

COMPANY REGISTRATION NUMBER: 02667945

## **INTECSEA (UK) Limited**

### **Annual Report and Financial Statements**

30 June 2019

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## **INTECSEA (UK) Limited**

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Registered No. 02667945

### **Directors**

A Gordon (resigned on 3 March 2020)  
D Baker (resigned on 14 February 2019)  
R Lawson (resigned 8 December 2020)  
S Whittall (appointed on 11 March 2020)  
P Liu (appointed on 17 April 2019)  
P Murray (appointed 8 December 2020)

### **Secretary**

V Jibuike

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Bankers**

HSBC Bank Plc  
Regional Service Centre  
62 – 76 Park Street  
London SE1 9DZ

### **Registered Office**

Lansbury Estate  
102 Lower Guildford Road  
Knaphill  
Surrey GU21 2EP

## Strategic report

### Review of the business

The company has continued to experience difficult market conditions, with new project opportunities being postponed or delayed. Further those opportunities that have come to market have been aggressively tendered. As a result, the company has reported an operating loss for the 2019 financial year. The company's revenue decreased in 2019 to £10,127,000 from £14,162,000 in 2018 influenced by the continued difficult market conditions. The Gross Margin was eroded by 5% compared to the prior year.

The debt ratio decreased from 65% at last year end to 62%. We are confident that our medium-term and long-term prospects remain positive based on our competitive position and our strong financial capacity.

A summary of the results is as follows:

	2019	2018
	£000	£000
Revenue	10,127	14,162
Gross profit	16%	27%
Operating loss	(787)	(41)
Loss for the year, after tax	(884)	(12)
Debt ratio (total liabilities/total assets)	62%	65%

### Principal risks and uncertainties

The company's principal risks can broadly be defined as commercial and legislative risk and financial instruments risk (see Directors' report). The company recognises the need to manage the material business risks. The internal audit and risk management functions provide assurance that both the risk management process and the internal control framework are operating effectively.

#### Commercial and legislative risks

Contracts entered into by the company contain elements of inherent risk, for example warranties, which are accounted for as provisions where the risk of occurrence is probable and can be reliably estimated. These and all other business risks and uncertainties are considered when conducting business so that the potential impact of these risks can be minimised.

The company supports tenders with detailed financial planning that enables it to price in a way that is consistent with its wider commercial strategy and objectives.

There are risks inherently associated with Health and Safety as changes to regulations require the company to monitor working practices for compliance. The company also has environmental responsibilities in terms of compliance with environmental regulations and in exercising reasonable care and skill in its design, construction management and supervision activities. The risks associated with environmental issues are managed through the company's risk management and quality assurance systems. The company is not the owner or operator of plant and equipment requiring environmental licenses, but the company typically assists its customers with the management of their environmental responsibilities.

#### Market risk

The company recognises the need to manage the political risk associated with operations and subsidiaries in certain countries, some of which are subject to dynamic change, and this is considered in business planning. The level of activity within certain markets and industries in which the company operates is cyclical and sensitive to a number of factors outside the company's control, including the level of gross domestic product in those markets, commodity prices and foreign currency movements. These risk factors are also taken into account in business planning.

## Strategic report (continued)

### *Impact of the UK deciding to leave the European Union*

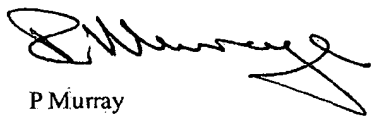
The directors have considered the impact of the UK leaving the European Union on 31 January 2020 and do not believe it will have a significant impact on the entity. The directors will continue to assess the impact as the nature of these changes become clearer.

### *Health Pandemic*

The Company is exposed to uncertainty due to the Coronavirus (COVID19) pandemic, and its impact on lower and volatile commodity prices which have adversely affected the oil & gas sector. The company will manage its risk by closely monitoring the impact that the Coronavirus (COVID19) pandemic is having on the industry, and by holding open and regular dialogue with existing and potential customers.

Further details are contained in the Directors' report, Going Concern disclosure on regarding the factors considered in managing the impact of the Coronavirus (COVID19) pandemic.

On behalf of the Board of Directors



P Murray  
Director

23 December 2020

## Directors' report

The directors present their report and financial statements for the year ended 30 June 2019.

### Principal activity

The principal activity of the company during the year was the provision of engineering design and project services primarily to the Hydrocarbon industry.

### Dividends

The directors declared no dividend in the current year (2018: £1m).

### Future developments

The directors do not anticipate any major change in the company's trading activities for the foreseeable future as outlined in the Strategic Report.

### Financial risk management

The company has established risk and financial management policies which are designed to reduce the uncertainty that known risks may create in the achievement of the company's performance objectives. This framework aims to limit undue counterparty exposure, to ensure suitable levels of working capital are maintained, and to monitor and manage risk at both a corporate and individual contract level. Financial instruments comprise cash, debtors and creditors.

#### *Exposure to price, credit, liquidity and cash flow risk*

Price risks are managed through the commercial process. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's policies are aimed at minimising such a risk by conducting credit checks where appropriate and by other established credit control procedures. Details of the company's debtors are shown in Note 13.

Liquidity risk is the risk that an entity may encounter difficulties in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by maintaining sufficient cash balances to manage liquidity risk.

Cash flow risk is the risk of exposure to variability in cash flows and this is managed by cash flow forecasting as part of the financial disciplines adhered to by the company.

#### *Foreign currency risk*

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency. In the ordinary course of business, the company structures its contracts to be in the functional currency of the country where the work is performed, and costs incurred. Where appropriate, the Group Treasury function uses forward exchange contracts and foreign currency options to hedge its currency risk.

### Research and development

The company continues to advance the technical and commercial aspects of processes developed by the parent company, as well as those licensed from third parties. The costs are expensed as incurred.

## Directors' report (continued)

### Going concern

The Company's business activities, together with the factors likely to affect the future development, performance, and position, are set out in the Strategic Report.

In assessing whether the financial statements of the Company should be prepared on a going concern basis, the Directors have considered the current trading performance, budgets, current market conditions, and the longer-term future outlook of the company.

There has been a sustained period of global economic uncertainty due to the Coronavirus (COVID19) pandemic, in conjunction with lower and volatile commodity prices, which have directly and adversely impacted the oil and gas sector. The market outlook is expected to remain challenging as Oil & Gas operators continue to adapt to changes in demand, and the continued transition towards sustainable new energy gathers momentum.

The company must manage the issues of the global health pandemic whilst simultaneously coping with the low oil price scenario and lower energy demand. Worley group have taken immediate steps to reorganise the structure of the business ensuring the Company will continue to adapt to the changing customer demands and market conditions.

The Directors believe that the Company has enough resources to continue in operation for the foreseeable future. The Company is in a net asset position at the balance sheet date. The Company has no external loan obligations but does owe £6.6m to other group companies and has a receivable balance of £10.1m from fellow group companies.

In the event the Company requires assistance to meet its financial obligations, then Worley Limited would be able to provide support to the Company. The Directors have received a letter of support from Worley Limited, confirming it will provide support to the Company if needed, for a period of at least 12 months from the date of the approval of the balance sheet, in order to allow the Company to continue to operate as a going concern.

The Directors have assessed the ability of Worley Limited to provide support should it be required for a period of at least 12 months from the date of approval of the balance sheet and having reviewed the financial position and made suitable enquiries, are satisfied that the financial statements should be prepared on a going concern basis.

Although the magnitude and duration of the impact of the COVID19 pandemic remains uncertain, after considering the risks to the business and the continued parental support, the Directors believe that the Company remains able to meet the costs of its commitments and manage its business risks successfully. Therefore, it is appropriate to continue to prepare the financial statements on a going concern basis.

### Post Balance Sheet Events

After the balance sheet date, the COVID19 pandemic has continued to have a widespread impact on the global economy and in turn to the Oil & Gas sector. The pandemic is contributing to dampened global energy demand, resulting in reduced production, delayed capital expenditure, and future market uncertainty. COVID19 is a non-adjusting post balance sheet event, and no disclosure is made in the financial statements in respect of this as the impact remains uncertain.

There are no other material events that have occurred since the balance sheet date which would affect the financial statements for the Company.

## Directors' report (continued)

### Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

A Gordon (resigned on 3 March 2020)  
D Baker (resigned on 14 February 2019)  
R Lawson (resigned 8 December 2020)  
S Whittall (appointed on 11 March 2020)  
P Liu (appointed on 17 April 2019)  
P Murray (appointed 8 December 2020)

### Employee involvement

During the year the policy of providing employees with information about the company has been continued through internal media methods, including regular news bulletins and staff meetings. A free flow of information and ideas and employee involvement is encouraged through these communications and discipline-based meetings. The company operates several incentive schemes to reward employees for outstanding performance. The company requires all employees to acknowledge and abide by the company code of conduct.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

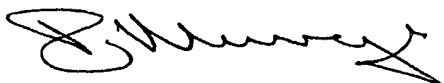
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors



P Murray  
Director

23 December 2020

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.



# **Independent auditor's report**

to the members of INTECSEA (UK) Limited

## **Opinion**

We have audited the financial statements of INTECSEA (UK) Limited for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter – Effects of COVID-19**

We draw attention to note 1 (Basis of preparation of financial statements) and note 18 (Post balance sheet events) in the financial statements, which describes the economic and social disruption the company is facing as a result of Covid-19, which is impacting supply chains, consumer demand and personnel available for work. Our opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent auditor's report**

to the members of INTECSEA (UK) Limited

### **Other information**

The other information comprises the information included in the annual report set out on pages 2 to 8, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Independent auditor's report**

to the members of INTECSEA (UK) Limited

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

*Ernst & Young LLP*

*Jacqueline Ann Geary (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor*

*London*

*23 December 2020*

**Statement of comprehensive income**  
for the year ended 30 June 2019

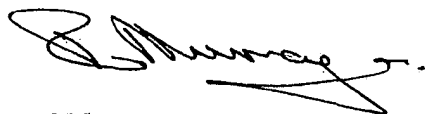
		2019	2018
	Notes	£000	£000
<b>Turnover</b>	3	10,127	14,162
Cost of sales		(8,511)	(10,288)
<b>Gross profit</b>		1,616	3,874
Administrative expenses		(2,403)	(3,915)
<b>Operating loss</b>	4	(787)	(41)
Interest receivable and similar income	7	0	259
Interest payable and similar charges	8	(67)	(168)
<b>(Loss)/Profit before taxation</b>		(854)	50
Taxation on profit	1.1	(30)	(62)
<b>Loss for the financial year</b>		(884)	(12)
Other comprehensive income		—	—
<b>Total comprehensive loss for the financial year</b>		(884)	(12)

All of the activities of the company are classified as continuing.

**Balance sheet**  
at 30 June 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	38	53
<b>Current assets</b>			
Debtors	13	12,705	16,374
Cash at bank and in hand		166	94
		12,871	16,468
<b>Creditors: Amounts falling due within one year</b>	15	(7,936)	(10,664)
<b>Net current assets</b>		4,935	5,804
<b>Total assets less current liabilities</b>		4,973	5,857
<b>Net assets</b>		4,973	5,857
<b>Capital and reserves</b>			
Called-up share capital	16	693	693
Profit and loss account		4,280	5,164
<b>Shareholder's funds</b>		4,973	5,857

The financial statements were approved by the Board of Directors on 23 December 2020 and signed on behalf of the board by:



P Murray  
Director

**Statement of changes in equity**  
for the year ended 30 June 2019

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholder's funds</i>
	£'000	£'000	£'000
As at 1 July 2017	693	6,176	6,869
Loss for the financial year	—	(12)	(12)
Other comprehensive income	—	—	—
Dividends	—	(1,000)	(1,000)
As at 30 June 2018	693	5,164	5,857
As at 1 July 2018	693	5,164	5,857
Loss for the financial year	—	(884)	(884)
Other comprehensive income	—	—	—
As at 30 June 2019	693	4,280	4,973

## Notes to the financial statements - continued

at 30 June 2019

### 1. Accounting policies

#### *General information*

INTECSEA (UK) Limited is a private limited company incorporated in England under the Companies Act. The nature of the Company's operations and its principal activities are set out in the directors' report on page 5.

#### *Basis of preparation and statement of compliance with FRS 102*

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102), under the historical cost convention in accordance with the Companies Act 2006.

The presentation and functional currency of the Company is Pounds Sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated.

In regard to the preparation of the financial statements, COVID-19 is a non-adjusting post balance sheet event, and further information is included in Note 18. The impact of COVID-19 on the going concern of the financial statements and management's assessment is disclosed below.

The principal accounting policies adopted by the Company in preparing the financial statements are set out below.

Under the provisions of FRS 102, the Company meets the definition of a qualifying entity and has adopted the section 1.12 disclosure exemptions not to:

- provide a reconciliation of the number of shares outstanding at the beginning and end of the year;
- prepare a statement of cash flows;
- disclose key management personnel compensation;
- provide certain financial instrument disclosures, on the basis that equivalent disclosures are included in the consolidated financial statements of its ultimate parent company.

#### *Going concern*

The Company's business activities, together with the factors likely to affect the future development, performance, and position, are set out in the Strategic Report.

In assessing whether the financial statements of the Company should be prepared on a going concern basis, the Directors have considered the current trading performance, budgets, current market conditions, and the longer-term future outlook of the company.

There has been a sustained period of global economic uncertainty due to the Coronavirus (COVID19) pandemic, in conjunction with lower and volatile commodity prices, which have directly and adversely impacted the oil and gas sector. The market outlook is expected to remain challenging as Oil & Gas operators continue to adapt to changes in demand, and the continued transition towards sustainable new energy gathers momentum.

The company must manage the issues of the global health pandemic whilst simultaneously coping with the low oil price scenario and lower energy demand. Worley group have taken immediate steps to reorganise the structure of the business ensuring the Company will continue to adapt to the changing customer demands and market conditions.

The Directors believe that the Company has enough resources to continue in operation for the foreseeable future. The Company is in a net asset position at the balance sheet date. The Company has no external loan obligations but does owe £6.6m to other group companies and has a receivable balance of £10.1m from fellow group companies. The Directors have a reasonable expectation that the trade and assets of the Company will be transferred to another Group Company in the future.

## Notes to the financial statements - continued

at 30 June 2019

### 1. Accounting policies (continued)

In the event the Company requires assistance to meet its financial obligations, then Worley Limited would be able to provide support to the Company. The Directors have received a letter of support from Worley Limited, confirming it will provide support to the Company if needed, for a period of at least 12 months from the date of the approval of the balance sheet, in order to allow the Company to continue to operate as a going concern.

The Directors have assessed the ability of Worley Limited to provide support should it be required for a period of at least 12 months from the date of approval of the balance sheet and having reviewed the financial position and made suitable enquiries, are satisfied that the financial statements should be prepared on a going concern basis.

Although the magnitude and duration of the impact of the COVID19 pandemic remains uncertain, after considering the risks to the business and the continued parental support, the Directors believe that the Company remains able to meet the costs of its commitments and manage its business risks successfully. Therefore, it is appropriate to continue to prepare the financial statements on a going concern basis.

#### **Revenue**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT and similar taxes.

The company enters into contracts for the design, engineering or construction management of substantial assets, where the time taken to complete the contract is such that the contract activity falls into different accounting periods. Attributable profit is recognised when the outcome of a contract can be estimated reliably. The excess of revenue recognised over payments received is shown as accrued income. Amounts received in excess of revenue recognised are shown as deferred revenue. Anticipated losses on contracts are charged to income in their entirety when the losses become evident. The calculation of revenue recognition is determined by contractual terms, of which there are two main types as follows:

#### **Reimbursable service contracts**

Revenue from the provision of reimbursable services where the company's contractual obligations are performed gradually over time is recognised as contract activity progresses to reflect the company's partial performance of its contractual obligations.

#### **Fixed price service contracts**

Revenue on fixed price service contracts is recognised using the percentage of completion method. Under this method revenues recorded represent the aggregate of costs incurred during the year and a portion of estimated profit on individual contracts based on the relationship of costs incurred to total estimated costs for each contract. Revisions in estimates are reflected in the accounting period when the revision becomes known.



## Notes to the financial statements (continued)

at 30 June 2019

### 1. Accounting policies (continued)

#### **Cost of sales**

Cost of sales consists primarily of direct labour and subcontractors (i.e. engineers' time) all of which are recognised on an accruals basis.

#### **Administrative expenses**

Administrative expenses consist primarily of staff costs, rental, office supplies, and corporate professional expenses, all of which are recognised on an accruals basis, including depreciation.

#### **Interest income and expense**

Interest income and expense are recognised as interest accrues using the effective interest method.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value based on prices prevailing at the date of acquisition, evenly over the useful economic life of that asset as follows:

Leasehold property improvements	–	straight line over the lease term
Fixtures, fittings and equipment	–	straight line over 2 to 10 years

Residual values and useful lives are reviewed and adjusted, at the end of each reporting period. The effect of any change is accounted for prospectively.

#### **Debtors**

Debtors with no stated interest rate and which are receivable within one year are recorded at transaction price. Any losses from impairment are recognised in the statement of comprehensive income within administrative expenses.

#### **Cash**

Cash comprises cash in hand and balances with banks.

#### **Creditors**

Creditors with no stated interest rate and which are payable within one year are recorded at transaction price.

#### **Provisions for liabilities**

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of obligation can be estimated reliably.

#### **Share capital**

Shares issued by the company are recorded as the proceeds received from the issue of shares, net of direct issue costs.

#### **Operating lease agreements**

Rental payments under operating leases are charged to the profit or loss on a straight-line basis over the lease term. Amounts received as incentives in respect of new leases entered into are held on the balance sheet and released on a straight-line basis over the period of the lease.

#### **Foreign currencies**

The company's functional and presentational currency is Pounds Sterling. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rate of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit or loss.

## Notes to the financial statements (continued)

at 30 June 2019

### 1. Accounting policies (continued)

#### *Taxation*

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit or loss in the year in which it is incurred.

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit or loss represents the contributions payable to the scheme in respect of the accounting period.

#### *Related party transactions*

The company has adopted the exemption in section 33.1A of FRS 102 not to disclose related party transactions between members of a group provided any subsidiary party to the transactions is wholly owned by such a member.

### 2. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements:

- **Contract provision**

Management judgement is required in estimating the probable additional costs to be incurred in respect of certain major contracts, primarily where potential warranty obligations exist on completion of work. Factors taken into consideration to assess these contract provisions include contract risk assessment, contractual terms and past experience.

## Notes to the financial statements (continued)

at 30 June 2019

### 2. Critical accounting judgments and key sources of estimation uncertainty (continued)

- **Taxation**  
Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the tax effect of future tax planning strategies.
- **Impairment of assets**  
Management judgement is required to determine whether there are indicators of impairment of the company's assets. Factors taken into consideration in reaching such a decision include the economic activity and expected future financial performance of the asset.
- **Impairment of trade receivables**  
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade receivables, directors consider factors including the credit rating of receivables, the ageing profile of receivables and historic experience.

### 3. Turnover

Turnover comprises the value of work performed (excluding VAT and similar taxes), primarily under project contracts, and is attributable to one continuing activity being the provision of engineering, design and project services. An analysis of turnover by geographical market is:

	2019	2018
	£000	£000
Europe	3,365	4,037
Africa	4,731	9,572
Asia	2	414
Other	2,029	139
	<u>10,127</u>	<u>14,162</u>

### 4. Operating loss

This is stated after charging:

	2019	2018
	£000	£000
Depreciation of owned fixed assets	15	18
Auditors' remuneration	17	17
Operating lease charges	<u>370</u>	<u>524</u>

## Notes to the financial statements (continued)

at 30 June 2019

### 5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2019	2018
	£000	£000
Remuneration	118	422
Company contributions to defined contribution pension schemes	12	35
	<u>130</u>	<u>457</u>

Remuneration of highest paid director:

	2019	2018
	£000	£000
Remuneration	118	235
Company contributions to defined contribution pension schemes	12	17
	<u>130</u>	<u>252</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2019	2018
	No.	No.
Defined contribution pension schemes	<u>1</u>	<u>2</u>

### 6. Staff costs

The average monthly number of staff employed by the company during the financial year:

	2019	2018
	No.	No.
Engineering	39	47
Administration	18	16
	<u>57</u>	<u>63</u>

The aggregate payroll costs of the above were:

	2019	2018
	£000	£000
Wages and salaries	4,272	5,299
Social security costs	466	576
Other pension costs	325	401
	<u>5,063</u>	<u>6,276</u>

**Notes to the financial statements (continued)**  
at 30 June 2019

**7. Interest receivable and similar income**

	2019	2018
	£000	£000
Interest receivable from group undertakings	–	259

**8. Interest payable and similar charges**

	2019	2018
	£000	£000
Interest payable to group undertakings	67	168

**9. Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £326k (2018: £400k).

Contributions amounting to £21k (2018: £31k) were payable to the scheme and are included in creditors.

**10. Commitments under operating leases**

The company had future minimum rental payables under non-cancellable operating leases as set out below.

	2019	2018
	£000	£000
Operating leases which expire:		
Within 1 year	92	130
Within 2 to 5 years	24	24
	<u>116</u>	<u>154</u>

The 3 leases for the Woking Office premises were handed back to the landlord on the 28<sup>th</sup> September 2020.

## Notes to the financial statements (continued)

at 30 June 2019

### 11. Taxation

The taxation charge is made up as follows:

	2019 £000	2018 £000
<i>Current tax:</i>		
UK corporation tax	—	—
Total current tax	—	—
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 14)	30	62
Total deferred tax	30	62
Tax charge (note 11(b))	30	62

The factors affecting the total tax charge for the year:

The tax assessed for the year differs from the tax credit that would apply from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/Profit on ordinary activities before taxation	(884)	50
(Loss)/Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 19% (2018: 19%)	(168)	10
Tax losses surrendered by way of group relief for nil payment	196	28
Expenses not deductible for tax purposes	2	3
Impact of changes in tax rates	—	21
Total tax charge	30	62

The Company has submitted claims for Research and Development tax credits to HMRC for the years up to 30 June 2018 and intends to submit a further claim for the year to 30 June 2019. It has reflected the associated tax impact in the financial statements as an above the line credit for the estimated claim for the year to 30 June 2019. All submitted claims up to 30 June 2017 have been formally agreed by HMRC.

(c) Factors that may affect future tax charges

A reduction of the tax rate to 17% with effect from 1 April 2020 was introduced in the Finance Act 2016. As at the balance sheet date this future tax reduction has been enacted and hence in accordance with accounting standards the effect has been reflected in the company's financial statements for the year ended 30 June 2019. Legislation has been substantively enacted after the current financial year balance sheet date to repeal the reduction of the main corporation tax rate thereby maintaining the current rate of corporation tax at 19%, as this change was not substantively enacted at the balance sheet date its effect has not been reflected in these financial statements.

**Notes to the financial statements (continued)**  
at 30 June 2019

**12. Tangible fixed assets**

	<i>Leasehold property improvements</i>	<i>Computer equipment</i>	<i>Fixtures &amp; fittings</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Cost:</i>				
At 30 June 2018 and 30 June 2019	1,363	235	155	1,753
<i>Depreciation:</i>				
At 30 June 2018	1,363	235	102	1,700
Charge for the year	–	–	15	15
At 30 June 2019	1,363	235	117	1,715
<i>Net book value:</i>				
At 30 June 2019	–	–	38	38
At 30 June 2018	–	–	52	52

**13. Debtors**

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	651	855
Amounts recoverable on contracts	386	1,934
Amounts owed by group undertakings	10,102	11,378
Other debtors	169	250
Corporation tax	1,026	1,469
Prepayments	221	307
Deferred taxation (note 14)	151	181
	<u>12,705</u>	<u>16,374</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

## Notes to the financial statements (continued)

at 30 June 2019

### 14. Deferred taxation

	2019	2018
	£000	£000
Included in debtors (note 13)	151	181
	<u>151</u>	<u>181</u>

The deferred tax recognised arose from depreciation in advance of capital allowances.

The movement in the recognised deferred taxation asset during the year was:

	2019	2018
	£000	£000
Balance brought forward	181	243
Charge to statement of comprehensive income	(30)	(62)
Balance carried forward	<u>151</u>	<u>181</u>

### 15. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	208	646
Amounts owed to group undertakings	6,570	9,070
Other taxation and social security	93	113
Accruals and deferred income	<u>1,065</u>	<u>835</u>
	<u>7,936</u>	<u>10,664</u>

Amounts owed to group undertakings are unsecured and repayable on demand.

### 16. Called-up share capital

		2019		2018
<i>Authorised, Allotted, called up and fully</i>	<i>No</i>	<i>£000</i>	<i>No</i>	<i>£000</i>
Ordinary shares of £1 each	693,000	693	693,000	693
	<u>693,000</u>	<u>693</u>	<u>693,000</u>	<u>693</u>

### 17. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Worley Europe Limited (formerly Worley Parsons Europe Limited), a company incorporated in the United Kingdom. The company's ultimate parent undertaking and controlling party is Worley Limited, a company incorporated in Australia and listed on the Australian Stock Exchange.

Worley Limited (formerly Worley Parsons limited) is the parent undertaking of both the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of its group financial statements are available from Investor Relations Department, Worley Limited, Level 12, 141 Walker Street, North Sydney NSW 2060, Australia.



## Notes to the financial statements (continued)

at 30 June 2019

### 18. Post Balance Sheet Events

#### *Health Pandemic*

After the balance sheet date, the COVID19 pandemic has had a sustained impact on the global economy and in turn on the Oil & Gas energy sector. The pandemic is contributing to dampened global energy demand, resulting in reduced production, delayed capital expenditure, and future market uncertainty. COVID19 is a non-adjusting post balance sheet event and no disclosure is made in the financial statements in respect of this, as the impact remains uncertain.

There are no other material events that have occurred since the balance sheet date which would affect the financial statements of the Company.