

**MAGMA GLOBAL LIMITED**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Fryern House  
125 Winchester Road  
Chandlers Ford  
Hampshire  
SO53 2DR

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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**MAGMA GLOBAL LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**DIRECTORS:** M P W Jones  
J Rounce  
H Urquhart  
B Mennie

**SECRETARY:** B Mennie

**REGISTERED OFFICE:** Magma House  
Trafalgar Wharf  
Hamilton Road  
Portsmouth  
Hampshire  
PO6 4PX

**REGISTERED NUMBER:** 06528820 (England and Wales)

**AUDITORS:** Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Fryern House  
125 Winchester Road  
Chandlers Ford  
Hampshire  
SO53 2DR

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present their strategic report for the year ended 31 December 2023.

**REVIEW OF BUSINESS**

The principal activity of the Company continued to be that of designing and manufacturing composite risers, jumpers, spools and intervention lines for the subsea Oil & Gas market.

In the year ended 31 December 2023, the Company's revenues were £12.6m, up 9.6% from £11.5m in the previous year. Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased from -£91k in the previous year to -£377k.

Cash balances increased from £2.7m to £3m due to the improved trading performance during the year.

During the year, the Company continued to invest in its products, facilities and plant & machinery, and in its development and qualification activities, thereby increasing its capabilities to deliver future customer requirements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's activities expose it to a number of financial and operating risks and uncertainties, which are managed and mitigated as part of the Company's ongoing management processes. The ongoing investment in the Company's longer-term design & manufacturing capabilities has adversely affected its short-term financial performance, as it endeavours to strike the right balance between short-term deliverables and longer-term capacity planning. The principal risk and uncertainty is the speed of adoption of the Company's products in the global Oil and Gas market.

**KEY PERFORMANCE INDICATORS**

The Company measures a range of financial data to monitor and manage its activities, including revenue, EBITDA and cash flow. Non-financial metrics are also monitored across the business and there is a strong focus on the safety and wellbeing of employees.

**ON BEHALF OF THE BOARD:**

M P W Jones - Director

11 September 2024

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present their report with the financial statements of the company for the year ended 31 December 2023.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2023.

**RESEARCH AND DEVELOPMENT**

The Company continues to invest heavily in the development and qualification of its range of new products in the Oil & Gas market. Designs and manufacturing methods continue to be developed and improved to meet the challenges faced by the market.

**FUTURE DEVELOPMENTS**

The Company remains well-funded and is now an integral part of TechnipFMC plc's future growth plans.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

M P W Jones  
J Rounce  
H Urquhart  
B Mennie

**FINANCIAL INSTRUMENTS RISKS**

**Financial risk management**

The objectives of the Company's treasury function are to manage financial risk and to minimise potentially adverse effects on reported profitability and on the cash flows of the Company. The main risks associated with the Company's financial assets and liabilities are set out below, as are the policies agreed for their management.

The Company finances its activities with a combination of cash and short-term deposits. Loans from group undertakings are also available as required.

**Foreign currency risk**

The Company buys and sells goods and services in sterling and other currencies. Cash is held in the commonly used currencies to manage currency risk arising from operations and as a result the Company has minimal exposure to significant foreign currency risks.

**Interest rate risk**

The Company invests any significant surplus funds with group undertakings and can borrow funds from group undertakings to support its activities as required. Interest is received at market rates and any interest rate exposure is not material.

**Credit risk**

The risk of a financial loss could arise due to a counter-party's failure to honour its contracted obligations. Company procedures are aimed at minimising such losses and require that customers satisfy creditworthiness checks and provide acceptable payment terms, supported, if necessary, by adequate payment security. Overdue debts are monitored carefully and appropriate action taken for recovery.

**Liquidity risk**

The Company mitigates this risk by managing cash balances, payments and collections and by ensuring adequate credit facilities are available in conjunction with other group undertakings. Capital investment is carefully forecast and appraised to ensure suitable funding is in place.

**Price risk**

The Company seeks to manage its exposure to changing market prices for raw materials and components by entering into fixed price contracts where it is appropriate.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 these financial statements, the directors are required to:

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

Rothmans Audit LLP will be proposed for re-appointment at the forthcoming annual general meeting.

**ON BEHALF OF THE BOARD:**

M P W Jones - Director

11 September 2024

### **Opinion**

We have audited the financial statements of Magma Global Limited (the 'company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 Auditors' responsibilities for the audit of the financial statements section of our report. 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.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 the Report of the Directors.

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

- adequate accounting records have not been kept, 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 four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect of the operations of the Company. The key laws and relations we considered in this context included the UK Companies Act and Health & Safety regulations.

Discussions were held within the engagement team regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential risk areas such as revenue cut-off. Audit procedures were designed to ensure all of the risks were addressed.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- o enquiring of management as to actual and potential litigation and claims; and
- o reviewing any correspondence with regulators and the company's legal advisors.

To address the risk of fraud through management bias and override of controls, we:

- o performed analytical procedures to identify any unusual or unexpected relationships;
- o tested journal entries to identify unusual transactions; and
- o assessed whether judgements and assumptions contained any indication of potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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



**Use of our report**

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

Kevin Richards (Senior Statutory Auditor)  
for and on behalf of Rothmans Audit LLP  
Statutory Auditors  
Chartered Accountants  
Fryern House  
125 Winchester Road  
Chandlers Ford  
Hampshire  
SO53 2DR

12 September 2024

**STATEMENT OF COMPREHENSIVE  
INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £	2022 £
<b>TURNOVER</b>	3	<b>12,602,641</b>	11,501,654
Cost of sales		<u><b>6,288,868</b></u>	<u>5,692,111</u>
<b>GROSS PROFIT</b>		<b>6,313,773</b>	5,809,543
Administrative expenses		<u><b>7,331,117</b></u>	<u>7,981,626</u>
		<b>(1,017,344)</b>	(2,172,083)
Other operating income	4	<u><b>394,404</b></u>	<u>405,557</u>
<b>OPERATING LOSS</b>	6	<b>(622,940)</b>	(1,766,526)
Interest receivable and similar income		<u><b>87,579</b></u>	<u>22,099</u>
<b>LOSS BEFORE TAXATION</b>		<b>(535,361)</b>	(1,744,427)
Tax on loss	7	<u><b>37,807</b></u>	<u>52,999</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(573,168)</b>	(1,797,426)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>(573,168)</b></u>	<u>(1,797,426)</u>
<b>FOR THE YEAR</b>		<u><b>(573,168)</b></u>	<u>(1,797,426)</u>

**BALANCE SHEET**  
**31 DECEMBER 2023**

	Notes	£	2023 £	£	2022 £
<b>FIXED ASSETS</b>					
Intangible assets	10		<b>333,323</b>		436,268
Tangible assets	11		<b><u>7,146,933</u></b>		<b><u>9,455,603</u></b>
			<b>7,480,256</b>		<b>9,891,871</b>
<b>CURRENT ASSETS</b>					
Stocks	12	<b>1,082,912</b>		687,298	
Debtors	13	<b>5,003,317</b>		4,632,479	
Cash at bank and in hand		<b><u>2,972,572</u></b>		<b><u>2,654,932</u></b>	
		<b>9,058,801</b>		<b>7,974,709</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<b><u>5,100,132</u></b>		<b><u>6,094,263</u></b>	
<b>NET CURRENT ASSETS</b>			<b><u>3,958,669</u></b>		<b><u>1,880,446</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>11,438,925</b>		<b>11,772,317</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<b>(581,345)</b>		<b>(341,569)</b>
<b>PROVISIONS FOR LIABILITIES</b>	18		<b><u>(274,798)</u></b>		<b><u>(274,798)</u></b>
<b>NET ASSETS</b>			<b><u>10,582,782</u></b>		<b><u>11,155,950</u></b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		<b>8,603,669</b>		8,603,669
Share premium	20		<b>48,907,323</b>		48,907,323
Capital redemption reserve	20		<b>139,925</b>		139,925
Retained earnings	20		<b>(47,068,135)</b>		<b>(46,494,967)</b>
<b>SHAREHOLDERS' FUNDS</b>			<b><u>10,582,782</u></b>		<b><u>11,155,950</u></b>

The financial statements were approved by the Board of Directors and authorised for issue on 11 September 2024 and were signed on its behalf by:

M P W Jones - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2022</b>	8,603,669	(44,697,541)	48,907,323	139,925	12,953,376
<b>Changes in equity</b>					
Total comprehensive income	-	(1,797,426)	-	-	(1,797,426)
<b>Balance at 31 December 2022</b>	8,603,669	(46,494,967)	48,907,323	139,925	11,155,950
<b>Changes in equity</b>					
Total comprehensive income	-	(573,168)	-	-	(573,168)
<b>Balance at 31 December 2023</b>	8,603,669	(47,068,135)	48,907,323	139,925	10,582,782

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

		<b>2023</b>	<b>2022</b>
	Notes	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<b>(1,691,032)</b>	(2,927,736)
Taxation refund		<b>173,055</b>	-
Net cash from operating activities		<b><u>(1,517,977)</u></b>	<b><u>(2,927,736)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		<b>(2,269)</b>	(21,619)
Purchase of tangible fixed assets		<b>(807,328)</b>	(381,686)
Sale of tangible fixed assets		<b>2,567,606</b>	13,750
Interest received		<b>87,579</b>	22,099
Net cash from investing activities		<b><u>1,845,588</u></b>	<b><u>(367,456)</u></b>
<b>Cash flows from financing activities</b>			
Capital repayments in year		<b><u>(9,971)</u></b>	<b><u>(9,268)</u></b>
Net cash from financing activities		<b><u>(9,971)</u></b>	<b><u>(9,268)</u></b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b><u>317,640</u></b>	<b><u>(3,304,460)</u></b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>2,654,932</b>	5,959,392
<b>Cash and cash equivalents at end of year</b>	2	<b><u><u>2,972,572</u></u></b>	<b><u><u>2,654,932</u></u></b>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

	2023	2022
	£	£
Loss before taxation	(535,361)	(1,744,427)
Depreciation charges	1,467,007	1,855,056
Profit on disposal of fixed assets	(955,689)	(11,767)
Amortisation charges	105,214	111,341
Above the line tax credit	(370,570)	(278,944)
Movement in provisions	-	28,000
Government grants	-	(126,613)
Finance income	(87,579)	(22,099)
	(376,978)	(189,453)
Increase in stocks	(395,614)	(195,633)
Increase in trade and other debtors	(211,130)	(1,647,796)
Decrease in trade and other creditors	(707,310)	(894,854)
<b>Cash generated from operations</b>	<b>(1,691,032)</b>	<b>(2,927,736)</b>

**2. CASH AND CASH EQUIVALENTS**

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

**Year ended 31 December 2023**

	31/12/23	1/1/23
	£	£
Cash and cash equivalents	<u>2,972,572</u>	<u>2,654,932</u>

**Year ended 31 December 2022**

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	<u>2,654,932</u>	<u>5,959,392</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/1/23	Cash flow	At 31/12/23
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>2,654,932</u>	<u>317,640</u>	<u>2,972,572</u>
	<u>2,654,932</u>	<u>317,640</u>	<u>2,972,572</u>
<b>Debt</b>			
Finance leases	<u>(17,660)</u>	<u>9,971</u>	<u>(7,689)</u>
	<u>(17,660)</u>	<u>9,971</u>	<u>(7,689)</u>
<b>Total</b>	<u>2,637,272</u>	<u>327,611</u>	<u>2,964,883</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1. COMPANY INFORMATION**

Magma Global Limited was incorporated on 10 March 2008 under the Companies Act 2006, as a private limited company, and is registered in England and Wales. The principal activity of the company is designing and manufacturing composite risers, jumpers, spools and intervention lines for the subsea Oil & Gas market. The address of its head office and registered office is Magma House, Trafalgar Wharf, Hamilton Road, Portsmouth, PO6 4PX.

**2. ACCOUNTING POLICIES****Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentation currency is £ sterling.

**Going concern**

The financial statements have been prepared on the going concern basis.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

**Significant judgements and estimates**

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 judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Leases**

A lease that does not transfer substantially all of the risks and rewards of ownership is classified as an operating lease and is therefore not included in the statement of financial position.

**Revenue recognition**

Revenue is recognised in relation to the value of work carried out which is based on the project as a whole. Judgements are made on the timing of revenue recognition based on the percentage completion of the work, and the expected outcome of the contract.

**Other key sources of estimation uncertainty****Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

**Revenue recognition**

Estimates are based upon the stage of completion percentage of a contract by reviewing the costs incurred to date against total expected future costs of the contract.

**Dilapidations provision**

Estimates are based on management's expectations for the costs to be incurred at the end of the lease

in order to restore the asset to its original condition.

continued...

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**2. ACCOUNTING POLICIES - continued**

**Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year, adjusted for accrued and deferred income, and derives from the provision of goods and services falling within the company's ordinary activities.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year. Turnover in respect of long-term contracts and contracts for ongoing services is recognised by reference to the stage of completion. Excess progress payments are included in creditors as payments on account.

**Intangible fixed assets**

Intangible fixed assets are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

Amoritsation is provided to write off the cost of patents in equal annual instalments over their useful life of 10 years.

**Tangible fixed assets**

All fixed assets are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold property	- Straight line over the life of the lease
Plant and machinery	- 4-10 years straight line
Fixtures, fittings and equipment	- 3-4 years straight line

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

Fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Stocks are valued at purchase price using a first in, first out method.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolescent, slow moving and defective stock.

**Taxation**

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

Current tax is recognised at the amount of tax payable using the tax rates and laws that 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.

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

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



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**2. ACCOUNTING POLICIES - continued**

**Research and development**

Research and development expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Statement of Comprehensive Income.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreement are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**Pensions**

The company makes pension contributions to a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to this scheme are charged to the Statement of Comprehensive Income as they become payable.

**Financial instruments**

The company only has financial assets and liabilities of the kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and debt instruments are subsequently measured at amortised cost.

**Grants**

Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate in accordance with the terms of the grant. Any deferred element of the grant is included in creditors as deferred income.

**Dilapidations provision**

The provision for dilapidations represents the discounted expected future costs to be incurred at the end of the lease in order to restore the property to its original condition.

**Contracts provision**

The provision for contracts represents the expected future amount to be paid in relation to the company's sales contracts.

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	<b>2023</b>	2022
	£	£
United Kingdom	<b>33,042</b>	2,308,853
Europe	<b>6,229,070</b>	3,828,691
United States of America	<b>943,062</b>	1,109,846
Rest of the World	<b>5,397,467</b>	4,254,264
	<b><u>12,602,641</u></b>	<u>11,501,654</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**4. OTHER OPERATING INCOME**

	<b>2023</b>	2022
	£	£
R&D tax credit	<b>370,570</b>	278,944
Government grants	<b>23,834</b>	126,613
	<b><u>394,404</u></b>	<b><u>405,557</u></b>

**5. EMPLOYEES AND DIRECTORS**

	<b>2023</b>	2022
	£	£
Wages and salaries	<b>5,603,710</b>	4,713,117
Social security costs	<b>633,509</b>	521,430
Other pension costs	<b>247,248</b>	187,135
	<b><u>6,484,467</u></b>	<b><u>5,421,682</u></b>

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

	<b>2023</b>	2022
Production	<b>33</b>	27
Engineering	<b>42</b>	39
Management, sales and administration	<b>14</b>	10
	<b><u>89</u></b>	<b><u>76</u></b>

	<b>2023</b>	2022
	£	£
Directors' remuneration	<b><u>309,001</u></b>	<b><u>323,645</u></b>

Information regarding the highest paid director is as follows:

	<b>2023</b>	2022
	£	£
Emoluments etc	<b><u>309,001</u></b>	<b><u>323,645</u></b>

The average number of directors serving during the year was 1 (2022: 1).

**6. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	<b>2023</b>	2022
	£	£
Hire of plant and machinery	<b>66,111</b>	59,972
Depreciation - owned assets	<b>1,464,156</b>	1,852,205
Depreciation - assets on finance leases	<b>2,851</b>	2,851
Profit on disposal of fixed assets	<b>(955,689)</b>	(11,767)
Patents and licences amortisation	<b>105,214</b>	111,341
Foreign exchange differences	<b>16,170</b>	(106,373)
Auditors' remuneration	<b>13,675</b>	11,525
Uninsured loss	<b><u>-</u></b>	<b><u>349,908</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**7. TAXATION****Analysis of the tax charge**

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

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
Current tax:		
Withholding tax	<b>42,963</b>	-
Group relief	<b>(92,316)</b>	-
Notional tax on R&D tax credit	<b>87,160</b>	<u>52,999</u>
Tax on loss	<b><u>37,807</u></b>	<b><u>52,999</u></b>

**Reconciliation of total tax charge included in profit and loss**

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

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
Loss before tax	<b><u>(535,361)</u></b>	<b><u>(1,744,427)</u></b>
Loss multiplied by the standard rate of corporation tax in the UK of 23.500% (2022 - 19%)	<b>(125,810)</b>	<b>(331,441)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>63,633</b>	-
Notional tax on R&D tax credit	<b>87,160</b>	52,999
Movement on unprovided deferred tax asset	<b>98,944</b>	331,441
Impact of change in tax rate	<b>(36,767)</b>	-
Withholding tax	<b>42,963</b>	-
Group relief	<b>(92,316)</b>	-
Total tax charge	<b><u>37,807</u></b>	<b><u>52,999</u></b>

The company has trading losses of approximately £33.9 million which have been carried forward (2022: £33.8 million).

**8. PRIOR YEAR ADJUSTMENT**

In the prior year financial statements a provision for contracts was included within 'Accruals and deferred income'. An adjustment has been processed to re-classify £108,798 to provisions.

The prior year figures have been updated to correctly reflect the nature of deposits. This has led to 'Other debtors' being increased by £741,361 and 'Prepayments and accrued income' being reduced by £741,361.

The prior year figures have also been updated to correctly reflect the nature of payments on account. This has led to 'Payments on account' being increased by £1,031,049 and 'Accruals and deferred income' being reduced by £1,031,049.

There was no impact on profit or net assets as a result of the prior year adjustments.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**9. OPERATING LEASES RECEIVABLE**

Minimum lease payments are receivable as follows:

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
Within one year	<b>194,203</b>	178,396
Between one and five years	<b>776,812</b>	133,797
More than five years	<b><u>1,990,581</u></b>	<u>-</u>
	<b><u>2,961,596</u></b>	<b><u>312,193</u></b>

**10. INTANGIBLE FIXED ASSETS**

**Patents and  
licences**  
**£**

**COST**

At 1 January 2023	<b>1,254,873</b>
Additions	<b>2,269</b>
At 31 December 2023	<b><u>1,257,142</u></b>

**AMORTISATION**

At 1 January 2023	<b>818,605</b>
Amortisation for year	<b>105,214</b>
At 31 December 2023	<b><u>923,819</u></b>

**NET BOOK VALUE**

At 31 December 2023	<b><u>333,323</u></b>
At 31 December 2022	<b><u>436,268</u></b>

**11. TANGIBLE FIXED ASSETS**

**Fixtures,  
fittings  
and  
equipment**  
**£**

**Totals**  
**£**

**COST**

At 1 January 2023	<b>7,577,697</b>	<b>16,379,546</b>	<b>1,161,194</b>	<b>25,118,437</b>
Additions	<b>-</b>	<b>496,261</b>	<b>273,993</b>	<b>770,254</b>
Disposals	<b>-</b>	<b>(5,322,238)</b>	<b>-</b>	<b>(5,322,238)</b>
At 31 December 2023	<b><u>7,577,697</u></b>	<b><u>11,553,569</u></b>	<b><u>1,435,187</u></b>	<b><u>20,566,453</u></b>

**DEPRECIATION**

At 1 January 2023	<b>2,544,666</b>	<b>12,160,960</b>	<b>957,208</b>	<b>15,662,834</b>
Charge for year	<b>313,779</b>	<b>1,017,931</b>	<b>135,297</b>	<b>1,467,007</b>
Eliminated on disposal	<b>-</b>	<b>(3,710,321)</b>	<b>-</b>	<b>(3,710,321)</b>
At 31 December 2023	<b><u>2,858,445</u></b>	<b><u>9,468,570</u></b>	<b><u>1,092,505</u></b>	<b><u>13,419,520</u></b>

**NET BOOK VALUE**

At 31 December 2023	<b><u>4,719,252</u></b>	<b><u>2,084,999</u></b>	<b><u>342,682</u></b>	<b><u>7,146,933</u></b>
At 31 December 2022	<b><u>5,033,031</u></b>	<b><u>4,218,586</u></b>	<b><u>203,986</u></b>	<b><u>9,455,603</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**11. TANGIBLE FIXED ASSETS - continued**

The net book value of tangible fixed assets includes £22,811 (2022: £25,662) in respect of assets held under hire purchase contracts.

**12. STOCKS**

	<b>2023</b>	2022
	£	£
Raw materials	<u><b>1,082,912</b></u>	<u>687,298</u>

A provision for impairment has been recognised during the year as an expense totalling £52,000 (2022: £12,778).

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	2022
	£	£
Trade debtors	<b>2,317,836</b>	1,856,820
Other debtors	<b>993,662</b>	1,092,127
Corporation tax	<b>488,321</b>	399,000
Prepayments and accrued income	<u><b>1,203,498</b></u>	<u>1,284,532</u>
	<u><b>5,003,317</b></u>	<u>4,632,479</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	2022
	£	£
Finance leases (see note 16)	<b>7,689</b>	9,740
Payments on account	<b>1,031,049</b>	1,031,049
Trade creditors	<b>1,373,451</b>	1,601,096
Social security and other taxes	<b>564,316</b>	482,651
Other creditors	<b>54,420</b>	11,633
Accruals and deferred income	<u><b>2,069,207</b></u>	<u>2,958,094</u>
	<u><b>5,100,132</b></u>	<u>6,094,263</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2023</b>	2022
	£	£
Finance leases (see note 16)	-	7,920
Accruals and deferred income	<u><b>581,345</b></u>	<u>333,649</u>
	<u><b>581,345</b></u>	<u>341,569</u>

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	<b>Finance leases</b>	
	<b>2023</b>	2022
	£	£
Net obligations repayable:		
Within one year	<b>7,689</b>	9,740
Between one and five years	<u>-</u>	<u>7,920</u>
	<u><b>7,689</b></u>	<u>17,660</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**16. LEASING AGREEMENTS - continued**

	<b>2023</b>	<b>Non-cancellable operating leases 2022</b>
	<b>£</b>	<b>£</b>
Within one year	<b>1,170,232</b>	1,051,631
Between one and five years	<b>4,572,128</b>	788,643
In more than five years	<b>11,659,098</b>	-
	<b><u>17,401,458</u></b>	<u>1,840,274</u>

Lease payments recognised as an expense during the year were £1,051,631 (2022: £938,337).

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Finance leases	<b><u>7,689</u></b>	<u>17,660</u>

Obligations under finance leases are secured on the assets to which they relate.

**18. PROVISIONS FOR LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Other provisions	<b><u>274,798</u></b>	<u>274,798</u>
		<b>Other provisions £</b>
Balance at 1 January 2023		
As previously reported		<b>166,000</b>
Prior year adjustment		<b><u>108,798</u></b>
As restated		<b><u>274,798</u></b>
Balance at 31 December 2023		<b><u>274,798</u></b>

£166,000 of the provision relates to dilapidations which are expected to be payable at the end of the lease.

£108,798 of the provision relates to provisions for contracts. A prior year adjustment has been made to correctly classify this provision as described in Note 8.

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:  
 Number:      Class:

	<b>Nominal value:</b>	<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
860,366,877 Ordinary	1p	<b><u>8,603,669</u></b>	<u>8,603,669</u>

**Rights and restrictions attached to shares**

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**20. RESERVES**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2023	(46,494,967)	48,907,323	139,925	2,552,281
Deficit for the year	(573,168)			(573,168)
At 31 December 2023	<u>(47,068,135)</u>	<u>48,907,323</u>	<u>139,925</u>	<u>1,979,113</u>

Retained earnings includes all current and prior period retained profits and losses.

The share premium account includes any premiums received on issue of share capital, net of any transaction costs associated with the issuing of the shares.

The capital redemption reserve includes amounts transferred following the redemption or purchase of the company's own shares.

**21. PENSION COMMITMENTS**

The company operates a defined contribution scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £247,248 (2022: £187,135).

**22. CONTINGENT LIABILITIES**

The company has a cross guarantee with its ultimate holding company, Technip FMC PLC, in favour of JPMorgan Chase Bank to guarantee Technip FMC PLC's revolving credit facility. The total indebtedness at the balance sheet date is \$54.2 million (2022: \$54.2 million).

**23. CAPITAL COMMITMENTS**

	2023 £	2022 £
Contracted but not provided for in the financial statements	<u>19,736</u>	<u>215,653</u>

**24. RELATED PARTY DISCLOSURES**

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

**25. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY**

The immediate parent company is Technip-Coflexip UK Holdings Limited, a company registered in England & Wales. The ultimate parent company is Technip FMC PLC, a company incorporated in England & Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Technip FMC PLC. Copies of the publicly available consolidated financial statements can be obtained from the Registrar of Companies.

The directors do not consider there to be any individual who has ultimate control.