are subject to systematic processing and do not require significant judgements.

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; or

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](http://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  
27 July 2023

**JFD Limited**  
**Profit and Loss Account and Other Comprehensive Income**  
**for the year ended 31 December 2022**

JFD Limited  
Annual report and financial statements  
31 December 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	3	40,812,071	56,809,513
Cost of sales		(38,033,450)	(43,604,428)
<b>Gross Profit</b>		<u>2,778,621</u>	<u>13,205,085</u>
Administrative expenses		(8,807,463)	(10,645,725)
<b>Operating (Loss) / Profit</b>	4	<u>(6,028,842)</u>	<u>2,559,360</u>
(Loss)/Profit on sale of fixed assets		(58,644)	7,608
Income from investments	7	516,800	692,906
Interest receivable	8	137,562	225,468
Interest payable	9	(1,772,018)	(1,665,789)
<b>(Loss) / Profit before taxation</b>		<u>(7,205,142)</u>	<u>1,819,553</u>
Tax on (loss) / profit	10	1,219,689	(380,626)
<b>(Loss) / Profit for the financial year</b>		<u>(5,985,453)</u>	<u>1,438,927</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 (2021: £nil).

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

**JFD Limited**  
**Balance Sheet**  
**as at 31 December 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	11	3,013,055	3,400,450
Tangible assets	12	9,018,678	6,953,646
Investments	13	10,610,146	11,053,998
		<u>22,641,879</u>	<u>21,408,094</u>
<b>Current assets</b>			
Stocks	14	11,223,490	9,437,572
Debtors (of which £12,742,011 (2021: £10,049,400) is due after more than one year)	15	38,782,984	40,291,365
Cash at bank and in hand		5,956,686	957,939
		<u>55,963,160</u>	<u>50,686,876</u>
<b>Creditors: amounts falling due within one year</b>	16	(16,778,338)	(17,676,744)
<b>Net current assets</b>		<u>39,184,822</u>	<u>33,010,132</u>
<b>Total assets less current liabilities</b>		<u>61,826,701</u>	<u>54,418,226</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(52,994,595)	(40,756,176)
<b>Provisions for liabilities</b>			
Deferred taxation	18	(747,432)	(416,832)
Other provisions	19	(2,166,608)	(1,341,699)
		<u>(2,914,040)</u>	<u>(1,758,531)</u>
<b>Net assets</b>		<u>5,918,066</u>	<u>11,903,519</u>
<b>Capital and reserves</b>			
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	3,716,942	9,702,395
<b>Total equity</b>		<u>5,918,066</u>	<u>11,903,519</u>

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

*Sarah Caldwell*

S Caldwell  
Director  
Approved by the board on  
27 July 2023

**JFD Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2022**

	Share capital	Share premium	Merger reserves	Capital redemption reserves	Profit and loss account	Total
	£	£	£	£	£	£
<b>At 1 January 2021</b>	393,455	930,600	544,555	332,514	10,263,468	12,464,592
Profit for the financial year	-	-	-	-	1,438,927	1,438,927
Dividends	-	-	-	-	(2,000,000)	(2,000,000)
<b>At 31 December 2021</b>	<u>393,455</u>	<u>930,600</u>	<u>544,555</u>	<u>332,514</u>	<u>9,702,395</u>	<u>11,903,519</u>
<b>At 1 January 2022</b>	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)
<b>At 31 December 2022</b>	<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>

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

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

**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**

As set out in the Directors' Report on page 4, the company is a subsidiary of James Fisher and Sons plc (the 'Group').

These financial statements have been prepared on a going concern basis which the Directors consider appropriate for the following reasons.

As explained in the Directors' Report on page 5, 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. The Directors of the ultimate parent company, James Fisher and Sons plc have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements.

On 7 June 2023, the ultimate parent of the company (James Fisher & Sons PLC Group), announced that it has signed its new revolving credit facility. The Group's new £210m secured revolving credit facility, which matures in March 2025 (the "RCF"), has been provided by its six existing lenders.

The key terms of the new revolving credit facility are:

- Maturity date: 31 March 2025.
- Net debt/EBITDA covenant (measured quarterly): 3.5x for 30 June and 30 September 2023, 3.25x for 31 December 2023, 3x for 31 March 2024, 2.75x for 30 June 2024 and 2.5x thereafter.
- Interest cover covenant (measured quarterly): 2.5x in June and September 2023, 1.75x in December 2023 and March 2024, 2x in June and September 2024, 2.5x in December 2024 and 2.75x in March 2025.
- Scheduled amortisation of: £15m on 30 September 2023, £10m on 31 December 2023 and £10m on 30 June 2024.
- Minimum liquidity requirement: £10m.

The Directors of the Company have performed a going concern assessment which indicates that, the company will require additional funds, through funding from its ultimate parent company, James Fisher and Sons Plc, to meet its liabilities as they fall due, during the going concern assessment period and James Fisher and Sons Plc, not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £7 million.

**Base case**

The Group continues to closely monitor and manage its liquidity and covenants compliance. The Group has prepared base case cash flow forecasts that demonstrate the Board's best estimate for the going concern assessment period, taking into account the wider macro-economic environment such as increases in the base interest rate. The Board believes that in the preparation of the base case it has taken into account some potential downside risks to business performance, including the likelihood of winning major new contracts, ongoing project delivery risks and timing of contract cashflows. The base plan does not include any further disposals or acquisitions. The base case demonstrated the Company would have headroom against its facilities and would comply with covenants over the going concern period.

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

**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 10% in 2023 and 25% in 2024;
- cash inflow disruptions that may result from late payments from customers or project delivery challenges resulting in £20m cash receipts reduction evenly spread over the going concern period;
- further increase in interest rates from the current rate of 5% with incremental increases to 7.5% SONIA in June 2024 and for the remainder of the going concern period.

The above scenarios, individually and combined, demonstrated sufficient funds to meet its liabilities as they fall due. However, the combination of all above scenarios result in very limited headroom on the interest cover covenant at June 2024. Should the Board need to take mitigating action moving into the 2024 financial year then it would initially consider the level of pay increases included in the forecasts that was appropriate to be awarded in January 2024. The severe but plausible downside scenario includes an average of a 5% increase across all employees, costing the Group approximately £7m on an annualised basis which the Board believes would provide sufficient flexibility to mitigate the risk of any potential covenant breaches. There is sufficient headroom on all other covenants.

As part of the new revolving credit facility there is a non-financial covenant that requires the Group to provide signed audited financial statements for all guarantors party to the banking arrangement where applicable within 180 days of the year end. At the time of signing these financial statements the Group has obtained a waiver from the banks for certain guarantors where this covenant requirement has not been met. 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.

James Fisher and Sons plc has indicated its intention to continue to make available such funds as are needed by JFD Limited during the going concern assessment period.

As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty 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.

Consequently, the Directors are confident 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.

**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.

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 services or support 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).

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

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

JFD Limited  
Notes to the Accounts  
for the year ended 31 December 2022

**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, 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.

**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.

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

**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.

**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.

**2 Accounting estimates and judgements**

**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.

**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 2022 no impairment is required.

**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.

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

**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.

<b>3 Revenue</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Sale of goods	9,704,505	13,203,897
Services rendered	18,425,322	16,223,134
Revenue from construction contracts	12,682,244	27,382,482
	<u>40,812,071</u>	<u>56,809,513</u>
By geographical market:		
United Kingdom and Republic of Ireland	27,720,152	20,131,382
Asia	7,772,785	31,761,714
Rest of world	5,319,134	4,916,417
	<u>40,812,071</u>	<u>56,809,513</u>
<b>4 Expenses and auditor's remuneration</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Included in profit are the following:		
Depreciation of owned fixed assets	1,579,272	576,476
Depreciation and other amounts written off tangible fixed assets	-	1,132,145
Amortisation of intangible assets	452,439	724,060
Amortisation and other amounts written off intangible fixed assets	-	1,646,690
Commercial claim write-off	-	2,520,843
Auditor's remuneration for audit services	160,864	165,504
Foreign exchange losses / (gains)	271,701	216,165
	<u>2,464,276</u>	<u>6,881,783</u>
<b>5 Directors' emoluments</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Emoluments	284,260	288,900
Company contributions to defined contribution pension plans	18,890	21,634
	<u>303,150</u>	<u>310,534</u>
Highest paid director:		
Emoluments	152,430	160,700
Company contributions to defined contribution pension plans	10,166	12,789
	<u>162,596</u>	<u>173,489</u>
<b>Number of directors to whom retirement benefits accrued:</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Defined contribution plans	<u>2</u>	<u>2</u>
Two director(s) are remunerated directly by JFD Ltd (2021: Two). The other directors were not remunerated via JFD Ltd for their services, being remunerated by James Fisher and Sons plc (disclosure of directors remuneration is available in the James Fisher and Sons plc annual report).		
<b>6 Staff costs</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	15,080,793	15,534,092
Social security costs	1,807,697	1,760,295
Other pension costs	662,506	697,686
	<u>17,550,996</u>	<u>17,992,073</u>

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

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	2022	2021
Technical and administration	328	341
Sales	11	12
	<u>339</u>	<u>353</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 £662,506 (2021: £697,686) represents the contributions payable to the scheme in respect of the accounting period. The pension creditor at 31 December 2022 was £112,191 (2021: £119,503).

**7 Income from Shares and Group undertakings**

	2022	2021
	£	£
Dividend income from joint venture undertaking	516,800	540,979
Dividend income from subsidiary	-	151,927
	<u>516,800</u>	<u>692,906</u>

**8 Other interest receivable and similar income**

	2022	2021
	£	£
Intercompany interest	137,562	225,468
Total interest receivable and similar income	<u>137,562</u>	<u>225,468</u>

**9 Interest payable and similar expenses**

	2022	2021
	£	£
Intercompany interest	1,635,667	1,502,228
Other interest payable	136,351	163,561
	<u>1,772,018</u>	<u>1,665,789</u>

**10 Taxation on profit**

	2022	2021
	£	£
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	(1,416,820)	822,916
Adjustments in respect of previous periods	(133,469)	(186,768)
	<u>(1,550,289)</u>	<u>636,148</u>
Deferred tax:		
Origination and reversal of timing differences	180,777	(247,165)
Adjustments in respect of prior periods	149,823	(8,357)
	<u>330,600</u>	<u>(255,522)</u>
Tax on (loss) / profit	<u>(1,219,689)</u>	<u>380,626</u>

**Factors affecting corporation tax charge in the year**

The effective rate is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%)

**Reconciliation of effective tax rate**

	2022	2021
	£	£
(Loss) / Profit before tax	<u>(7,205,142)</u>	<u>1,819,553</u>
Standard rate of corporation tax in the UK	19%	19%
	£	£
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax	(1,368,977)	345,715
Effects of:		
Expenses not deductible for tax purposes	80,524	2,638
Ineligible depreciation	82,977	40,562
Non-taxable income	(98,192)	(131,652)
Enhanced first year allowances	(26,811)	-
Transfer of assets in at net book value	-	183,987
Overseas tax	51,050	34,461
Effect of rate change	43,386	100,040
Adjustment in respect of prior periods	16,354	(195,125)
Total tax charge for period	<u>(1,219,689)</u>	<u>380,626</u>

**Factors that may affect future tax charges**

From 1 April 2023, the UK tax rate will increase 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 2022

11 Intangible fixed assets

	Goodwill £	Patents trade- marks £	Development costs £	Total £
<b>Cost</b>				
At 1 January 2022	999,655	1,709,576	8,901,311	11,610,542
Additions	-	-	701,546	701,546
Transfer	-	-	(636,502)	(636,502)
At 31 December 2022	<u>999,655</u>	<u>1,709,576</u>	<u>8,966,355</u>	<u>11,675,586</u>
<b>Amortisation</b>				
At 1 January 2022	-	1,709,576	6,500,516	8,210,092
Provided during the year	-	-	452,439	452,439
At 31 December 2022	<u>-</u>	<u>1,709,576</u>	<u>6,952,955</u>	<u>8,662,531</u>
<b>Carrying amount</b>				
At 31 December 2022	<u>999,655</u>	<u>-</u>	<u>2,013,400</u>	<u>3,013,055</u>
At 31 December 2021	<u>999,655</u>	<u>-</u>	<u>2,400,795</u>	<u>3,400,450</u>

In January 2020, JFD Limited purchased an asset from Ansti Test Systems Limited. This was initially classed as an intangible asset under construction within development costs. This was reviewed on completion of work during 2022 prior to movement from assets under construction. Due to the nature of the asset this would best fit the definition of fixed assets and was moved via the transfers line from intangible assets. The corresponding transfer is illustrated in Note 12.

JFD Limited  
Notes to the Accounts  
for the year ended 31 December 2022

12 Tangible fixed assets

	Assets in Construction	Other tangibles	Motor Vehicles	Land and buildings	Plant and machinery	Office Equipment	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2022	769,264	1,107,167	311,951	9,329,019	7,001,630	3,535,238	22,054,269
Additions	2,177,938	-	43,013	124,370	448,152	342,505	3,135,978
Disposals	-	-	(46,732)	-	(93,120)	-	(139,852)
Impairment	-	-	-	(401,284)	-	-	(401,284)
Transfer	(289,651)	-	-	6,459	919,694	-	635,502
At 31 December 2022	<u>2,657,551</u>	<u>1,107,167</u>	<u>308,232</u>	<u>9,058,564</u>	<u>8,276,356</u>	<u>3,877,743</u>	<u>25,285,613</u>
<b>Depreciation</b>							
At 1 January 2022	-	788,262	292,477	5,328,906	5,513,053	3,177,925	15,100,623
Charge for the year	-	113,546	32,465	871,232	400,334	161,695	1,579,272
Impairment	-	-	-	-	-	-	-
On disposals	-	-	(46,732)	-	(34,131)	-	(80,863)
Impairment	-	-	-	(332,097)	-	-	(332,097)
Transfer	-	-	-	-	-	-	-
At 31 December 2022	<u>-</u>	<u>901,808</u>	<u>278,210</u>	<u>5,868,041</u>	<u>5,879,256</u>	<u>3,339,620</u>	<u>16,266,935</u>
<b>Carrying amount</b>							
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>
At 31 December 2021	<u>769,264</u>	<u>318,905</u>	<u>19,474</u>	<u>4,000,113</u>	<u>1,488,577</u>	<u>357,313</u>	<u>6,953,646</u>

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 £3,577,293 in relation to leased properties that do not meet the definition of investment property.

	2022 £	2021 £
Carrying amount of land and buildings on cost basis (net book value)	<u>2,048,845</u>	<u>2,738,032</u>

JFD Limited  
Notes to the Accounts  
for the year ended 31 December 2022

13 Fixed asset investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2022	14,869,539
Reclassification	49,798
Disposals	<u>(16,965)</u>
At 31 December 2022	<u>14,902,372</u>
<b>Impairment</b>	
At 1 January 2022	(3,815,541)
Impairment in year	<u>(476,685)</u>
At 31 December 2022	<u>(4,292,226)</u>
<b>Net book value</b>	
At 31 December 2022	<u>10,610,146</u>
At 1 January 2022	<u>11,053,998</u>

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

Company	Country of incorporation	Shares held Class	Ownership	Ownership
			2022 %	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%
*JFD Italy S.R.L 6	Italy	Ordinary	100%	100%
James Fisher Australia Pty Ltd 7	Australia	Ordinary	100%	100%
James Fisher Singapore Pte Ltd 8	Singapore	Ordinary	100%	100%
JFD Sweden A.B 9	Sweden	Ordinary	100%	100%
JFD Domeyer GmbH 10	Germany	Ordinary	50%	50%
First Response Marine Pte Ltd 11	Singapore	Ordinary	50%	50%
WUHU Divex Diving System Ltd 12	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 – Via Montevideo n.27, Rome, Italy.

7 Head Office – Level 1, 38 Station Street, Subiaco, WA 6008, Australia.

8 Head Office – 160 Robinson Road, #17-01 SBF Center, Singapore 068914.

9 Head Office – Rindovagen, Rindo Vastra, 185 41 Vaxholm, Sweden.

10 Head Office – Konsul-Smidt-Str. 15, D-28217 Bremen, Germany.

11 Head Office – 16 Benoi Road, Singapore 629889.

12 Head Office – No. 58, Yongchang Road, Jiujiang District, Wuhu City, Anhui Province, P. R. China

\* disposed of JFD Italy S.R.L. shares in December 2022

14 Stocks

	2022 £	2021 £
Raw materials and consumables	1,346,819	1,132,508
Work in progress	4,324,554	3,543,018
Finished goods and goods for resale	<u>5,552,117</u>	<u>4,762,046</u>
	<u>11,223,490</u>	<u>9,437,572</u>

Raw materials consumable and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £23,055,119 (2021: £29,765,822).

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

<b>15 Debtors</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,604,449	2,973,074
Amounts owed by group undertakings	17,534,894	13,700,839
Amounts owed by joint venture undertakings	2,310,511	107,958
Corporation tax	1,021,061	-
Other debtors	1,632,399	3,174,015
Prepayments and accrued income	1,676,674	1,336,076
Contract assets	<u>13,002,996</u>	<u>18,999,403</u>
	<u><b>38,782,984</b></u>	<u><b>40,291,365</b></u>

Amounts due after more than one year included in:	12,742,011	10,049,400
Due within one year	<u>26,040,973</u>	<u>30,241,965</u>
	<u><b>38,782,984</b></u>	<u><b>40,291,365</b></u>

At 31 December 2022 aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £127,794,817 (2021: £140,174,455). Progress billings and advances received from customers under open construction contracts amounted to £116,796,391 (2021: £121,777,462). 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 £38,561 at 31 December 2022 (2021: £123,697).

<b>16 Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Lease liabilities	4,576	17,318
Trade creditors	4,923,695	4,668,112
Amounts owed to group undertakings and undertakings in which the company has a participating interest	6,990,288	3,755,451
Corporation tax	-	497,492
Other taxes and social security costs	1,284,529	441,680
Other creditors	589,528	194,584
Accruals and contract liabilities	<u>2,985,722</u>	<u>8,102,107</u>
	<u><b>16,778,338</b></u>	<u><b>17,676,744</b></u>

Within amounts owed to group undertakings in Note 16, £1.5m of this balance relates to the offset penalty obligation disclosed in Note 19.

<b>17 Creditors: amounts falling due after one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings and undertakings in which the company has a participating interest	50,736,157	37,936,587
Lease liabilities	<u>2,258,438</u>	<u>2,819,589</u>
	<u><b>52,994,595</b></u>	<u><b>40,756,176</b></u>

<b>18 Deferred taxation</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>(747,432)</u>	<u>(416,832)</u>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 January	(416,832)	(672,354)
(Charged) / credited to the profit and loss account	<u>(330,600)</u>	<u>255,522</u>
At 31 December	<u><b>(747,432)</b></u>	<u><b>(416,832)</b></u>

Deferred tax liabilities are attributable to accelerated capital allowances.

JFD Limited  
Notes to the Accounts  
for the year ended 31 December 2022

19 Provisions for liabilities

	<b>Warranty &amp; Offset Penalty Provisions</b>
	<b>£</b>
At 1 January 2022	(1,341,699)
Additional provisions made during the period	(2,361,980)
Amounts used / released during the year	1,537,071
	<u>(2,166,608)</u>
At 31 December 2022	<u>(2,166,608)</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 2022, a provision of £2.3m has been recognised in regard to offset agreement penalties (£1.5m of which is disclosed in amounts owed to group undertakings, Note 16). The liability is expected to be settled over the next 24 months.

<b>20 Share capital</b>	<b>Nominal value</b>	<b>2022 Number</b>	<b>2022 £</b>	<b>2021 £</b>
Allotted, called up and fully paid:				
Ordinary shares	£1 each	393,455	<u>393,455</u>	<u>393,455</u>
			393,455	393,455
<b>21 Share premium</b>			<b>2022 £</b>	<b>2021 £</b>
As at 1 January and 31 December 2021			<u>930,600</u>	<u>930,600</u>
As at 1 January			<u>930,600</u>	<u>930,600</u>
<b>22 Profit and loss account</b>			<b>2022 £</b>	<b>2021 £</b>
At 1 January			9,702,395	10,263,468
(Loss) / Profit for the year			(5,985,453)	1,438,927
Dividends			-	(2,000,000)
At 31 December			<u>3,716,942</u>	<u>9,702,395</u>
<b>23 Dividends</b>			<b>2022 £</b>	<b>2021 £</b>
The following dividends were recognised during the period:				
£nil (2021: £5.09) per qualifying ordinary share			<u>-</u>	<u>2,000,000</u>

**JFD Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2022**

**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:

<u>Leases under IFRS16</u>	2022 £	2021 £
Falling due:		
within one year	4,576	17,318
within two to five years	1,260,820	1,802,436
in over five years	997,618	1,017,153
	<u>2,263,014</u>	<u>2,836,907</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 £
<b>Net book values</b>				
Balance at 1 January 2022	2,738,032	4,584	14,964	2,757,580
Additions to right-of-use assets	34,786	-	43,013	77,799
Depreciation charge for the year	(654,807)	(4,584)	(27,956)	(687,347)
Disposals	<u>(69,186)</u>			<u>(69,186)</u>
Balance at 31 December 2022	<u>2,048,825</u>	<u>-</u>	<u>30,021</u>	<u>2,078,846</u>

Amounts recognised in profit or loss

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

<u>Leases under IFRS 16</u>	2022 £	2021 £
Interest expense on lease liabilities	113,042	136,797
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	-	-

**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	
	2022 £	2021 £
JFD Domeyer	318,602	460,681
WUHU Divex Diving System	<u>37,006</u>	<u>105,693</u>
	355,608	566,374
	Receivable outstandings	
	2022 £	2021 £
JFD Domeyer	-	70,564
First Response Marine	11,510	31,604
WUHU Divex Diving System	<u>52,930</u>	<u>5,790</u>
	64,440	107,958

During 2022 and 2021 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 2022**

**26 Commitments and Contingencies**

Capital Commitments

The company had no capital commitments at 31 Dec 2022 (31 Dec 2021: £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 2022 is £25m. The penalties which would be incurred if the offset obligation is not delivered, excluding those already provided, is estimated to be £2.3m. 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