



James Fisher and Sons plc
Annual report and accounts
2020

James Fisher and Sons plc
Marine Services Worldwide



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James Fisher and Sons plc is a leading service provider to the global marine industry and a specialist supplier of innovative engineering and technical services to the energy industry. Our 2,500 employees operate across 23 countries around the world striving to deliver our common purpose of pioneering safe and trusted solutions to complex problems in harsh environments. Our customers are predominantly large multinational corporations and governments that value the contribution our specialist skills make. We achieve this through a commitment to the safety and wellbeing of those that work for and alongside us, underpinned by our core valued behaviours: pioneering spirit; integrity; energy; and resilience.

STRATEGIC REPORT

Highlights	1
Chairman's statement	2
Chief Executive's review	6
Business model	12
Strategy	13
Sector review	14
Financial review	22
Key performance indicators	25
Engaging our shareholders	26
Supporting our local communities	27
Empowering our people	29
Health and safety	32
Partnering with our customers and suppliers	35
Protecting our environment	37
Non-financial information statement	41
Principal risks and uncertainties	43

GOVERNANCE

Chairman's introduction	52
Board of Directors	54
Corporate governance report	56
Nominations Committee report	63
Audit Committee report	66
Directors' remuneration report	72
Directors' report	88
Statement of Directors' responsibilities	91

FINANCIAL STATEMENTS

Independent auditor's report	92
Consolidated income statement	104
Consolidated statement of other comprehensive income	104
Consolidated and Company statement of financial position	105
Consolidated and Company cash flow statement	106
Consolidated statement of changes in equity	107
Company statement of changes in equity	108
Notes to the financial statements	109
Subsidiaries and associated undertakings	150
Group financial record	152
Investor information	153

Highlights

Revenue

£518.2m

2019: £617.1m (16)%

Underlying operating profit*

£40.5m

2019: £66.3m (39)%

Underlying profit before tax*

£31.5m

2019: £58.5m (46)%

Cash conversion

217%

2019: 99%

Net borrowings

£198.1m

2019: £230.4m (14)%

	2020	2019
Statutory operating (loss)/profit	£(43.5)m	£55.6m
Statutory (loss)/profit before tax	£(52.5)m	£47.8m
Statutory diluted (loss)/earnings per share	(114.2)p	72.7p
Dividend per share	8.0p	11.3p

- **Priority remains safety and wellbeing of employees and customers**
- **Group faced dual challenges of Covid-19 and energy prices during the year**
- **Swift management actions taken to reduce costs, optimise cashflow and protect liquidity**
- **Underlying operating margin resilient at 7.8% (2019: 10.7%)**
- **Strong cash performance reduced net borrowings by £32.3m**
- **Strategic review progressing well**

* excludes separately disclosed items

James Fisher uses alternative performance measures (APMs) as key financial indicators to assess the underlying performance of the business. APMs are used by management as they are considered to better reflect business performance and provide useful additional information. APMs include underlying operating profit, underlying profit before tax, underlying diluted earnings per share, underlying return on capital employed, underlying Ebitda, cash conversion and underlying net borrowings. An explanation of APMs is set out in note 2 of the Notes to the Financial Statements.

Chairman's statement

“ I pay tribute to all our management and staff who worked so diligently in extraordinarily difficult circumstances to maintain our services for the benefit of all our stakeholders. ”

Malcolm Paul Chairman



When I reported at this time last year, few could have imagined the impact that the Covid-19 pandemic would have on communities around the world and also on our own business.

In March 2020, the first UK national lockdown was announced which gave rise to the initial challenge of keeping our employees safe, whilst continuing to service our broad customer base. In addition, internationally and offshore, where we often operate in extreme and dangerous environments, we took action to ensure effective and appropriate health and safety regimes were in place. It is right that I firstly pay tribute to all our management and staff who worked so diligently in extraordinarily difficult circumstances to maintain our services for the benefit of all our stakeholders.

Through a sensible and robust approach to the effective management of our facilities, including the use of protective equipment and social distancing, we were able to continue to operate efficiently in many, but not all, of our business divisions. In response to the UK Government's call to manufacturers, we should all be proud that JFD, with its position as a global leader in subsea breathing apparatus, developed the InVicto™ Ventilator, a non-invasive medical device to assist patients with breathing difficulties.

The management team has made good progress on the strategic review which has confirmed the strong fundamentals of the Group but identified scope for significant financial and operational improvement. We will seek to improve the quality of our business by focusing on structurally growing markets, improving operating margins, increasing returns and sustainably delivering value for all stakeholders. The strategy will be presented to shareholders at a capital markets day in the first half of 2021.

Results

Inevitably, the pandemic had a material impact on our annual financial results with Group revenue 16% lower at £518.2m (2019: £617.1m). Currency fluctuations had a small adverse effect which was offset by the contribution from recent acquisitions. We had a stronger end to the year with revenue in the fourth quarter 7% higher than the previous quarter.

Underlying operating profit for the year was slightly ahead of previous guidance at £40.5m (2019: £66.3m) and reflects a relatively resilient performance in three of our four divisions, all of which were impacted to some degree by the pandemic. Underlying profit before tax and underlying diluted earnings per share were £31.5m (2019: £58.5m) and 47.9p (2019: 92.8p) respectively.

The Marine Support division continued to disappoint. Whilst the ship-to-ship business had another strong year our operations in the challenging offshore marine and oil & gas markets were impacted by the pandemic with projects delayed or cancelled. As announced in January 2021 and within total separately disclosed items of £84.0m (2019: £10.7m), we have made a material impairment charge of £70.4m against the carrying value of certain assets in this division.

On a statutory basis the Group reported a loss before taxation of £52.5m (2019: profit of £47.8m) and statutory diluted earnings per share was a loss of 114.2 pence (2019: earnings of 72.7 pence).

The Group has a strong historical record of cash generation. By continuing to focus on working capital and, with tighter restrictions on capital expenditure in response to the pandemic, net borrowings reduced by £32.3m to £198.1m at December 2020 with headroom from committed bank facilities at the same date increasing to £120.2m (2019: £41.7m).

Swimmer Delivery Vehicles

In 2020, JFD successfully delivered a multiple number of SEAL Carrier swimmer delivery vehicles under a multi-million pound contract to one of its defence customers. JFD supplies a range of surface and subsurface vehicles which facilitate the insertion and extraction of special forces and equipment. Other applications include specialist maritime operations, mine countermeasures, counter-terrorism, counter-narcotics, counter-piracy and maritime protection operations.

The SEAL Carrier can achieve transit speeds of up to 30 knots on the surface before switching to submerged mode for a covert final approach at 4 knots. This critical capability along with long endurance and rapid transition to sub surface covert mode were key features in winning the contract.

JFD's advanced range of SDVs is specially designed to provide navies with the capability to deliver the payload (operators) safely to their intended destination at a high level of readiness.



Dividends

Faced with the uncertainty of the pandemic and wishing to preserve cash resources, the Board announced in March 2020 that it had suspended the final dividend for the year ended 31 December 2019 and this dividend was subsequently cancelled. Having overcome the initial impact of the pandemic and with trading no longer deteriorating, the Board announced an interim dividend of 8.0p per share, amounting to £4.0m, in August 2020, which was paid in November 2020. During the second half, further enforced Covid-19 restrictions across many of the areas the Group operates negatively affected financial performance, particularly in Marine Support. Although the Board recognises the importance of dividends to its shareholders, in view of the 2020 financial result, the Board is not recommending a final dividend for the year ended 31 December 2020.

Business review

Our principal focus has been on supporting our businesses during these difficult times, ensuring that they have the resources to deliver our services in a safe environment. In order to preserve cash, we introduced a salary reduction plan across our wider leadership team in the early months of the pandemic which was subsequently repaid, save for our senior leadership team and members of the Board who accepted a salary cut for the second quarter at this crucial time. Where appropriate we made use of the UK Government's Covid-19 support scheme furloughing certain employees especially in the Marine Support division in

order to preserve many jobs. Unfortunately, as the year has continued, we have had to make some redundancies to right size the business to match market opportunities.

In 2019, the Group invested in two dive support vessels to take advantage of identified market opportunities with diving and offshore construction services for oil majors. Both vessels required an element of refurbishment before they were able to come into service. The purchase and subsequent refurbishment of these vessels coincided with the rapid decline in oil prices coupled with the delays in supply chains brought about by Covid-19. Both vessels are now available for use but, recognising that end markets have changed, we have taken the view that we should write these assets down to their estimated recoverable amount.

The three divisions of Specialist Technical, Offshore Oil and Tankships have all produced creditable results demonstrating our strong and diverse position in these markets. Many of the issues experienced by Marine Support were outside our control but nevertheless, we remain an important provider of services in the offshore marine and renewables sectors and we are well positioned as these markets recover.

Sustainability

During 2020 our business continued to deliver operational carbon reductions, developing business travel alternatives, plastic reduction and continued support to multilateral global environment initiatives. This year also saw our first CDP submission, which is an important milestone in our disclosure of greenhouse gas impacts and further demonstrates our

Chairman's statement (continued)

At the beginning of the Covid-19 pandemic, JFD applied its experience in breathing systems to rapidly develop a new ventilator in response to a call from the British government for the design and production of ventilators.

Within a month of the initiative, JFD developed InVicto™ and initial testing of the prototype was carried out at UK hospital laboratories. InVicto™ is a non-invasive ventilator that sits in its own medical device space between traditional continuous positive airway pressure (CPAP) and full invasive ventilation. Its innovative design and function allows it to provide automatic assisted ventilation for sedated patients, whilst it can also operate as a patient triggered non-invasive ventilator for conscious patients. As well as providing a therapeutic advantage over CPAP treatments through respiratory support, the design also controls the consumption of oxygen giving a much reduced consumption rate of oxygen whilst maintaining a high level of oxygen enrichment for the patient. Results show an average consumption rate of five litres per minute of oxygen versus rates of greater than 40 litres per minute with CPAP treatments.

The InVicto™ ventilator is a disposable item between patients thereby minimising the risk of cross contamination and eliminating the need for sterilisation.



Whilst the UK Government chose not to proceed with InVicto™, JFD has begun clinical trials in Bangalore, India, with the first patient to use InVicto™ taking place in December 2020. InVicto™ has received two awards for its novel design: Healthcare & Medical-Covid response category at the Collaborate to Innovate Awards and Covid-19 Pandemic Initiatives Award at the 2020 IMCA Awards.

commitment to drive the business with renewed purpose over the long-term. We are positioning to take advantage of the ongoing energy market transition, where many of our customers are setting net zero carbon commitments and looking to us for solutions to help them reduce their own carbon footprint. Our history in supporting the marine environment means we are well placed to service the continued global growth in offshore renewables. This global shift to a greener energy transition is also having an impact on our business in parallel ways, as we support sustainable approaches to the decommissioning of existing oil and gas assets.

The Board

It was announced a year ago that, having completed nine years as an independent Non-Executive Director of James Fisher including three years as Chairman, I would step down as a Director once a replacement had been appointed. In January 2021, following an external search, that the Board agreed to appoint Angus Cockburn as a Non-Executive Director and Chairman of the Company with effect from 1 May 2021. I will retire as a Director on 30 April 2021.

Angus is a chartered accountant with an MBA from the IMD Business School in Switzerland and is currently Group Chief Financial Officer at Serco Group Plc, a position he has held since October 2014. He will step down from the Serco Board at its AGM in April 2021. His previous roles have included Chief Financial Officer and Interim Chief Executive of Aggreko plc and Managing Director of Pringle of Scotland. Angus is currently a Non-Executive Director of Ashtead Group plc and the privately owned Edrington Group Limited.

On 20 March 2020 it was announced that Fergus Graham had stepped down from the Board to pursue other business opportunities. I would like to thank Fergus for his contribution to the Group since his appointment to the Board in 2018 and wish him every success in the future.

I would like to record my thanks to all the Directors for the help and support they have given me over the last ten years and in particular during this difficult last 12 months. Your Company has a well-balanced and experienced Board of Directors who bring a wealth of experience and knowledge across a wide spectrum of subjects. I am confident that the Board, under the new direction of Angus, will bring the right mix of continuity and change to support the Executive Directors.

Outlook

Although early in 2021, the Group is trading in line with our expectations, however caution remains due to the ongoing effects of the pandemic. The Group has a resilient business model with a broad spread of end markets, customers and geographies, supported by a strong track record of converting its operating profit into cash.

Our ongoing strategic review confirms the fundamental strengths of the Group and has also identified scope for significant financial and operational improvement. Our goal is to improve the quality of our business by focusing on structurally growing markets, improving operating margins, increasing returns and sustainably delivering value for all stakeholders.

Malcolm Paul Chairman

Chief Executive's review

“ I am immensely proud of how our employees have adapted to rapidly changing circumstances and continued to operate safely and efficiently. ”

Eoghan O'Lionaird Chief Executive Officer



Having joined the Board on 1 October 2019, my first full year as Chief Executive has been one of the most challenging in the Group's 173-year history; a year like no other.

However, despite the many issues we have faced, our employees have shown great resilience and the operating and financial performance of the Group held up well in the circumstances, confirming the benefit of strong market positions, responsive niche businesses and a broad spread of end markets and geographies.

Response to Covid-19

In the first half of 2020, oil prices were adversely impacted by over production and this was quickly followed by the global lockdown due to Covid-19. At the start of the pandemic we quickly established our priorities: to keep our people safe; preserve as many jobs as possible, and to protect the interests of the Company and its stakeholders. Within that context, we continued as far as possible to provide our services and goods to customers, whilst supporting and maintaining our supply chain. I am immensely proud of how our employees have adapted to rapidly changing circumstances and continued to operate safely and efficiently.

In March, we established weekly Executive meetings and a weekly video call for the senior leaders of all our businesses. This ensured a quick and, where appropriate, consistent approach and enabled learning from each other's experiences in conditions not previously experienced. We set out clear Group practices in response to Covid-19 but recognised, as a decentralised international Group, the value of local autonomous teams having the latitude to respond appropriately. In addition, we increased communications to ensure the Group was well informed and aligned.

Our employees

In facing the challenges of the pandemic, our priority throughout has been to protect the safety and wellbeing of our employees. Since the third week of March, the majority of our office-based staff throughout the world have been working from home utilising video conferencing technology. At our operational sites we introduced enhanced safety measures, deep cleansing and social distancing which has helped to keep people safe, whilst maintaining good levels of efficiency and performance. Additionally, recognising the stress and strain resulting from the pandemic-related constraints, we adopted practices and procedures to support the mental wellbeing of our employees.

Customers and suppliers

Throughout this period our businesses have remained open and our teams have worked hard to provide our unique products and marine services to our customers globally. The pandemic challenged our ability to receive supplies promptly, to complete projects overseas and generally to move people and equipment around. Our businesses responded innovatively to these challenges and supported the supply chain throughout.

Martek, our marine safety products and services business, responded quickly to new crew change guidelines due to the pandemic, by launching a coronavirus antibody test. It also provided comprehensive personal protective equipment to its marine customer base.

JFD responded to the UK Government's call for rapidly manufactured ventilators to provide essential medical equipment to the NHS. Using its world-leading breathing gas reclaim systems, the InVicto™ ventilator was quickly developed, tested and designed for minimal oxygen consumption, which could become a scarce resource. While the UK medical authority did not take InVicto™ forward, the ventilator is being used to treat patients in India.

When the Covid-19 pandemic struck, Martek was quick to respond, launching occupational screening tests designed to help customers test their employees and prevent and manage outbreaks of the virus in the workplace. Martek's Lifecare division launched kits that combined antigen and antibody testing, providing a 98.6% detection rate within the first 5.5 days of infection.

The occupational screening tests helped employers continue operating as close to normal as possible and proved useful within the Group as well to external customers, as James Fisher Shipping Services took delivery of 300 kits to test employees, including those working in our Tankships division.

Martek also assisted with sourcing items for a care pack that was delivered to all UK-based James Fisher employees as they began returning to their normal places of work throughout 2020. The packs included items essential for operating safely during the pandemic, such as a reusable facemask, hand sanitiser and disinfectant wipes.



Communities

We recognised the importance of supporting the communities in which our employees live and work during these challenging times. Many of our businesses supported local charities and made donations of protective equipment. In addition our employees helped distribute vital food supplies to the vulnerable unable to leave their homes during the first lockdown. In Singapore, we supported the Courage Fund to help provide relief to susceptible individuals and families affected by Covid-19.

Financial response to Covid-19

The Group took swift actions to reduce costs, optimise cash flow and protect liquidity. This included the deferral of all discretionary capital expenditure, instituting a hiring freeze, placing approximately 400 UK employees on furlough and implementing a 20% pay deferral for approximately 800 employees across the world. The deferred pay was repaid in the second half, except for all Board members, the Executive and our senior leaders.

In addition, the Group took immediate action to preserve and improve liquidity, increasing committed borrowing facilities by £50m in the first half. Actions taken to defer bonuses, tax payments and defined benefit pension scheme contributions improved liquidity by approximately £16m in the first half which reversed in the second half save for around £3m, which will be paid in 2021. Due to the uncertainty of Covid-19, the Board took the decision to

cancel the payment of the final dividend in relation to the year ended 31 December 2019, which was due to be paid in May 2020 and this reduced cash outflows by £11.8m in the year.

Strategic review

After joining James Fisher in the latter part of 2019, this year was an opportune time to revisit and re-test the Group's strategy and to create a plan for further growth in shareholder value for the future. Despite the challenges of 2020, the strategic review has progressed well and each of our businesses has developed a structured plan for future growth. We will provide shareholders with full details at a Capital Markets Day in the first half of 2021.

Since 2001, the Group has delivered a strong trend of increasing underlying diluted earnings per share and dividends since 2001. However, in the last five years, the quality of our business as indicated by its underlying operating margin has remained flat. Over the same period, return on capital employed, our measure of the return to shareholders, has marginally declined. The challenge we have set for ourselves through the strategic review is to sustainably improve the quality of our business by increasing our margins and to increase the return to our stakeholders. Our findings have led us to the conclusion that to achieve this goal, we need to extend the purview of our strategy to encompass all our primary stakeholders – our employees, our customers and suppliers, the local communities in which we operate, the environment, and our shareholders.

Chief Executive's review (continued)

By creating and executing effective strategies aimed at all our stakeholders, we aim to create a more intrinsically sustainable company.

With the support of the Executive, the Group has commenced a process to become a purpose-led company, which defines how we sustainably create value for all our stakeholders. We operate a decentralised model that facilitates autonomy and accountability and encourages leadership teams to react quickly to changing circumstances. Whilst each of our businesses has its own identity, there is a common thread linking them together which is to pioneer safe and trusted solutions to complex problems in harsh environments.

The Group has earned a reputation for pioneering unique solutions to demanding operational and technical challenges around the world. In partnership with our customers we continue to tackle the toughest problems, supporting energy production safely and reliably, providing life-saving equipment and securing critical infrastructure. A diverse group of businesses and people, we are united by an entrepreneurial spirit, technical expertise, and a strong commitment to safety. The Group aspires to be an exceptional place to work, have fair and trusted relationships with customers and suppliers, support communities to grow, protect the environment, and provide strong returns for our investors.

We have identified three macro-economic trends that will impact the markets in which the Group operates:

- (i) Changing energy mix as renewable energy reduces carbon emissions and environmental concerns will lead to an increased focus on innovation, new technologies and decommissioning. Whilst recognising that oil and gas will remain part of the energy mix for some time, we aim to provide services to production, maintenance, delivery and decommissioning in the safest, most sustainable way whilst actively supporting and investing in the energy transition to low carbon sources.
- (ii) Acceleration of innovation as customers seek efficiencies and more effective asset management; and
- (iii) Shifting economic power to developing regions giving potentially increased political risk and increased defence spending.

These trends are central to the development of the Group's strategic aim to deliver sustainable benefits to our five key stakeholders. Capital will be allocated to growth opportunities, supplemented by selective acquisitions whilst business with below benchmark return potential will be divested. Delivery of the Group's strategy will require a strong focus on both commercial and operational excellence.

Financial performance

The Group's goal is to deliver sustainable long-term growth in underlying earnings per share and dividends. With the sharp drop in energy prices followed by the global pandemic, the results in 2020 interrupted a lengthy period of double-digit growth in earnings and dividends.

Three of the Group's divisions and its ship-to-ship transfer business performed with resilience in the year. However, project-related businesses, particularly subsea activities within Marine Support, were significantly impacted by deferrals or cancellations. Group revenue was 16% below 2019 at £518.2m (2019: £617.1m) and underlying operating profit was £40.5m (2019: £66.3m). Swift actions to reduce the cost base resulted in a 17% reduction to selling, general and administration costs.

Underlying cash conversion, which measures the proportion of underlying operating profit that is turned into operating cash, was 217% (2019: 99%) reflecting actions taken to optimise cash flow and to increase liquidity.

The Group reported an operating loss, on a statutory basis, of £43.5m (2019: profit of £55.6m) due to significant non-recurring charges of £84.0m which are more fully described below and in note 5. Cash performance was strong with net borrowings reduced by £32.3m in the year.

Acquisitions

The Group acquired Fathom Systems in March for £1.2m. It is a market leader in diver communications, gas analysis, diver monitoring and integrated diving control systems and complements JFD in our Specialist Technical division.

JF Nuclear's large-scale righall facility at Bower in Caithness, Scotland is well positioned to provide trial and testing of equipment for the decommissioning of local nuclear power and testing site at Dounreay. In 2020, it has been utilised to support the trials and testing of equipment for the decommissioning of the Magnox Steam Generating Heavy Water Reactor core at Winfrith, Dorset.

The Bower facility allows for the development and integration of equipment for large-scale projects in an inactive environment, before being deployed on-site, and has increased JF Nuclear's capacity to carry out large-scale trials and testing operations.

The site has been fitted with a set of Covid-secure self-contained accommodation modules, to provide safe accommodation for team members working at Bower's test rig and offices throughout 2021.

Over the next 12 months, trials of remote handling and size reduction equipment will be carried out on a mock-up of parts of the Magnox reactor, before being deployed to the Winfrith site in 2022. Tests of mast-mounted manipulators have already been conducted using a bespoke load testing frame installed during 2020. In addition, JF Nuclear expects to commence design and testing projects for Dounreay.



Divisional performance

	Revenue		Underlying operating profit		Underlying operating margin		Operating (loss)/profit	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 %	2019 %	2020 £m	2019 £m
Marine Support	249.4	311.6	10.1	24.5	4.0	7.9	(69.5)	14.6
Specialist Technical	130.4	149.4	14.0	18.4	10.7	12.3	12.4	18.1
Offshore Oil	78.0	88.2	11.2	14.2	14.4	16.1	8.4	13.7
Tankships	60.4	67.9	8.0	12.0	13.2	17.7	8.0	12.0
Corporate costs	-	-	(2.8)	(2.8)	-	-	(2.8)	(2.8)
Group	518.2	617.1	40.5	66.3	7.8	10.7	(43.5)	55.6

Marine Support

Marine Support revenue in the year was £62.2m (20%) lower at £249.4m (2019: £311.6m). Subsea projects for offshore wind and oil & gas were c.£70m below than 2019 and the impact of the pandemic substantially reduced revenue across marine services and products, stress testing and monitoring. Despite Covid-19 interruptions, progress on the early and temporary beach landing project for the new gas fields in Mozambique and a good performance in ship-to-ship transfers partly offset the lack of subsea projects.

Underlying operating profit was £14.4m lower at £10.1m (2019: £24.5m) with the fall in revenue partly mitigated by a 20% reduction in overheads. Ship-to-ship services performed well, with a particularly strong first half reflecting transfers in and out of storage capacity.

The Group responded swiftly to the challenges, particularly in subsea projects and carried out a significant restructure during the second and third quarters of 2020. The division also suffered from challenges in receiving prompt payment

Chief Executive's review (continued)

for offshore services to the oil & gas market in challenging parts of the world and, whilst relentlessly pursuing settlement, considers it prudent to make provision. In light of the performance in 2020, we have taken a goodwill impairment of £17.0m and in consideration of the prospects for dive support vessels, impaired carrying values by £31.6m. Due to their size and their irregular nature, these items have been disclosed separately and are more fully described in note 5.

Marine Support holds leading positions in ship-to-ship services and renewable energy, particularly in high voltage jointing, blade repair and unexploded ordnance. Opportunities in offshore wind continue to increase and are rapidly expanding globally outside of the North Sea.

Specialist Technical

Specialist Technical performed with resilience in 2020 with a 13% reduction in revenue to £130.4m (2019: £149.4m) and the impacts of currency and businesses acquired offset each other. At JFD, our defence and diving equipment provider, the pandemic affected the completion of projects, particularly in the Asia Pacific region and delayed the arrival of specialist components from our suppliers. Submarine rescue and escape exercise services were reduced or curtailed as a consequence of the pandemic. Decisions on new projects were also delayed, which impacted the second half. Our nuclear decommissioning business, which represents around 30% of the division, quickly adjusted to homeworking and delivered increased revenue and profit in the year.

Underlying operating profit was £4.4m lower at £14.0m (2019: £18.4m) due to the revenue fall but mitigated by a 14% reduction in overheads. Underlying operating margin was resilient at 10.7% (2019: 12.3%).

JFD completed customer acceptance testing of its landmark 500m saturation diving system in December, having suffered challenges due to the pandemic of getting into the Asia Pacific region to complete assembly and approval. It also completed its contract to deliver six swimmer delivery vehicles during the fourth quarter. Two submarine rescue vessel projects are progressing well with delivery dates in 2021 and 2022.

Nuclear decommissioning performed well through the pandemic due to improved project delivery and good progress in nuclear source distribution. Its Hamburg based radiation detection and instrumentation business was sold in the year for £1.6m.

Offshore Oil

Despite the dual challenges of energy prices and Covid-19, Offshore Oil performed resiliently. Revenue was 12% lower at £78.0m (2019: £88.2m) and underlying operating profit was 21% down at £11.2m (2019: £14.2m) which was a creditable result given energy price movements and the global pandemic. Lower volumes in 2020 impacted gross margins but pricing was broadly maintained. Selling, general and administration costs were reduced by 18% in the year as the businesses reacted quickly to the challenging economic conditions. This mitigated the impact on underlying operating margin which was 14.4% (2019: 16.1%).

Our businesses in Offshore Oil are predominantly the rental of specialist equipment with specialist people to the inspection, repair and maintenance market and the extension of asset life services. Strategically we have sought to limit our exposure to exploration which reduces earnings volatility in the event of sudden changes to energy prices. In parallel, our businesses continue to evolve to support the changing energy mix. Revenue from supplying our products and services for bubble curtains in renewables and for the decommissioning of oil and gas infrastructure represented 14% of the division's annual sales in 2020.

Tankships

Tankships traded well in the first four months of 2020 but experienced a sharp drop in utilisation in May as the immediate effect of the lockdown reduced demand for the clean petroleum products it delivers. Utilisation improved each month thereafter to recover to just below 90% by the end of the third quarter, and despite some fluctuations in the final quarter due to the second wave of Covid-19, utilisation was maintained in the high 80s.

Revenue in 2020 was 11% lower than prior year at £60.4m (2019: £67.9m). With the cost of operations relatively fixed, the reduction in sales impacted underlying operating profit and was only partly mitigated by a 13% reduction in overheads. Underlying operating profit was £4.0m lower at £8.0m (2019: £12.0m).

Throughout 2020, James Fisher Offshore (JFO) expanded its presence in the oil and gas decommissioning sector, using the global reach of its expertise and equipment to complete projects around the world.

In the UK, JFO teams conducted critical path well severance work in the Viking field off the coast of Lincolnshire, working to cut and remove 30 inch multi-string conductors sitting proud of the seabed, as well as severing two large piles.

Further afield, JFO completed a high-assurance pipeline and jacket removal project in the Persian Gulf, minimising costs and lead times for the customer by operating from its facility in Dubai. It has also completed projects in Malaysia and Thailand, supporting the latter with its first rigs to reef campaign.

JFO has facilities in the UK, Malaysia, Dubai and the Gulf of Mexico, meaning its powerful and effective ultra-high-pressure abrasive water jet cutting system can be used with short lead times in many regions across the globe.



Health and safety

Given the inherent risk in some of the work we complete and the environments in which our people operate, we have a responsibility for the health and safety of our employees, contractors, suppliers and customers at all times. Health and safety is the first item on the agenda of every quarterly business board meeting and Group-wide safety meetings share and promote best practice to recognise potentially hazardous situations and appropriate mitigation.

The need to embed and commit to this objective is never more necessary than when catastrophic outcomes occur. I am profoundly saddened to report that in October we lost a long serving employee and a customer to an accident. On a pile-testing project in Kenya, the transportation barge which employees were travelling capsized following an engine failure. Everyone on board was rescued, or managed to swim to safety, except for the two fatalities. We are deeply saddened by this event and investigations indicate that nothing could have been done to avoid this tragic outcome. Our thoughts remain with both families.

Eoghan O'Lionaird Chief Executive Officer

Business model

We are focused on market segments where our responsive, niche and entrepreneurial businesses can deploy innovative products and services that create superior value whilst attaining the highest standards of safety, efficiency, environmental performance, regulatory compliance and ethical standards. Our customers are predominantly large multinational corporations, governments and other high assurance counterparties. Further details about our products and services is set out in the Sector review on pages 14 to 21.



Purpose

Our purpose has always been clear and consistent, but the continuous expansion of the Group through acquisitions and organic growth has caused us to revisit our purpose and to establish a renewed, shared understanding and direction.

Our purpose seeks to inspire people to contribute their time, energy and imagination to the Company. It ensures an authentic connection between what the organisation believes, states and does and enables us to make practical choices about our day-to-day actions by serving as a constant, unwavering reference point.

Focusing on why we exist and how we create value for all our stakeholders, we have re-defined our purpose as:

“Pioneering safe and trusted solutions to complex problems in harsh environments to create a sustainable future.”



Resources and relationships

Underpinning our strategy and business model, our aim is to create value for all of our stakeholders:

- Our shareholders
- Our employees
- The local communities in which we operate
- Our customers and suppliers
- The environment

By being purpose-led, we strive to inspire and motivate employees who increasingly seek meaningful work and values-based working cultures, to be better able to adapt to change, and more readily able to harness the power and opportunity for innovation.

We recognise that customers want to work with responsible businesses that take issues such as sustainability seriously and that investors progressively use environmental, social and governance criteria to decide in which companies to invest.

By aligning behind a strong shared purpose, we support the long-term sustainable development of our business and our people and we enhance our impact on society and the environment.

The strategic objectives related to our stakeholders can be found within our strategy on p 13.



Culture

The key element at the core of James Fisher is our people. Our decentralised and entrepreneurial culture encourages personal accountability and development through an understanding customers’ needs, overcoming the unique challenges of the environments in which we operate and supporting development and deployment of unique solutions focused on value creation for all our stakeholders through rapid decision making.

Valued behaviours

We are a business that strives to successfully solve our customers’ complex and difficult problems in some of the harshest environments. We do this only by engaging, enabling and empowering our people to achieve, supported and guided by our values:



Pioneering spirit:

- We respond innovatively to our customers’ current and future needs
- We are entrepreneurial and think creatively to solve difficult problems
- We challenge conventional thinking and find better ways



Integrity:

- We always strive to do the right thing
- We treat everyone as we would like to be treated, creating relationships based on trust and fairness
- We collaborate by listening respectfully and speaking honestly



Energy:

- We go above and beyond, delivering exceptional results for all stakeholders
- We love what we do and take pride in our positive impact
- We are empowered to take the right decisions, quickly



Resilience:

- We are accountable and courageous, and face up to difficult situations
- We are tenacious in the pursuit of our purpose
- We seek feedback, we learn and we develop, together

Strategy

The Group's strategy is to grow organically through leveraging its existing skill, technology and asset base in areas of specialist expertise and through investment in people, working capital and equipment. This is supported by selective acquisitions that expand the product or service offering or extend geographical coverage to strengthen our value proposition. James Fisher has a number of entrepreneurially-led businesses which are market leaders in their specific operational niche that are supported and encouraged to pursue new opportunities that contribute to our operational excellence objectives.

Our businesses operate in harsh and challenging environments where our specialist expertise in solving complex problems in response to customer needs is highly valued and rewarded. We pursue opportunities in market segments and geographies that are less mature and fast growing where our track record in delivering safe and trusted solutions provides assurance to our customers. Our niche capabilities create further possibilities to pursue adjacent market sectors and exploit integration opportunities to increase the value we create.

Our focus on operational excellence requires that our businesses:



- are cash-generative
- have operating margins in excess of 10%
- provide returns on capital employed in excess of 15%

Bolt-on acquisitions both broaden and strengthen the range of products and services that we provide. Our acquisition strategy is focused on niche businesses with a strong entrepreneurial culture which fit well with our purpose, valued behaviours, and strategic agenda. As a cash generative Group with a strong balance sheet, businesses are usually acquired using existing cash or borrowing resources. The businesses acquired have a strong track record and typically benefit from the additional resources and support the Group provides to achieve their next growth phase. Where an acquisition bolts on to existing businesses, we seek to optimise shared back office functions, and opportunities for procurement efficiency and cross-selling within the Group. The Group commenced a strategic review during the year, further details are set out in the Chief Executive's review on pages 6 to 11.

To deliver the Group's strategy we have five strategic objectives which are aligned with our key stakeholders:



Shareholders: to grow the return for shareholders

Deliver long-term growth in underlying earnings per share, dividends and return on capital employed

Grow organically by leveraging existing specialist skill base to a global market

Create additional value through expansion of our service offering and capabilities through bolt-on acquisitions



Communities: to be a good citizen and active member of the community

Consider sustainability in our decision-making process

Encourage our employees to make a difference

Create local employment and sourcing opportunities within our communities



Employees: to make James Fisher an exceptional place to work

Ensure the safety and wellbeing of all employees

Encourage and support innovation and accountability

Develop individual and organisational excellence



Customers and suppliers: to establish and deliver on shared goals

Develop our products, service and geographical offering to meet current and anticipated needs of our customers

Exceed our customers' and suppliers' expectations in terms of trust and safety

Choose select suppliers that share our values and commitment to excellence



Environment: to uphold responsible business practices

Conduct our operations in a responsible way, identifying opportunities to improve

Support our customers in achieving their environmental targets

Select suppliers who share our commitment to making positive environmental contributions

More information on stakeholder engagement is set out on pages 26 to 40.

Marine Support

Our Marine Support businesses provide products, services and solutions to the global marine industry. These are supplied to a range of end market sectors including marine, oil and gas, ports, construction and renewables.

Revenue (£m)

2020	249.4
2019	311.6
2018	269.8
2017	229.6
2016	195.9

Underlying operating profit* (£m)

2020	10.1
2019	24.5
2018	28.2
2017	25.9
2016	20.8

Statutory operating profit (£m)

2020	(69.5)
2019	14.9
2018	29.1
2017	24.7
2016	20.7

Return on capital employed (%)

2020	5.0
2019	11.9
2018	17.9
2017	18.0
2016	14.9

*before separately disclosed items

Market drivers

Fendercare is a leading provider of pneumatic floating fenders and other mooring equipment to the global marine industry. It services commercial shipbuilding, ship refurbishment, defence, port developments and the oil and gas markets for project applications.

Fendercare is also a leading provider of ship-to-ship services for the transfer of crude or refined oil, liquefied natural gas or bulk cargoes. The demand for these services is driven by the volume of oil trading between oil majors and independent traders, and also by production where local port infrastructure is unable to accommodate large tankers.

JF Marine Services is a leading provider of specialist subsea and topside services to support offshore wind construction, operations and maintenance through delivery of an integrated service offerings that encompasses the wide range of marine skills to create increased customer value. Demand for its services is driven by the operation and maintenance activities in the marine, oil and gas, renewables and communication sectors. This includes the specialist provision of ROV systems and diving personnel for underwater surveys, UXO identification and disposal, construction support, inspection, repair and maintenance

JF Testing Services is a leading provider of strain gauges to the marine industry, which are used in a range of applications such as mooring systems on ships and in ports as well as being used to monitor the structural integrity of infrastructure in the construction and transport sectors. The sectors serviced encompass new shipbuilding, ship refurbishment and life extension, port developments, and projects for the oil and gas market.

It is also a leading provider of specialist testing and monitoring services to the construction and maintenance sectors, and designs and manufactures testing and monitoring equipment, supporting customers worldwide.

The market drivers for JF Testing Services are new projects in the marine, oil and gas, infrastructure and renewables sectors, where our niche offering and innovative products and services provide a competitive advantage.

Subtech provides a range of marine services to the Middle Eastern and Africa region. With locations in Durban, South Africa, Mozambique, Nigeria and Dubai UAE, it supports a wide range of projects requiring specialist diving and marine skills. Demand for its services is driven by port construction, diving and marine projects.

Our principal businesses

Operations	End markets	Locations
Fendercare Marine products and services, ship-to-ship transfers, offshore terminal services	Marine, oil and gas, renewables and defence	UK, Singapore, Australia, UAE, Brazil
JF Marine Services Integrated marine services, including remotely operated vehicle (ROV) systems and diving services	Marine, oil and gas, renewables, tidal power and communications	UK, France
JF Testing Services Products and services that measure and monitor structural stress, instrumentation and materials testing	Marine, oil and gas, renewables, civil and construction	UK, UAE, Singapore, Malaysia
Subtech Marine and diving services	Oil and gas, marine and construction	South Africa, Mozambique, UAE, Nigeria

Specialist Technical

Our Specialist Technical businesses supply diving equipment and services, submarine rescue vessels and through-life rescue services and engineering solutions to the international defence market and UK nuclear decommissioning market. Other subsea services provided to the defence sector include special operation swimmer delivery vessels. JFD also supplies saturation diving systems which are installed onto dive support vessels and support deep subsea diving activities. James Fisher Nuclear (JFN) provides engineered solutions which operate in hazardous environments in the nuclear industry.

Revenue (£m)

2020	130.4
2019	149.4
2018	159.6
2017	149.6
2016	151.8

Underlying operating profit* (£m)

2020	14.0
2019	18.4
2018	20.9
2017	18.8
2016	19.9

Statutory operating profit (£m)

2020	12.4
2019	18.1
2018	20.2
2017	19.0
2016	19.3

Return on capital employed (%)

2020	12.9
2019	16.7
2018	18.5
2017	18.5
2016	27.8

*before separately disclosed items

Market drivers

JFD is a world leader in saturation diving systems and related diving equipment. Its end markets are oil and gas and defence. Saturation diving systems are both fixed and portable. Fixed systems are usually built into dive support vessels (DSVs). JFD provides the equipment and the follow-on consumables, support and maintenance to the DSV operator. The construction and replacement of DSVs drives new build saturation diving systems which in turn drives ancillary service and product spend. JFD's defence market is based on service, repair and on-going calibration requirements, and on projects requiring specialist diving equipment.

JFD is also a leading provider of submarine rescue services. It encompasses the ability to design, deliver and operate submarine rescue vehicles. It has long-term service contracts with navies providing a very niche area of capability. The driver is the tendering of defence projects for

provision of the equipment, which can then lead to longer-term service contracts to operate the service. We currently provide submarine rescue services to the UK, Singaporean, Australian and Indian navies. The business also provides swimmer delivery vessels to the special operations markets.

JFN provides engineered products and services to the nuclear industry both in the operation of nuclear power plants and decommissioning. Its products and services operate in hazardous environments. The business provides instrumentation, non-destructive testing, calibration and digital radiography to the nuclear, aerospace and process industries. The market drivers for JFN are the demand for its products, services and lifetime support from the UK decommissioning industry, radiological calibration requirements and projects within the aerospace, process and defence industries.

Our principal businesses

Operations	End markets	Locations
JFD Design, supply and servicing of diving and subsea equipment, submarine rescue and special operations services	Defence, commercial and defence diving, hyperbaric and submarine rescue	UK, Australia, Singapore, Sweden
JFN Engineered solutions in remote handling, non-destructive testing and calibration services	UK nuclear decommissioning and aerospace, process and defence industries	UK

Offshore Oil

Our Offshore Oil businesses supply a range of services and equipment to the global oil and gas and renewable energy industries. This includes the design and engineering of specialist equipment, platform maintenance and modification, well testing support, subsea operations and maintenance services. RMS and renewable energy industries pumptools is also established as a world leader in artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps.

Revenue (£m)

2020	78.0
2019	88.2
2018	71.4
2017	63.1
2016	62.8

Underlying operating profit* (£m)

2020	11.2
2019	14.2
2018	5.9
2017	3.0
2016	4.4

Statutory operating profit (£m)

2020	8.4
2019	13.7
2018	5.0
2017	2.7
2016	4.2

Return on capital employed (%)

2020	8.9
2019	10.3
2018	4.6
2017	2.4
2016	3.1

*before separately disclosed items

Market drivers

ScanTech AS is a leading provider of ATEX (ATmospheres EXplosives) products and support services to the energy sector. Its products and services are supplied to the Norwegian oil and gas market and are used for platform maintenance, well testing and specific projects. Equipment is designed and certified to the NORSOK standard. The driver for the business is the operation and maintenance spend on offshore rigs in the Norwegian sector.

Scantech Offshore is a leading provider of air compressors, steam generators, heat suppression equipment and qualified personnel for the well testing and offshore wind markets worldwide. It rents equipment to large multinational oil service and major marine contracting companies, and provides qualified personnel to operate the equipment. The driver for the business is the operation and maintenance spend on offshore rigs around the world and the need to provide protection of the marine environment through the mitigation of noise produced during offshore piling operations and unexploded ordnance (UXO) disposal.

RMSpumptools is a world leader in artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps. RMSpumptools supplies products to the global downhole oil and gas market which improve the productivity of wells utilising electrical submersible pumps.

Fisher Offshore provides winches, hoists, cutting tools, marine cranes and subsea hydraulic equipment to the oil and gas and marine sectors. Its market driver is maintenance, inspection and repair demand and subsea projects. It also specialises in providing mass-flow excavation tools and services to cover or uncover subsea pipelines or cables, where demand is driven by cable and pipeline projects in the oil and gas, renewables and communication sectors.

Our principal businesses

Operations	End markets	Locations
ScanTech AS Design and engineering of specialist equipment, platform maintenance and modification, well testing support and subsea operations	Oil and gas	Norway
Scantech Offshore Provides products and services to well testing companies	Oil and gas, Offshore wind	UK, UAE, Brazil, Australia, Malaysia
RMSpumptools Artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps	Oil and gas	UK, UAE
Fisher Offshore Provides range of lifting equipment and services to the marine, offshore and subsea and mass-flow excavation services	Oil and gas, marine	UK, Malaysia, UAE, Mexico, Singapore

Tankships



Our Tankships division operates a fleet of product and chemical tankers which trade along the UK and northern European coastline carrying clean petroleum products and chemicals including increasing volumes of bio fuels. The division performed 1,362 port calls this year carrying liquid cargos from refineries and terminals, to major coastal storage facilities. The division also operates a port in Plymouth, UK.

Revenue (£m)

2020	60.4
2019	67.9
2018	60.7
2017	57.0
2016	55.5

Underlying operating profit* (£m)

2020	8.0
2019	12.0
2018	9.9
2017	8.8
2016	8.2

Statutory operating profit (£m)

2020	8.0
2019	12.0
2018	9.9
2017	8.8
2016	8.2

Return on capital employed (%)

2020	25.5
2019	35.4
2018	37.8
2017	34.2
2016	31.9

*before separately disclosed items

Market drivers

James Fisher Everard (JFE) distributes clean petroleum products and chemicals under contracts with primarily oil majors around the European coast and to islands, to ports with restrictions on the size of ships they can accept. It operates a fleet of double-hulled product and chemical tankers with capacity ranging from 3,000mt to 35,000mt. The business driver is the level of consumption of clean products (petrol, diesel, gasoil and kerosene) and chemical/biofuels in the UK, Ireland and northern Europe. Products carried serve the marine, transport, agriculture, aviation and chemical industries.

Shipping dramatically reduces our customers' carbon footprint compared to other modes of transportation. Shipping's CO2 emissions are half that produced by road freight, and just one full ship keeps more than 150 trucks off the roads.

The division operates Cattedown Wharves, a port in Plymouth which provides berthing and marine services to the oil majors which own tank farms in Plymouth. It also handles dry cargoes such as animal feed being imported into the South West and clay being exported from the region. The primary driver for the business is the level of consumption of clean oil products within the South West region of the UK.

Our principal businesses

Operations	End markets	Locations
JFE		
Delivery of clean petroleum products around the European coastline	Distribution of clean petroleum products	UK
Cattedown Wharves		
Port operations	Wet and dry product distribution	UK

Financial review

“ Two of our objectives at the start of the pandemic were to optimise cash flow and protect liquidity. Net borrowings reduced by 14% in the year to £198.1m, which when combined with a £50m increase in committed facilities, resulted in headroom of just over £120m by the end of 2020. ”

Stuart Kilpatrick Group Finance Director



2020 results

2020 was undoubtedly challenging to many businesses around the globe and the results for the year are testament to the dedication and hard work of our people.

Whilst revenue for the Group was down by 16%, three divisions, Specialist Technical, Offshore Oil and Tankships were 12% lower than 2019, showing some resilience to the two challenges of the global pandemic and a sharp fall in energy prices. Similarly, underlying operating profit in these three divisions was £11.4m lower, whereas due to the lack of subsea projects, Marine Support was £14.4m lower. Group underlying operating profit was 39% down at £40.5m (2019: £66.3m).

Gross margins decreased from 29.9% to 26.6% due to lower volumes covering the non-variable element of cost of goods sold. Prices held up well. Swift actions to respond to market conditions reduced administrative expenses by £20.5m (17%) in the year and mitigated the fall in underlying operating margin to 7.8% (2019: 10.7%).

The Group's main currency exposure is in respect of US Dollar cash inflows and the average rate in 2020 of £1:\$1.29 (2019: £1:\$1.28) was similar to prior year and therefore had no material impact on the financial results.

The challenging market conditions had the largest impact on project dependent businesses, primarily in subsea services. As a result, the Group has taken a substantial separately disclosed charge totalling £84.0m (2019: £10.7m) with the majority in relation to the Marine Support division. A major restructuring in Marine Support cost £3.9m and reduced headcount by 202. This was commenced in the second quarter with due care taken to protect the Group's renewables business where future opportunities are strong globally. Annualised savings from the restructure are

approximately £8.0m. In addition, whilst continuing to pursue settlement vigorously, an impairment provision of £19.3m was considered prudent against overdue receivables in relation to primarily three projects within Marine Support. Non-cash impairments in respect of goodwill and other intangible assets amounted to £19.4m and a further £31.6m was charged in relation to two dive support vessels reflecting utilisation experienced to date. The net cash outflow in relation to separately disclosed items was £3.3m.

Profit before tax on an underlying basis was £31.5m (2019: £58.5m) and on a statutory basis, a loss of £52.5m (2019: profit of £55.6m).

Finance charges

Net finance charges were £9.0m (2019: £7.8m) inclusive of non-cash charges in respect of pensions and leases of £1.9m (2019: £2.0m). Bank related finance charges increased by £1.3m to £7.1m (2019: £5.8m) due to higher borrowings as a result of capital investment in 2019. Interest cover, the ratio of underlying operating profit to net finance charges, based on our banking agreements was 6.1 times (2019: 12.3 times), which compares to a covenant of 3.0 times.

Taxation

The tax charge before separately disclosed items for the year of £7.2m (2019: £11.6m) represents an underlying effective tax rate (UETR) of 22.8% (2019: 19.8%). The UETR, which reflects the geographical mix of profits, tonnage tax relief on the profits from tanker operations and expenses disallowed for tax, increased in the year due to unrelieved losses in a number of jurisdictions. The total tax charge for the year on the loss before tax was £4.8m (2019: £11.1m) as the impairment charges within separately disclosed items did not benefit from tax relief. The Group paid £7.9m (2019: £9.6m) of corporation tax in cash across all of its jurisdictions. A further £28.1m was paid in the UK in respect of payroll taxes (2019: £31.3m).

The Group's tax strategy and policy is to manage our tax affairs in a responsible and transparent manner and with regard for the intention of the legislation rather than just the wording itself. Our objectives are to comply with all applicable tax laws and regulations, including the timely submission of all tax returns and tax payments and to undertake all dealings with local tax authorities in a professional and timely manner. The Group's tax strategy is reviewed and approved by the Board annually and is available on our website.

Earnings per share and dividends

Underlying diluted earnings per share were 47.9 pence per share (2019: 92.8 pence) reflecting the fall in underlying profit before taxation. Statutory diluted earnings per share were a loss of 114.2 pence per share (2019: earnings of 72.7 pence). Due to the uncertainty created by the global pandemic, the Board initially suspended the proposed dividend in relation to the year ended 31 December 2019 of £11.8m, which was due to be paid on 11 May 2020, and subsequently confirmed its cancellation. An interim dividend of £4.0m was paid on 6 November 2020.

Cash flow and borrowings

Operating cash flow increased to £87.7m (2019: £65.9m) as the 22% reduction in underlying Ebitda was offset by a working capital inflow of £19.5m (2019: outflow of £21.3m). Cash conversion, which is the ratio of operating cash flow to underlying operating profit, was 217% (2019: 99%).

The cash outflow of separately disclosed items relates to Marine Support restructuring costs. Net capital expenditure was much reduced at £17.8m (2019: £90.2m) and the Group spent £7.1m businesses acquired or disposed. Fathom was acquired for £1.2m in February 2020 and the balance was deferred consideration paid to the vendors of Martek (£1.0m), EDS (£2.3m) and businesses now forming part of JFD (£2.7m). Transaction costs were £0.7m and this was offset by net proceeds from disposals of £1.3m.

The net cash inflow in the year was £38.4m compared to an outflow in 2019 of £84.5m and net borrowings decreased by £32.3m to £198.1m (2019: £230.4m) inclusive of right-of-use operating leases.

Summary of cash flow	2020 £m	2019 £m
Underlying operating profit	40.5	66.3
Depreciation & amortisation	34.2	29.9
Underlying ebitda*	74.7	96.2
Working capital	19.5	(21.3)
Pension / other	(6.5)	(9.1)
Operating cash flow	87.7	65.8
Outflow on separately disclosed	(3.9)	(7.4)
Interest paid & tax	(14.6)	(14.6)
Net capital expenditure	(17.8)	(90.2)
Businesses acquired / disposed	(7.1)	(19.1)
Dividends paid to shareholders	(4.0)	(18.4)
Other	(1.9)	(0.6)
Net cash inflow / (outflow)	38.4	(84.5)
Net borrowings# at 1 January	(203.0)	(113.6)
Non-cash movements	(10.4)	(4.9)
Net borrowings# at 31 December	(175.0)	(203.0)
Right-of-use operating leases	(23.1)	(27.4)
Net borrowings	(198.1)	(230.4)

* Underlying earnings before interest, tax, depreciation and amortisation

Underlying net borrowings before right-of-use operating leases

Balance sheet

The Group swiftly took actions to protect and improve its balance sheet in response to the global pandemic. Additional committed revolving credit facilities of £50m were agreed in the first half of 2020 increasing total committed facilities to £300m (2019: £250m).

In addition, the Group reduced discretionary costs and capital expenditure and increased the focus on cash collection. Net borrowings decreased in the year by £32.3m to £198.1m (2019: £230.4m) and at 31 December 2020, the Group had £120.2m (2019: £41.7m) of undrawn committed banking facilities. The ratio of underlying net borrowings, which excludes right-of-use operating leases of £23.1m (2019: £27.4m), to underlying earnings before interest, tax, depreciation and amortisation (Ebitda) was 2.3 times (2019: 2.1 times).

The Group's banking agreements are based on underlying net borrowings but inclusive of bonds and guarantees of £28.3m (2019: £54.8m) and the net debt to Ebitda for covenant calculations was similar to previous year at 2.8 times (2019: 2.7 times). With the support of its banks, the Group's net debt: Ebitda covenant was amended during the year to 3.95 times at 31 December 2020, 3.75 times at 30 June 2021, reverting to 3.5 times at 31 December 2021.

Financial review (continued)

Pensions

In the year, the Group contributed £4.8m (2019: £5.0m) into defined contribution pension schemes through which existing employees receive pension benefits. The Group has an obligation of £8.8m (2019: £0.4m) for its own closed defined benefit scheme. A formal triennial valuation of this scheme was carried out at 31 July 2019 which reported a funding deficit of £8.2m with an 88% funding level. Contributions paid in the year amounted to £1.2m (2019: £1.6m).

The Group also contributes to two industry-wide defined benefit schemes, the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund, of which the Group share of the accounting deficit was £1.5m (2019: £5.4m). With no worsening of the deficit based on each one's triennial valuations, contributions are currently scheduled to cease in 2023. The deficit reduction in 2020 was due to contributions of £3.8m (2019: £7.0m).

Impact of Brexit

The UK's exit from the European Union is not expected to materially impact the Group's profitability. A free trade agreement announced at the end of 2020 is welcomed and, whilst not underestimating the potential impact on trade and logistics between the UK and the EU, it is relevant that 9% of Group turnover is sold to EU countries.

Stuart Kilpatrick Group Finance Director

Scantech Offshore has successfully expanded into renewables, winning a series of contracts to support the construction of wind farms worldwide through using its air compressors and air filters to create bubble curtains.

Over the last year, operations have rapidly expanded from Europe to Taiwan. In 2020, Scantech Offshore successfully supported two major Offshore Wind Farm projects in Taiwan, delivering an exceptional service and on time delivery considering the global pandemic. The success of this earlier work has now led onto a further three major offshore wind contracts in Taiwan being awarded (two out of three of the projects are already underway). These projects will take the team right through 2021 and sets Scantech Offshore up as a trusted provider of noise mitigation in wind farm installation not just in Europe but also in Taiwan.

Bubble curtains are used underwater to protect marine life from loud noises during subsea operations. Ordinary construction noises travel much more easily underwater, and sound levels can be five times higher than in open air, potentially harming and even killing marine life. However, air bubbles resonate in response to sound, absorbing sound energy and when formed into a curtain they reflect the sound, effectively keeping it within the curtained area.



Key performance indicators

Underlying operating profit (£m)

2020	40.5
2019	66.3
2018	62.1
2017	54.1
2016	50.8

Underlying operating profit is after adjusting for separately disclosed items and is the underlying profit from operations before interest.

Underlying profit before tax (£m)

2020	31.5
2019	58.5
2018	56.1
2017	48.6
2016	45.8

Underlying profit before taxation is after interest and before separately disclosed items and related taxes. Underlying profit before taxation in 2020 was £31.5m (2019: £58.5m).

Cash conversion (%)

2020	217
2019	99
2018	157
2017	57
2016	103

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow is defined as underlying operating profit, adding back depreciation and amortisation and adjusting for net movements in working capital, pension payments and for the cash profits of associates. The Group's cash conversion was 217% in 2020 (2019: 99%) and has averaged 122% over the last five years.

Operating margin (%)

2020	7.8
2019	10.7
2018	11.0
2017	10.8
2016	10.9

Operating margin is the ratio of underlying operating profit to revenue. The Group's operating margin in 2020 was 7.8% (2019: 10.7%).

Return on operating capital employed (%)

2020	6.7
2019	11.3
2018	12.2
2017	12.0
2016	13.0

Return on operating capital employed is defined as underlying operating profit divided by average operating capital employed. Operating capital employed comprises tangible fixed assets, intangible fixed assets, operating debtors net of creditors, less provisions. The Group's post-tax return on operating capital employed was 6.7% in 2020 (2019: 11.3%).

Gearing

2020	2.3
2019	2.1
2018	1.3
2017	1.7
2016	1.4

Gearing is defined as the ratio of underlying net borrowings to underlying earnings before interest, tax, depreciation and amortisation. The gearing of the Group at 31 December 2020 was 2.3 times (2019: 2.1 times).



Engaging our shareholders

The Company engages with shareholders by maintaining regular communication from which it values the interaction and feedback. The Annual Report and Accounts and the Group website set out the Group’s strategy, progress against its strategy and the Group’s activities.

Formal preliminary announcements and interim management statements are provided throughout the year. Investor days are held periodically when presentations are made to investors and analysts. In addition, the Company invites regular direct communication with its shareholders as part of the Company’s investor relations programme.

During 2020, these events went ahead, and additionally the Company sought specific feedback from shareholders and shareholder groups in relation to the proposed changes to the remuneration policy and the LTIP rules, both of which will be presented for approval at the AGM. While the feedback received was largely positive and has been accounted for in the proposed changes, shareholders also communicated their views over remuneration outcomes for 2020 in light of the challenges encountered by the Company over that period. These views have been carefully considered by the Remuneration Committee in establishing the remuneration outcomes set out in the Remuneration report. This engagement was led by Aedamar Comiskey in her role as chair of the Remuneration Committee.

Annual General Meeting (AGM)

Due to the restrictions in place as a result of the Covid-19 pandemic, we were unfortunately unable to welcome shareholders to our AGM. For 2021, and in anticipation of restrictions which may still be in place in April, the Company is planning for an AGM with the minimum number of shareholders present to form a quorum, in the interests of health and safety. However, in order to provide an engagement opportunity for shareholders, the Company will hold an online webinar available to all shareholders before the proxy voting closes. More details can be found in the notice of AGM.

At the webinar the Directors will provide a presentation on the performance of the business, and will hold a question and answer session. The Company intends to return to its traditional AGM in Barrow-in-Furness as soon as possible, with all attendees invited to meet members of the Board informally after the AGM to discuss the business and raise questions. The Company is proposing to change its articles of association to allow for “hybrid” meetings in the future, which will not replace the physical AGM, but will enable those shareholders who are not able to attend in person to attend remotely and have an opportunity to participate.



Supporting our **local communities**

The Group operates in more than 40 countries worldwide with facilities and employees in the Middle East, Asia, Africa, Brazil, USA and UK.

We are continually seeking opportunities to engage with and support the local communities in which we work through local procurement and content sourcing, recruitment, training and development of local employees, and by supporting local social and economic enterprises. Our initiatives in our local communities are important to the success of our businesses, which are reliant on the support of the people and communities around them.

Each business has its own local communities strategy and actively encourages and supports its employees to engage with projects across the UK and internationally to help make a positive impact, either through charitable fundraising, volunteering their time, or collection and distribution of items to support those less fortunate or in need. At each quarterly business board meeting, the MDs are asked to report on progress against their local communities strategy and each business board considers the potential impact of its decision-making on local communities. This came into particular focus this year, as many of our businesses responded to needs of their local communities in the face of the pandemic. More details are set out below.

The Sir John Fisher Foundation (the Foundation), which owns approximately 25% of the Company's Ordinary share capital, is a charitable trust founded in 1980 by Sir John Fisher (the former chairman of the Company and grandson of the founder) and Lady Maria Fisher with the objective of distributing income to charitable causes throughout the UK focused on seafarers and the Arts, but with special regard to those based in and working for the benefit of people living in Barrow-in-Furness and the Furness Peninsula, where the Company is registered and maintains its headquarters.

Progress against 2020 goals

- Embedding social responsibility as an integral strand of the culture of each operating company by sharing across the Group the activities and contributions being made in the various parts of James Fisher:
 - The intranet and internal newsletter (Pelican) are being used as effective platforms through which to communicate social responsibility case studies and ideas across the Group.
 - All Group companies have embedded delivery of value to local communities into their strategies.
- Encouraging and enabling all our colleagues to contribute to their local communities, and respond to community needs:
 - As part of the roll-out of our employee engagement survey we ran a Group-wide competition with the winners receiving a donation to their chosen charity.



Supporting our **local communities** (continued)

- Over the course of the year, employees were involved in numerous types of community-focused projects and charity initiatives, for example:
 - EDS HV employees volunteered with local charity SOS Bus NI to help distribute vital food supplies to vulnerable people unable to leave their homes to get food items during the first lockdown and have also helped operate a local Covid-related helpline.
 - Strainstall's Isle of Wight office donated desks to local Mountbatten Hospice and to members of the community who required equipment to work from home, as well as making financial donations to Kidney Research UK and Ability Dogs.
 - Employees from Martek, James Fisher Offshore, Scantech Offshore and the corporate office stepped up at Christmas time with donations to food and toy banks and team fundraising for charities such as Macmillan, Save the Children and The Wishing Tree.
 - A number of our businesses have also been actively involved in STEM initiatives, undertaking enterprise advisor work in schools, supporting careers and women in engineering events as well as producing videos to promote adoption of STEM subjects.
- RMSpumptools continue to strengthen their relationship with Acorn (a charity providing support and housing for adults with physical / learning needs) and plan to introduce someone who has benefited from the Acorn program into their production team to enable them to benefit from a working environment. Unfortunately, Covid-19 has temporarily prevented the work experience going ahead but this is planned to resume when it is safe to do so.
- Collections of old IT hardware have been made with items being refurbished for sale to generate profits for the charity.
- Obsolete equipment has been recycled for the benefit of the local community – for example, cable drums have recently been transformed into a wellness seating area for recuperating firefighters.

2020 achievements

- JFD employees in Singapore supported the Courage Fund to help provide relief to susceptible individuals and families affected by Covid-19.
- JFN put its design engineering skills and materials to work using 3D printers to produce mask visors for local hospitals in Preston, UK, as PPE was in short supply.
- EDS sponsored a classroom at Northern Lincolnshire University Technical College and are actively seeking ways to develop the relationship further in 2021.

2021 goals

- Establish a Local Communities working group to help consolidate and focus initiatives where they maximise impact, align with the areas of greatest influence and to facilitate the sharing of best practice and ideas so as to further support communities around the globe.
- Better understand the local community projects our customers are involved in so we can offer support where possible.
- Further develop our existing local community partnerships.
- Continue to support STEM initiatives in local schools.
- Endeavour to work with local communities as co-implementers rather than simply focusing on them as beneficiaries.



Empowering our people

Geographically dispersed across a number of continents and representing a multitude of cultures, our people are our most important asset. United by a common purpose and shared valued behaviours, their talents, energy and commitment enable us to create value for all our stakeholders. We recognise the responsibility we have to our people and are committed to ensuring that James Fisher is a great place to work by empowering and supporting our people so they can make a real contribution to the Group's success and attain their personal goals by achieving their potential. This is a central focus for the Chief Executive Officer, responsible for all employee matters, and the Group Head of Human Resources.

This year, navigating through the Covid-19 pandemic has been an obvious priority. Meanwhile our people helped redefine our corporate purpose and values, and with their adoption throughout the Group. Our people have demonstrated their resilience throughout. Our activities in relation to these matters are set out in more detail below. Throughout the year, we have increased our internal communications and also created numerous new working groups to enable the employee voice to reach the Executive team and Board on key issues, including Covid-19. This was complemented by the feedback we received from the engagement survey and the work of Inken Braunschmidt as Non-Executive Director responsible for employee engagement.

In recognition of the pivotal role of our people, the need to retain them and encourage their development, we've revitalised our employee strategy to facilitate an engaged, creative and high performing culture by focusing on five core components:

Engagement – We are committed to engaging our employees through employee training, management development, CPD, valued behaviours, onboarding, engagement surveys and engagement indices.

Diversity and inclusion (D&I) – We are focusing on talent attraction, global HR planning, graduate / apprenticeship campaigns and enhanced support mechanisms for returning parents.

Wellbeing – We are building on existing initiatives through effective communications and change management, instilling greater trust and confidence in the future and by re-evaluating pay, reward and recognition.

Talent management – We are concentrating on our talent succession, career development paths, performance management, appraisal reviews and development plans.

Organisational structure – We are optimising our resource planning, organisational and job designs to create opportunities for individual development, accountability and recognition.

	2020		2019	
	Male	Female	Male	Female
Gender diversity				
Main Board Directors	5	2	6	2
Executive Team	5	2	6	2
Senior Managers*	34	25	58	13
Employees	2,115	623	2,579	634

* Those reporting to members of the Executive Team, including senior managing directors



Empowering our people (continued)

Progress against 2020 goals

- Continue empowering and engaging employees with clear development opportunities:
 - During the year we have celebrated a number of graduate and apprentice success stories – Erin Mutch, a recent business administration apprentice from Fisher Offshore and Carly Robertson, a design and business development graduate at JF AIS, are amongst the most recent employees to complete their programmes and begin progressing their careers within the Group.
 - To embed a culture of high performance conversations, we are currently testing a new performance management system within the business, which enables collaborative goal setting, insightful feedback to drive genuine behavioural change and the ability to measure performance without bias.
 - Supporting continuous development and growth of our internal talent, we are working with our current learning supplier to strengthen our mandatory induction/onboarding initiatives and our career/learning pathways.
- Strengthen the Group's approach to diversity and inclusion (D&I):
 - A new D&I delivery plan has been formulated with a focus on talent attraction and management, engagement, inclusion and reporting.
 - A D&I working group with representatives from all around the Group has been established to actively champion D&I across the Group and to support the delivery of the Group's D&I objectives.
 - Existing Group D&I policies have been reviewed and refreshed.
 - Internal targets have been established to increase female and BAME talent attraction.
 - A review of current recruitment partners has been undertaken as a means to ensure diverse candidate streams.
- Launch a Group-wide communications platform:
 - A new, refreshed group-wide intranet launched in the middle of 2020, and serves as a central portal where employees can access news and information from wellbeing advice and tips, to Group policies, IT and cybersecurity guidance.
 - As part of a wider Office 365 roll-out, the collaboration tool Microsoft Teams has been implemented and has enhanced intra-group communication.
- Initiate an engagement and education programme for employees to ensure the promotion of safety during all travel:
 - The difficulties of travel during the pandemic and the safety incidents we have encountered in the year have brought this into focus.
- Ensure at least one established mental health first aider in operating companies:
 - We are investing in mental health awareness and mental health first aid training. Over the course of the last twelve months, we have increased our provision of mental health first aiders across the Group from 54 to 110 and have worked to increase their visibility.
- Reinvigorate the recruitment of apprentices into Group operating companies, aiming to take on five new apprentices across the Group:
 - Following a Group-wide exercise to identify apprenticeship opportunities across the businesses, Covid-19 has unfortunately delayed our plans in this respect but we are keen to progress with our next cohort once conditions allow.

2020 achievements

- Comprehensive review of employee strategy undertaken.
- Regular employee planning discussions held between Inken Braunschmidt, Group CEO and Group Head of Human Resources throughout the year, advancing projects such as the Group-wide pulse survey and comprehensive employee engagement survey, both of which were completed in 2020. Inken regularly invites the Group Head of Human Resources to attend and present to the Board on key issues, and to allow feedback from the workforce to reach the Board.

- Direct employee feedback and insights gained from the engagement survey on topics such as leadership, communications and change management, company strategy and employee recognition:
 - Participation rate was 67% (2019: 40%) and responses indicate a good degree of engagement.
- Employee wellbeing and engagement working groups formed in addition to the diversity and inclusion working group.

2021 goals

- Begin to build a scalable and efficient delivery model capable of responding effectively to strategic business opportunities, ensuring optimal organisational design with no more than five layers from CEO downwards.
- Continue to create effective recruitment, development and learning opportunities for all employees. We will design and implement a talent management process to ‘grow our own’, setting us on course for our goal of filling 25% of all roles by internal candidates by 2025.
- Implement actions in response to the employee engagement survey:
 - Detailed results of the engagement survey will be reviewed by Inken Braunschmidt before the key messages are shared with the Board later in the year.
 - Alongside the Group-level results, detailed business-level results are being shared with the managing directors of each business. Each managing director has been asked to respond directly to the employee feedback relevant to its business, and all managing director presentations to the Board in 2021 will include a summary of actions being taken in response to the employee feedback received.
- Provide further opportunities for direct employee feedback – such as Non-Executive Director Q&A sessions for employees.
- Appoint a dedicated Learning and Development HR business partner.
- Continue to strengthen the Group’s approach to diversity and inclusion, utilising the dedicated working group to help build awareness of its importance and to support the implementation of processes focused on promoting diversity in the workplace including through talent attraction, recruitment and STEM initiatives.
- Foster a culture of continuous improvement, using refinements in our performance management system to create a meritocracy, supporting the highest standards of integrity and delivery.
- Ensure strong local expertise and talent across all our geographies.
- Further embed our new Group-wide valued behaviours at all levels of the organisation.
- Continue building on the success of the Group-wide intranet by increasing opportunities for engagement within the platform.
- Form a talent management working group in support of the new employee strategy to help unlock and empower the talent of today, tomorrow and the future.





Health and safety

The health, safety and welfare of our employees, together with those who work with us, or are impacted by our activities, whether customers, suppliers, contractors, agency workers or others is of paramount importance to the Group. Our intention is that everyone who works with us returns home safely, and in that regard health and safety is embedded into our organisational culture and is the first priority in all our management reviews and board meetings. Our aim is to equip everyone with the knowledge, skills and equipment to work safely, and to provide the support to foresee potential hazards and to act to mitigate the risks appropriately.

Unfortunately there have been a number of safety incidents in 2020, including one fatality amongst our people working in overseas locations. Whilst thorough investigations show that primary responsibility for the fatality is not with the Group, this is a devastating and sobering event and gives added impetus to our own efforts towards continuous improvement in health, safety and welfare.

Our strong focus on employee training, regulatory compliance and accident reduction provides the support to allow accountability to remain with local management who are best-placed to ensure that their businesses comply with local laws and regulations and specific needs on a day-to-day basis.

Given the challenging environments and complexity of the solutions we provide, we recognise that there is inherent risk in what we do and that the sharing of incidents, near-misses, investigations and best practice amongst the Group is a powerful means of increasing awareness and providing fresh insight and thinking. We are committed to learning from any events and implementing training, procedural controls, protective equipment and technology to achieve our goal of zero incidents.

The Covid-19 pandemic has served as a reminder that we must constantly be aware of the potential risk posed by our working environment, and has brought the health and wellbeing of all our employees into sharp focus. The Company responded quickly to Covid-19 and the impacts of the resulting restrictions. This included increasing to weekly the frequency of Executive team meetings, as well as introducing a weekly call between the Executive team and the managing directors of the operating businesses. The results of these meetings have been reported on a regular basis to the Board. All of these meetings, along with all Board meetings, have started with an update on the health and safety of our workforce throughout the pandemic.

The imposition of national lockdowns, work and travel restrictions has introduced new, previously un-encountered hazards where our employees need to balance enforced isolation from their colleagues with the need to work in a new way, and in some cases provide support to dependants.



In response we:

- rapidly established a Covid-19 working group responsible for formulating and communicating the Group's response across different Group locations.
- introduced enhanced safety measures, deep cleansing and social distancing at our operational sites to help keep people safe whilst performing their roles.
- provided access to support and advice through the rollout of our Employee Assistance Programme.
- Increased the number and visibility of our mental health first aiders.
- Provided employees with a Covid-19 care pack with guidance on safeguarding their own and their families' wellbeing, details of how to access support and practical items such as hand sanitiser and masks.

We are saddened to report that two of our colleagues independently contracted Covid-19 outside of work and sadly passed away.

During these incredibly difficult times, our people have been truly amazing at identifying and organising ways to help safeguard their colleagues and their families from both the direct and indirect effects of the pandemic. A number of colleagues volunteered to be available on Christmas Day, for example, to hold a group call for anyone struggling over the festive period, and a number of mental health first aiders made themselves available over the course of the holidays.

Progress against 2020 goals

- Continuing to strive towards zero incidents across the Group:
 - Our Group safety forum, comprising the health and safety leaders from each business, continues to embed lessons learnt from all incidents, to share best practice and to advise the Group Health and Safety Committee on new Group-wide initiatives.
 - The Group adopts the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR)¹, and the number of reportable incidents across the Group in 2020 was 3 (2019: 3).
 - The Group's overall RIDDOR reportable frequency rate² in 2020 was 0.06 (2019: 0.05).
 - The Group recorded 1 lost time accident (LTA³) in 2020 (2019: 2).
- Continue to drive focus on health and safety throughout James Fisher:
 - Health and safety is the first agenda item at all Board and working group meetings across the Company.
 - In light of the global pandemic, a Covid-19 working group has been established. Meeting regularly, the group actively monitors the ever-changing situation and communicates recommendations and Group guidelines.
- Set up a "Health and Safety Hints and Tips" section on the Group intranet to share best practice:
 - A HSE and wellbeing section has been created on the Group intranet which includes HSE hints and tips as well as including first aid and safety performance sections.
- Develop "Health and Wellbeing" programmes in all divisions:
 - Established an employee assistance programme for all employees. A free and confidential service, it provides advice on a range of topics including work/life balance, financial management, mental wellbeing and family concerns.
- Continue to enhance reporting of near misses:
 - As a result of the diversity of businesses, geographies and industries supported across the Group, there were numerous near miss reporting and root cause analysis methodologies. During 2020 the Group Safety Committee, assisted by the Group safety forum, has established and implemented a uniform reporting methodology and template, which has improved the quality of information available and enabled better discussion and sharing of best practice amongst the forum. Each business uses the information to roll out monthly H&S campaigns (including messaging and toolbox talks) based around themes emerging from the improved near miss reporting.

¹ A reportable incident under RIDDOR is a work-related injury which results in a person's incapacitation for more than seven days.

² The RIDDOR reportable frequency rate is the number of RIDDOR reportable incidents per one hundred thousand hours of work.

³ An LTA is an incident which causes a worker to be incapacitated for three or more consecutive days, not including the day of incident

Health and safety (continued)

2020 achievements

- A concerted focus on mental wellbeing has led to the doubling of the Group's trained mental health first aiders, the development of a dedicated mental health resource library on the intranet, frequent wellbeing communications with hints and tips and initiatives such as a voluntary wellbeing call on Christmas Day.
- Launch of Group-wide exercise challenge, as well as local initiatives promoting exercise and wellbeing at a Group company level.
- Large scale roll-out of Covid-19 care packs. Care packs included practical items such as reusable masks and hand sanitiser as well as informative literature on healthy eating, exercise and Covid-19 guidelines.
- During the year, our Tankships business James Fisher Everard (JFE) made 628 voyages and carried over 2.25m metric tonnes of product with no product spill in the water.
- Our principal operating companies maintain internationally recognised occupational health and safety management systems accredited to OHSAS 18001 or OHSAS 45001.

2021 goals

- Continue striving towards zero LTAs across the Group.
- Continue driving focus on health and safety throughout James Fisher.
- Continue to enhance reporting of near misses, as well as bringing more consistency to root cause analysis through the Group safety forum.
- To act quickly in the event that an accident / incident occurs, to thoroughly investigate and ensure learnings are adopted.
- Further increase the number of mental health first aiders to 200 by the end of 2021.
- Continue to monitor the uptake of the Employee Assistance Programme and take action to introduce further support mechanisms where required.





Partnering with our **customers and suppliers**

Responsiveness to our customers’ current needs and anticipating their future requirements defines our purpose, and reinforces our valued behaviours. Our success depends on achieving a deep understanding of the challenges that our customers face and the complexities posed by the environments in which they operate – an understanding which can form and sustain effective customer relationships.

Individual trading companies within the Group are best placed to understand and respond to these needs and best able to manage their supply chains effectively. They engage directly with their customers and suppliers, supported by Group functions and assisted by the sharing of best practice by the customer and supplier stakeholder working groups. Our businesses rely on being able to deliver services (through our people) and/or products throughout the world. The challenges created by the restrictions on movement imposed by governments in the face of the pandemic have made this more complex. However, our businesses worked quickly to adapt, and have listened to the changing needs of our customers, and worked closely with our supply chain to create dynamic and often complex methods of delivery in the face of adversity. Examples of that resilience and responsiveness are set out below.

We are also alert to the macro-economic trends that will shape our customers’ future business, and share their concerns about creating a sustainable future. In response we are: reaffirming our commitment to supporting their efforts to drive continuous improvement and efficiency; actively taking steps to reduce our greenhouse gas emissions wherever possible; and, identifying adjacent segments where our assets, skills and resources can innovate in pursuit of a sustainable future.

- Scan Tech AS has been developing a solution to improve the health and welfare of fish stocks for the aquaculture sector in Norway.
- Scantech Offshore has been deploying its offshore air compressors to deliver bubble curtains to protect marine wildlife from noise and debris during offshore wind farm construction.

We wish to work with organisations who share and can assist us with achieving our goals. We will continue to make our supplier choices on: greater clarity on environmental credentials; legal compliance; respect for human rights; and transparent business ethics. Our assessment of performance in these areas will underpin our future sourcing strategy and will be more determinate than simply price or quality.

As we seek to increase alignment between our customer needs and supplier credentials, we are taking steps to gather objective data on our progress and will be seeking feedback from our customers and suppliers that assesses our performance and measures us against our valued behaviours.



Partnering with our **customers and suppliers** (continued)

Progress against 2020 goals

The focus in 2020 has been on the importance of contract negotiation as an engagement opportunity with customers and suppliers in order to build on commercial relationships, to demonstrate the Group's values and to establish a fair balance of risk and reward. Individual businesses have also worked with their supply chain to ensure that they work in a way that is consistent with the Group's values, including respect for human rights and business ethics.

- Leveraging across the Group the benefits already identified from utilisation of performance monitoring of key suppliers. The goal is to have these incorporated as part of the new supplier process, to facilitate sustainable continuous improvement of our supply base.
- Supporting on-going supplier engagement initiatives to help them identify sustainable cost-savings and tendering enhancements:
 - With respect to the two targets above, the Group is establishing a supplier working group, with an Executive sponsor and purchasing representation from around the Group. The aim of the working group is to identify improvements in supplier engagement through sharing of best practice between businesses, including (i) making shared use of the performance monitoring process and data already available, and increasing its scope to other businesses; and (ii) identifying cost-savings and tendering enhancements. We expect to be able to report further progress on this next year.
- Embedding Group standards and policies within new relationships with suppliers and driving support for our sustainability initiatives through our supply chain:
 - During the year, we have consolidated and rolled out a Group standard on-boarding questionnaire, requiring suppliers to confirm their compliance with Group standards and policies, and our businesses employ health, safety, environment and quality (HSEQ) questionnaires to verify supplier minimum standards in these areas. Going forward, we are aiming to bring some increased consistency and further coverage to the HSEQ questionnaires to seek increased supplier support for our sustainability initiatives.
- Further embedding in all Group operating companies the bespoke web-based platform introduced in 2019, which gives businesses the tools to carry out robust due diligence on agent and joint venture relationships:
 - This initiative has been fully implemented across the Group, covering all historic and future third party agent and joint venture relationships, resulting in better decision-making through enhanced due diligence, and rationalisation of the risk profile of the Group's third party relationships.

2020 achievements

- Martek, our marine safety products and services business, responded quickly to new crew change guidelines due to the pandemic, by launching a Coronavirus antibody test. It also provided comprehensive personal protective equipment to its marine customers.
- JFD promptly answered the UK Government's call for rapidly manufactured ventilators to provide essential medical equipment to the NHS.
- Customer needs have been recognised as an integral part of the Company's new purpose-led approach with an emphasis on the need to adequately align company, customer and supplier interests.
- Customer engagement was a key focus at the Senior Leadership Conference with mechanisms for improvement considered particularly during pre-signature discussions and post-signature contract management.

2021 goals

- Strengthen our feedback processes and report progress on a regular basis with actions identified and implemented as required.
- Continue to affirm our commitment to supporting customers in their efforts to drive continuous environmental improvements.
- Establish customer and supplier working groups with representation from across the Group, to share best practice and embed consistent approaches.
- Request visibility of suppliers' sustainability plans where possible, with audits performed on key suppliers.





Protecting our environment

The Group is committed to protecting the environment, both in terms of our operational footprint and the nature of the activities we undertake. The acknowledgement of the body of scientific evidence that identifies the significant impact of human activity on climate change will influence the energy transition, the Group's investment choices and growth agenda. The Group's environmental policy recognises our responsibility to protect the environment for the benefit of all and we set out an intent to ensure that we minimise the impact of our activities, our consumption of raw materials and our production of waste.

As we make further progress, we will continue to push our suppliers for greater clarity on their environmental credentials, as we do with legal compliance, respect for human rights and transparent business ethics, to ensure responsible sourcing throughout our supply chains.

We also consider the direct and indirect impact of our own activities on the environment. 2020 was the first year that the Company responded to the Carbon Disclosure Project (CDP). Investors, customers and regulators want to know how companies are adapting to a changing climate. Accordingly, we continue to build on the implementation of the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD), more information about which can be found below. We are actively taking steps to reduce our greenhouse gas emissions, moving to lower or zero emission technologies when and where possible.

Operationally, Covid-19 and the rapid shift in working practices enabled by technology has contributed to a significant reduction in business travel for our employees. Virtual meetings, digital connectivity and homeworking have changed the requirement for business travel, commuting and office space and we will continue to evaluate what positive improvements should be retained for the long-term.

Our operating companies continue to make tangible environmental improvements by continually focusing on innovation, changing customer need and operational excellence:

- **RMSpumptools** – pioneering electrical submersible pump artificial lift and subsea connector technologies to maximise well efficiency, thereby reducing new exploration and production activities, and minimising local gas emissions through its innovative design.
- **Fendercare** – sustaining an exemplary safety record in avoiding spills to water during thousands of ship-to-ship transfers.
- **JFMS, EDS, Rotos 360 and Scantech Offshore** – actively engaged in the transition to renewable energy through supporting construction and maintenance of offshore wind farms.
- **Fisher Offshore and JF Nuclear** – sustainable decommissioning and waste management of end-of life assets in the nuclear and oil & gas sectors.
- **AIS and JF Testing Services** – utilising the latest advances in digital technology to provide real-time insights to identify improvements in operating efficiencies, reduced maintenance schedules and asset life extension.



Protecting our **environment** (continued)

The Group has considered the impact of climate change risks and opportunities on the Group in the Principal Risks section of the report on pages 43 to 51.

Progress against 2020 goals

- Driving further fuel efficiencies in our shipping activities, including accelerating plans for investment in fuel-efficient and environmentally-friendly technologies:
 - Our Tankships division is supporting its customers to improve fuel efficiencies and minimise emissions, including through plans to access dual-fuel propulsion vessels by 2022. This could reduce fleet vessel emissions of carbon dioxide by up to 21%, and of NO_x and SO_x by over 90%, based on the use of LNG as marine fuel. LNG also provides a significant advantage in terms of improving air quality when compared to conventional fuels, which is important in ports and coastal areas.
- Encouraging our businesses to further develop their supply chains to enhance responsible sourcing initiatives:
 - We are establishing a supplier working group, with an Executive sponsor and representation from around the Group to drive forward various initiatives including pursuing more responsible sourcing activities through the supply chain and establishing minimum requirements for supplier onboarding.
- Encouraging all our businesses to make James Fisher a “plastic bottle free zone”:
 - A number of companies, including Fisher Offshore and JF Marine Services, have provided their employees with a reusable water bottle. This initiative is ongoing.
- Encouraging employees to make use of all available technologies as alternatives to travel, with air travel to be used only for essential business:
 - The timely and widespread introduction of Office 365 with its collaboration tool Teams has enabled widespread adoption of ‘virtual’ meetings, thereby considerably reducing the need for travel.
- Operating companies to make a positive effort towards investing in LED light fittings to reduce energy consumption at our sites:
 - Strainstall is the latest of our offices to fully change the lighting throughout its premises to LED.
 - JFD, JF Nuclear, EDS and RMSpumptools are amongst the businesses transitioning or fully-transitioned over to LED lighting.

2020 achievements

During 2020, all of our businesses have embedded their individual environmental strategy into their wider strategy, and report quarterly on progress against that strategy, allowing the environment to be considered alongside other stakeholder interests in individual business decision-making, both in terms of minimising impacts, but also identifying opportunities, as described above.

James Fisher acknowledges the global threat posed by climate change and recognises the need to reduce greenhouse gas (GHG) emissions. The Group has a governance structure in place to consider carbon emissions and energy usage to minimise the impact of its operations on the environment.



We accept our responsibility to comply with emerging climate change legislation and regulation, and to reduce our GHG emissions as far as is reasonably practicable through appropriate initiatives. Part of the Sustainability Committee's remit includes keeping this issue under review.

Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its facilities. The Group's total GHG emissions are:

Emissions total (in thousands of metric tons)	2020	2019
CO2 equivalent from electricity consumption in facilities	1.6	1.8
CO2 from combustion of fuel at facilities and road vehicles	2.9	3.5
CO2 from combustion of fuel in vessels	76.7	89.4
Total emissions (CO2)	81.1	94.6

The Group's total energy usage is:

Energy usage (Kwh)	2020
UK	207,538
Non-UK	77,692
Total	285,230

- The Group's 2020 carbon intensity ratio calculated against the Group's revenue remained consistent at 0.02% (2019: 0.02%).
- 97% of our operating companies operate environmental management systems (EMS) certified to ISO 14001 standard. This internationally recognised EMS enables a systematic approach to handling environmental issues.
- The Group continues to support the UK Government's 'Cycle to Work' scheme, increasing the maximum certification value from £1,000 to £5,000 to allow employees greater choice and to take advantage of e-bike offers.
- A number of businesses, have begun investing in solar energy installations to reduce their facility's carbon emissions. Strainstall's new REC N-Peaks panels have reduced their site's carbon emissions to date by over 4,600kg.
- Group companies are also working to reduce their environmental impact by actively monitoring paper usage with a commitment to reducing consumption across our offices and shredding non-confidential paper for use in product packaging.
- A number of our businesses have committed to using only green merchandise at events and prohibiting the printing of single-use or low-use banner stands by replacing them with laptops or video screens.
- We're actively promoting environment-related days like World Earth Day and Zero Waste Day using social media and newsletters to help raise awareness, both internally and externally.
- 14,000 litres of potentially contaminated diesel fuel returned from job-sites and 22,000 litres of hydraulic oil used in Hydraulic Power Units and cranes have been filtered and recycled by Scan Tech AS.
- Our workshops have introduced re-fillable spray cans to reduce consumables.
- Promoting a greener product line by replacing diesel with electrically powered units at Scan Tech AS - increasing our rental fleet of large electrical compressors for both ATEX and Marine installations. These are a viable alternative to large diesel machines, and have zero emissions, automatic start-stop and are quieter in use. They also require less maintenance, have less fluids to change, weigh less (transport emissions) and have a smaller footprint.
- RMSpumptools is reducing energy usage by adopting lower-power consuming 'mini-desktops' for its employees.

2021 goals

- Continue to raise awareness amongst the Group of the importance of environmental considerations; including rolling out 'lunch and learn' sessions focused on environmental issues for employees.
- Promote chemical-free cleaning methods where possible.
- Use our nanobubble technology to reverse environmental damage at a local lake within Stavanger Municipality – Hålandsvannet, Norway for the benefit of the local community and wildlife.
- Continue our focus on delivering clean alternatives to diesel-fuelled equipment and identify products and systems to reduce the amount of gas flaring for Middle East, Africa and Asia Pacific region.
- Minimise the use of single-use plastics in production and paper usage in stores wherever possible.

Protecting our **environment** (continued)

Task Force on Climate-related Financial Disclosures (TCFD)

Investors, customers and regulators want to know how companies are adapting to a changing climate. Here we describe in more detail how we are implementing the recommendations set out by the TCFDs, which is enabling us to identify and evaluate the potential risks and opportunities arising from climate change for our business model and to respond accordingly.

Governance

Members of the Board, Audit Committee and Risk Committee maintain oversight of the Group's approach to risk management. This is assisted by the Sustainability Committee which advises those bodies on climate-related risks. Risks are monitored as part of our standard operating processes to ensure that appropriate mitigations are in place as part of regular management reviews. Quarterly operating business board meetings report changing risk and relevant mitigation methods and progress. This business-level view of risk is considered by reference to the Group-level risk profile by the Risk Committee. The Risk Committee and Executive Directors report the results of both the bottom up and top down view of these to the Board and Audit Committee. Climate-related issues are assessed by the Sustainability Committee when reviewing and developing strategy, policies and planning. These are reported to the Board and relevant Committees on an on-going basis via the Group CEO who sits on the Sustainability Committee.

Strategy

Our purpose is pioneering safe and trusted solutions to complex problems in harsh environments, to create a sustainable future. Amongst other macro trends, climate change is creating impacts on the Group and its customers, in particular through an energy transition from fossil fuels to renewable energy sources. The Company has aligned its purpose and strategy to try to meet some of those challenges, in supporting the energy industry's own transition (for example through decommissioning), and in targeting opportunities in the growing renewables market. The Group's fundamental climate-related transition risk is that we fail to gain a strong foothold in the challenging renewables market, threatening our ability to respond to transitioning customer demand. As energy markets change, some of our assets used to provide our services may become of less value to our customers.

The Group's primary climate change-related opportunity is to continue to strengthen our renewables business to match our customers' requirements. We have seen some challenges in 2020 to that strategy, mainly due to the impacts of Covid-19.

However, this remains a core part of the Group's strategy. Alongside this, there are opportunities in our existing oil and gas businesses. Firstly, using our expertise to support the decommissioning of our customers' sites and assets – our Fisher Offshore business continues to grow in this area. Secondly, to repurpose some of our own assets, which have traditionally been used for purely oil and gas related activities, for different applications outside of oil and gas. Our Scantech Offshore and Scan Tech AS businesses have been targeting alternative applications in this respect in the renewables and aquaculture industries respectively.

Risk management

Climate-related risks are identified and assessed by the Risk Committee, assisted by the Sustainability Committee. Through scenario planning, these bodies identify the risks which the Group may encounter, their relative significance by reference to other climate-related risks, and by reference to other risks which the Group faces. Those risks are set out in more detail on page 45. This assessment also takes into account the existing and emerging regulatory requirements related to climate change, including limits on emissions. There is natural mitigation of such requirements, through the diverse nature of the Group's operations and a lack of direct impact of those requirements on the Group's businesses, although we monitor the indirect impacts on our customer base, and the resulting change in their own strategies. The Group completed its first CDP reporting in 2020, and is using the results as a baseline to assess the potential size and scope of identified climate-related risks, as well as to target initiatives that, once implemented, will improve the carbon performance of our businesses. This includes looking at alternative lower carbon fuel supplies for our tanker fleet, and reducing energy consumption at our operating sites. Over the coming months, we will be undertaking analysis to review the resilience of our strategy, taking into consideration various climate-related scenarios.

Metrics and targets

We disclose greenhouse gas emissions performance in this report. Our CDP response also provides further analysis of climate-related risks, opportunities and performance. During 2021, we are targeting establishing more detailed targets and metrics to measure the progress of our initiatives which are aimed at climate-change and reduction of emissions. In this respect our CDP response provides a useful baseline. We aim to provide more detail on this during 2021, and report on progress in our 2021 Annual Report.

Non-financial information statement

The information set out below, together with the cross references listed in the table below as to where further information can be found in the main body of the Strategic report, is in compliance with the Non-Financial Reporting requirements as set out in sections 414CA and 414CB of the Companies Act 2006:

Reporting requirement	Description	Location	Page
Business model		<ul style="list-style-type: none"> Business model 	12
Environmental matters	<ul style="list-style-type: none"> Group Health, Safety and Environmental policy 	<ul style="list-style-type: none"> Protecting our environment 	37
		<ul style="list-style-type: none"> Principal risks and uncertainties 	43
Employees	<ul style="list-style-type: none"> Group Health, Safety and Environmental policy Code of ethics 	<ul style="list-style-type: none"> Empowering our people 	29
		<ul style="list-style-type: none"> Principal risks and uncertainties 	43
		<ul style="list-style-type: none"> Directors' report 	88
Social matters	<ul style="list-style-type: none"> Code of ethics 	<ul style="list-style-type: none"> Supporting our local communities 	27
Respect for human rights	<ul style="list-style-type: none"> Modern slavery and human trafficking policy Code of ethics 	<ul style="list-style-type: none"> Principal risks and uncertainties 	43
Anti-bribery and corruption	<ul style="list-style-type: none"> Anti-bribery and corruption policy 	<ul style="list-style-type: none"> Principal risks and uncertainties 	43
Principal risks		<ul style="list-style-type: none"> Principal risks and uncertainties 	43
Non-financial KPIs		<ul style="list-style-type: none"> Key performance indicators 	25

Our policies

A combination of online and in person training on all the key policies is carried out across the Group, and there is also a system of bi-annual certification for compliance officers, certifying that the relevant individuals in their businesses have read and understood the policies and are fully compliant. All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any Group policies, applicable laws, or the high standards as set out in the Code of ethics. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated. The Audit Committee also considers any high-risk areas identified by the internal audit function, the Group legal team or the business' compliance officers.

Key policy	Relevant policies
Code of ethics	<p>James Fisher is committed to ensuring the highest standards in its activities and is particularly concerned that appropriate and ethical policies and procedures are followed in all business dealings across the Group.</p> <p>The Group strives for a culture of honesty, openness and accountability. The Group's commitment to the highest level of ethical conduct should be reflected in all our business activities including relationships with our stakeholders.</p> <p>All employees and others must conduct themselves according to the language and the spirit of this Code and seek to avoid any appearance of improper behaviour.</p>
Group Health, Safety and Environmental policy	<p>Health and safety is the top priority and the Group actively strives for the continuous improvement of health and safety in the workplace. We aim to provide a healthy and safe working environment for all our employees and to ensure the safety of others affected by our operations.</p> <p>The Group recognises its responsibility to protect the environment for the benefit of all. This policy represents a declaration of our intent and commitment to minimise the environmental impact of our activities, our consumption of raw materials and our production of waste.</p> <p>The ultimate responsibility for health and safety, and the environment rests with the Group Chief Executive Officer, the Board members, and the Executive team. This responsibility is cascaded through the organisation via divisional/regional MDs and their leadership teams.</p> <p>In the case of health and safety, this is supported by the Group Safety Committee, as well as by the Group safety forum and its individual members, who are the HSEQ representatives for each business.</p> <p>In the case of the environment, this is supported by the Sustainability Committee, and by the environmental working group, with representation from across the Group.</p>

Non-financial information statement (continued)

Key policy	Relevant policies
Anti-bribery and corruption policy	<p>James Fisher has zero tolerance for any form of bribery or corruption and is committed to complying with all applicable anti-bribery and corruption laws. The Group has an established anti-bribery and corruption policy and has introduced a compliance programme which has the support of the Board and senior management within the Group. This includes communication of the statement and policy, training, risk assessment and ongoing monitoring. Employees assessed to be at risk are required to complete the training and to self-certify that they understand and agree to be bound by its provisions. On-going compliance is monitored by local compliance officers who are required to report to their local boards and to the Group Compliance Officer on at least a biannual basis. The compliance officers are responsible for ensuring that risk assessments, training and awareness are carried out where appropriate and are kept up-to-date.</p> <p>In addition to ensuring that our people are compliant with the Group's anti-bribery and corruption policy, we require that all third party agents and joint venture partners engaging with any Group entity comply with these policies in order to ensure compliance with applicable anti-bribery and corruption laws.</p> <p>The policy is supplemented by due diligence on all third party agent and joint venture relationships, enabled by a bespoke web-based platform available to all Group businesses. It provides a robust tool through which our businesses can risk assess agent and joint venture partners with whom they are considering doing business. It forms part of our internal control procedures and helps mitigate the business' compliance risk. The platform has been rolled out throughout the Group during 2020.</p>
Modern slavery policy	<p>James Fisher respects fundamental human rights, and is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains or in the communities in which we operate across our international businesses. We have implemented work practices and policies throughout the Group which are designed to ensure that respect for human rights is integrated into the systems and culture of our businesses. We do not tolerate the use of child or forced labour within our business and take all steps possible to ensure that our suppliers and customers also uphold internationally recognised human rights. This is enabled through risk assessments undertaken by our Group businesses which identify parts of their supply chain which could be susceptible to risk in this area, as well as confirmation from our suppliers of compliance with our policy and relevant law. Our progress in the area of modern slavery is set out in our annual Modern Slavery statement which is available on the Group's website and outlines steps taken by the Group to ensure that there is transparency in the Group and throughout our supply chains. The Group encourages any concerns relating to modern slavery to be raised using the procedure set out in the whistleblowing policy.</p>

Section 172(1) statement

This section serves as our section 172 statement explaining how Directors fulfil section 172 of the Companies Act 2006.

The Board aims to promote the success of the Company for the benefit of its shareholders as a whole, taking into account the long-term consequences of its decisions while giving due consideration to the interests of the Company's stakeholders (including employees, customers, suppliers, shareholders, as well as the environment and local communities which are impacted by our operations), while also considering the importance of maintaining our reputation for high standards of business conduct. Examples of what that has looked like in practice over the past year can be found as follows:

Stakeholder:	Strategic report:
Shareholders	Page 26 (Engaging our shareholders)
Employees	Pages 29 to 34 (Empowering our people) (Health and safety)
Customers/suppliers	Pages 35 to 36 (Partnering with our customers and suppliers)
Environment	Pages 37 to 40 (Protecting our environment)
Local communities	Pages 27 to 28 (Supporting our local communities)

Principal risks and uncertainties

Managing risk during 2020

The Board and Audit Committee continue to recognise the importance of risk management in achieving the Group's strategic objectives. Keeping risk management integral to the operation of our businesses is a priority, requiring a continuous scan of all threats and opportunities. Our risk management processes aim to anticipate risks before they impact upon our activities to ensure that we are in the best place to mitigate those risks, and recognise the opportunities they may bring in a competitive marketplace. For all our key risks, we identify the key mitigating controls and their ownership. Our assurance activities are focused upon those controls so we can continually gauge their effectiveness.

Within that context, the Group is disappointed to report significant separately disclosed items in both 2019 and 2020, the details of which are described in the Financial review as set out on pages 22 to 24. The items relate to strategic initiatives that were either not executed successfully or were severely impacted by the global pandemic and energy price changes in the first half of 2020. The Board has carried out a detailed cause and effect review and combined with the strategic review, a more rigorous approach to the markets the Group seeks to provide services into and the capital allocated to those activities has been implemented.

Pandemic risk

During the extraordinary circumstances created by the pandemic the Company needed a robust response from all areas of the Group. As events and Government policy have

progressed, the Group has responded quickly to keep our people safe; to preserve as many jobs as possible, and to protect the interests of the Company and its stakeholders.

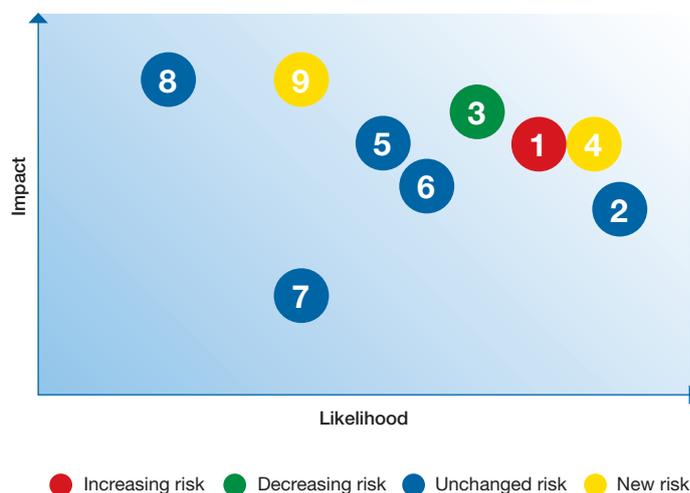
The pandemic continues to bring significant uncertainty to the operation of the Group, and further lockdowns and restrictions are possible. Nonetheless the Group continues to demonstrate sound control and resilience, with people working from home where possible and those not able to work from home working in operational environments adapted in accordance with Government guidelines and best practice, and with those needing to travel to deliver for our customers finding ways to do so safely and effectively.

Climate change

During 2020 the Group has been impacted by volatile energy prices. Following its analysis of risk and opportunity relating to climate change, the Board expects that oil and gas will remain an important part of the energy mix for many years to come. However the Board considers both the transition from fossil fuels and the matching growth of the renewables market as part of a lower carbon environment represent a risk and an opportunity for the Group. The risk is mitigated by the continuing strategic diversification of the Group into new markets by supporting the energy transition, which also provides growth opportunities.

Risk map

- 1 Health & safety risk
- 2 Cyber risk
- 3 Operating in emerging markets
- 4 Climate change
- 5 Contractual risk
- 6 Project delivery risk
- 7 Recruitment and retention of key staff
- 8 Financial risk
- 9 Pandemic risk



Principal risks and uncertainties (continued)

The Group's emerging and principal risks

We set out below the emerging and principal risks which could materially impact upon the operation of the business and its strategic objectives:

1 Health & safety risk		
Nature:	Potential impact:	Mitigation:
Group trading companies may experience an adverse operational incident or failure to maintain appropriate levels of health and safety	<ul style="list-style-type: none"> The health and safety of our workforce and others could be impacted by our operations The Group's reputation could potentially suffer if there was a major accident or health and safety issue Claims and regulatory action may be taken against the Company or the affected business 	<ul style="list-style-type: none"> First item on Plc and business board agendas Policy and training Group H&S Committee Group safety forum Insurance
Context:		
There have been a number of safety incidents in 2020 including one fatality. Whilst thorough investigations show that primary responsibility for the fatality is not with the Group, it is a sobering event and gives added impetus to our own policies and processes. Executive management has continued to increase the level of awareness and focus on HSE, including mental health. The net risk has increased in 2020 due to the global pandemic and every effort is being made to mitigate that risk and to learn from and avoid the incidents in 2020, with greater diligence and awareness in this area		
Movement:		
Increase. In light of the environments in which the Group companies work, health and safety is an inherent risk. There has been an increased focus in this area in the last 12 months		
Opportunity:		
Operating in competitive markets there is an increased opportunity to provide differentiation to our customers by our strong commitment to health and safety, thereby building long-term trust		
2 Cyber security risk		
Nature:	Potential impact:	Mitigation:
The Group may experience loss or harm related to technical infrastructure or the use of technology within the Group	Cyber-attacks could result in financial and reputational damage by way of significant interruption to business systems. Phishing could result in financial and reputational damage by way of theft or fraud	<ul style="list-style-type: none"> Introduction of new Group-wide operating system with enhanced security, alongside infrastructure and software updates to existing systems Regular review of IT security issues, including penetration testing Enhanced cyber awareness training and regular briefings
Context:		
Following a cyber security incident in November 2019, a number of infrastructure and security improvements were implemented. A rollout of Office 365 was fast-tracked, providing additional security improvements and further investment in specialist cyber security software was approved for implementation early in 2021		
Movement:		
Unchanged. The Group is reliant on its systems in order to operate effectively and has invested in the last year to enhance security. The external threat is continually adapting and increasing, notwithstanding the mitigating activities. A combination of new software and training will bring extra vigilance		
Opportunity:		
Upgraded IT systems increase security, but also flexibility, facilitating secure working while travelling or from home		

3 Operating in emerging markets

Nature:	Potential impact:	Mitigation:
The Group operates in overseas emerging markets and key growth economies with fluctuating legislative restrictions, embargoes, sanctions and exchange controls, often undertaken in association with local joint venture partners	Those operations may expose the Group to increased risk of governance and compliance issues. Any significant failure to comply with laws or regulations could lead to penalties and other financial liabilities, as well as reputational issues. Where there is a jurisdictional requirement for local investment or representation, the Group's ability to continue business in that jurisdiction could be adversely impacted from an ethical or legal perspective	<ul style="list-style-type: none"> Limits of authority and other internal corporate governance Risk tracking of JVs, agents and other third party relationships, including use of bespoke web-based platform Policies and training Corporate structuring of relationships, using external local legal advice Internal audit operating overseas using co-sourced PwC resources to leverage advantages of working in local language and consistent with local law/regulation
Context:		
Operating in challenging conditions in developing markets remains a key part of our strategy. This has been made more challenging due to worldwide Government-imposed travel restrictions in response to Covid-19, making control and communications in relation to our operations in developing markets more challenging		
Movement:		
Decreased. Improved commercial and financial controls, project management and on-going improvements in risk management in this area decrease the risk of one-off charges experienced during 2020		
Opportunity:		
The Group's ability to operate in emerging markets for global customers offers an increased opportunity to be differentiated from our competitors		

4 Climate change

Nature:	Potential impact:	Mitigation:
The Group operates in industries which may be adversely impacted due to the change in energy mix. The Group is committed to minimising the impact of its operations on climate change	The Group may suffer operational impacts of extreme weather events, as well as potential changes in technologies, markets and regulation in response to climate change which could increase costs, challenge the viability of Group services or affect asset values. The Group is also conscious of the need to reduce its impact on the climate, including its emission of greenhouse gases	<ul style="list-style-type: none"> Continuing the Group's end markets and geographical diversity Initiatives to reduce the Group's emissions and other impacts on the environment
Context:		
The Board is conscious of the risks and opportunities created by climate change. During 2020, the Group's businesses have been impacted by a combination of volatile oil prices and Covid-19. Whilst it is expected that oil and gas will remain an important part of the energy mix for many years to come, the transition to a lower carbon environment represent both a risk and an opportunity for the Group. The risk is mitigated by the continuing diversification of the Group into new markets by supporting the energy transition which also provides growth opportunities		
Movement:		
New and increasing. The impact of Covid-19 may accelerate the changing energy mix and individuals' travel and work patterns		
Opportunity:		
The Board believes that the global market for renewable energy will continue to grow, and therefore sees the energy markets as an opportunity		

Principal risks and uncertainties (continued)

5 Contractual risk

Nature:	Potential impact:	Mitigation:
The Group operates in markets where larger project-based contracts may seek to pass risk down the supply chain	Through its growth and diversification into new markets and geographies, the Group may be exposed to increased contractual risks, which could result in financial impact caused by late payment, or cost overruns, increased claims and litigation, and/or exposure to non-UK legal jurisdictional uncertainty	<ul style="list-style-type: none"> Internal contract management governance, including policy and training Internal and external specialist legal support Appropriate balance of risk and reward in contract Targeting increased contract management skills
Context:		
As the Group continues to grow, contractual risk remains significant, as the potential liabilities under contracts increase, and customers attempt to pass more risk down the supply chain		
Movement:		
Unchanged.		
Opportunity:		
As the Group pursues its strategy of increased diversification, contracts become a key mechanism for managing risk and also enhancing engagement with our customers and suppliers		

6 Project delivery

Nature:	Potential impact:	Mitigation:
Group businesses may fail to meet customer expectations or contractual requirements on project delivery	This could cause significant adverse financial and reputational consequences, and/or increased cost and management time resulting from management of disputes and litigation	<ul style="list-style-type: none"> Increasing the specialist project management skillset across the Group through training and recruitment Implementation of project management best practices Focus on post-signature contract management
Context:		
The successful management and delivery of projects continues to be of high importance to the Group, as the profile of the work undertaken by the businesses has moved more towards project work. 2020 has seen on-going and increased challenges in project delivery and close out, exacerbated by the Covid-19 pandemic. While the Group has processes for managing project risk, our focus is to improve outcomes across a diverse group where resource and skills in certain areas are less mature		
Movement:		
Unchanged.		
Opportunity:		
Our customers require suppliers which can manage large projects in demanding environments. The Group is in a key position to support them, grow our customer engagement, and win new work		

7 Recruitment and retention of key staff

Nature:	Potential impact:	Mitigation:
The Group may fail to attract, retain and develop personnel of the requisite calibre and to plan for succession in key leadership positions	This may result in the Group not being able to maintain its existing strong and experienced management teams in its operational businesses, and/or a risk to the Group's delivery of its strategic objectives, which depends on recruiting and retaining the right people in all areas of our business to maintain competitive advantage	<ul style="list-style-type: none"> • New employee strategy • Graduate recruitment • Talent identification and management • Management development programmes • Appraisal process • Training plans • Remuneration incentives • Succession planning
Context:		
Progress continues on succession planning across the Group. 2020 has seen material senior management changes across the Group, as well as roll out of a new employee strategy aimed at various areas, including improvement in recruitment and retention. The new CEO has brought new focus on people development and retention		
Movement:		
Unchanged. Succession, recruitment and retention remain a key risk but has been managed well at a business level, and the new employee strategy will bring additional improvements		
Opportunity:		
Improvements in recruitment and retention will strengthen our teams worldwide, as well as the ability to compete in our chosen markets		

8 Financial risk

Nature:	Potential impact:	Mitigation:
The Group is exposed to interest rate, foreign exchange and credit risk	An increase in interest rates or change in exchange rates or credit restriction would have a financial impact on the Group	<ul style="list-style-type: none"> • Non-syndicated banking relationships • Loans with spread of maturity profiles • Centralised finance function management of Group cash, debt, and foreign exchange • Forward currency contracts • Interest rate swaps
Context:		
Interest rates, foreign exchange and credit risks remain key risks and are reviewed regularly by the Board. The Group is exposed to USD cash inflows and uses forward contracts to reduce earnings volatility		
Movement:		
Unchanged.		
Opportunity:		
None		

Principal risks and uncertainties (continued)

9 Pandemic risk

Nature:	Potential impact:	Mitigation:
<p>The Group is a global business and continues to be impacted by the Covid-19 pandemic. The Group may face a risk of future pandemics, and in particular an enhanced international government response to future potential virus spread which may lead to quicker triggering of restrictions on work and travel in the places where the Group needs to provide its services</p>	<p>The current impact on the Group's operations created by the Covid-19 pandemic may continue. A future pandemic, or governmental response to a potential virus spread may impact the Group's ability to provide services to its customers</p>	<ul style="list-style-type: none"> • Tracking and following Government restrictions and recommendations • Making office locations safe for work • Home working where possible, supported by improved IT services enabling better communication • Covid-19 working group providing advice and support to employees • Enhanced employee assistance programme
Context:		
<p>While pandemics have previously been considered a risk for the Group, this is the first time the risk has increased and is now considered one of the Group's principal risks. In light of the Covid-19 pandemic, and the restrictions imposed by governments in locations where the Group needs to provide its services, there is an on-going risk posed by Covid-19. Future pandemics may be less problematic, but governments are likely to have a quicker and more conservative approach to tackling possible future pandemics, meaning restrictions may be imposed deeper and quicker</p>		
Movement:		
<p>New risk.</p>		
Opportunity:		
<p>We aim to assist our customers and suppliers to manage through a global pandemic and innovatively developed products and services in 2020 in relation to safety and testing</p>		

Emerging risks

We have identified three macro-economic trends that will impact the markets in which the Group operates:

- Changing energy mix as renewable energy reduces carbon emissions and environmental concerns lead to an increased focus on decommissioning. Whilst recognising that oil and gas will remain part of the energy mix for some time, we aim to provide services to production, delivery and decommissioning in the safest, most sustainable way whilst we support the energy transition to low carbon sources. This forms part of the Board's analysis of the impact of climate change on the Group, and has already been considered as one of the Group's principal risks (and opportunities);
- Acceleration of digital innovation as customers seek efficiencies and effective asset management; and
- Shifting economic power to developing regions giving potentially increased political risk and increased defence spending.

These macro trends are seen as emerging risks and potential opportunities for the Group and, as such, are central to the development of the Group's strategic aim to deliver sustainable benefits to our five key stakeholders. Capital will be allocated to growth opportunities, supplemented by selective acquisitions whilst business with below benchmark return potential will be divested. Delivery of the Group's strategy will require a strong focus on both commercial excellence and operational excellence.

Managing risk – our framework

The Board is responsible for the management of risk in the Group. Our internal control and risk management framework is regularly monitored and reviewed by the Board and the Audit Committee, and comprises a series of policies, processes, procedures and organisational structures which are designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and strategic objectives, as defined by the Board. A robust assessment of the Company's risk management and internal control systems is carried out annually by the Audit Committee on behalf of the Board. The results of that assessment are reported in the Audit Committee report as set out on pages 66 to 71 and below.

Board oversight

The Board specifically approves: risk management policies and plans; significant insurance claims, legal claims or settlements; acquisitions, disposals and capital expenditures; and the Group budget, forecast and five-year plan. The Board has put in place a documented organisational structure with strictly defined limits of authority. These have been communicated throughout the businesses and are well understood by the Executive Directors, and by functional and business leaders who have delegated authority and specific responsibility for ensuring compliance with and implementing policies at corporate, divisional and business unit level. During 2021, the Risk Committee is focused on bringing improvements to the limits of authority and their implementation through the Group. Group functions and operating units are each required to operate within this control environment and in accordance with the established policies and procedures. This includes ethics, anti-bribery and corruption, conflicts, treasury, employment, slavery and human trafficking, whistleblowing, data protection, health and safety and environment.

Group functions

The Group's trading companies are supported by Group functions. Each functional head reports to an Executive Director. The Board retains an oversight role and receives regular reports on key issues: on financial, tax and treasury matters from the Group Finance Director, on people and HR matters from the Group Head of Human Resources, and on legal and regulatory matters from the Group General Counsel and Company Secretary. The Board has a schedule of matters specifically reserved to it for decision, designed to ensure that it maintains full and effective control over appropriate strategic, investment, financial, organisational and compliance issues. This schedule is subject to review by the Board on an annual basis.

Internal Audit

The Group's Internal Audit function is supported by a co-sourcing arrangement with PwC, and undertakes regular reviews of the individual businesses' operations and their systems of internal controls. It makes recommendations to improve controls and follows up to ensure that management implements the recommendations made. The annual Internal Audit plan is determined on a risk assessment basis and is reviewed and approved by the Audit Committee. Internal Audit's findings are reported to the individual management team, the Executive management team, the functional heads, and the chairman of the Audit Committee. The head of Internal Audit attends all Audit Committee meetings and twice annually presents a summary of the Internal Audit findings, recommendations, and implementation progress. Internal Audit also implements the annual risk evaluation process and the internal control and risk management review questionnaire process with the individual businesses, before their presentation to the Board. During 2021, alongside its assistance in overseas locations, making best use of videoconferencing technology, the co-source partner has been asked to expand its remit to include internal audits in certain functional areas within the UK, including IT implementation and finance, where the partner's specialist skills will complement the Group's Internal Audit function.

Risk Committee

The Board also operates a Risk Committee, which meets quarterly and is attended by the Executive Directors and the heads of the functional teams. Each of the functional teams provides a report at each Risk Committee meeting which identifies any matters in their functional area which relates to the Group's principal risks and uncertainties, or to the individual trading companies' risk registers. The minutes of the Risk Committee are reported to the Board, and any key issues raised are discussed at meetings of the Board. The main responsibilities of the Risk Committee are: to keep under review the effectiveness of the Group's overall risk management framework and processes and ensure corrective action is taken where necessary; to make recommendations to the Board/Audit Committee with respect to the appropriate risk appetite for the Group; to review the principal and emerging risks that the Group is willing to take across all major activities, taking into account the risk appetite, the long-term strategy of the Group and the interests of its stakeholders (shareholders, employees, customers/suppliers, the environment and local communities impacted by the Group's activities); to review reports from the functional leads on risks that their teams are encountering in their interactions with the trading companies; to review reports from the trading companies

Principal risks and uncertainties (continued)

on their principal risks and mitigating activities, as well as any emerging risks; and to ensure that a robust assessment of the principal and emerging risks facing the Group has been undertaken annually by reference to risk registers from trading companies and functions. Through the Executive Directors and the Group General Counsel and Company Secretary, the Risk Committee presents to the Board its annual assessment of the principal and emerging risks of the Group, taking into account the existing principal risks of the trading companies, and those tracked by the functional teams, as well as presenting the emerging macro risks, and those emerging risks identified by the trading companies, the impact of which could potentially develop to impact the Group as a whole. This enables the Board to carry out its own robust assessment of the principal and emerging risks of the Group as a whole. The results of that assessment, including risk management and mitigating activities, are set out on pages 44 to 48.

During 2020, the Board realigned the terms of reference of the Risk Committee to bring improvements to the reporting of risk information to the Board and Audit Committee, which supports the Board in determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives, and in monitoring the effectiveness of the Company's risk management and internal control systems.

Risk management systems

The key features of the Group's risk management systems used to identify and monitor material risks are as follows:

- A risk evaluation process commences in the operating companies with an annual exercise to identify the significant operational and financial risks facing the business. Each trading business is required to maintain an up-to-date risk register, which identifies key risks, assigns each a "risk score" based on the likelihood of the identified risk arising and the potential impact on the business of an adverse outcome, both before and after mitigation measures are taken. The risks and their respective risk scores before and after mitigation are reviewed at business level.
- To support this process, each trading company managing director completes an internal control and risk management review questionnaire on an annual basis, which is a robust self-assessment of operational controls and compliance with Group policies, applicable laws and regulations relating to their business. This ensures that managing directors identify risks and relevant mitigating strategies, and have in place adequate control systems to

identify, mitigate and report any weaknesses that require management attention.

- The risk registers and annual reviews are reviewed by Internal Audit, the Risk Committee and the Board. They are used twice a year by the Board to help to determine the Group's principal and emerging risks and uncertainties, their potential impacts, how they are being managed and/or mitigated, and any change in the nature of the risk. Internal Audit uses them to define its areas of focus for the forthcoming period.

Business reporting and performance reviews

The Group operates an annual budgeting process and produces quarterly forecasts which are reviewed and approved by the Board. Monthly results are compared with budget and prior year, and individual business reviews are conducted quarterly, which include a review of financial results. The businesses also compile a three-year strategic plan. The Executive Directors hold quarterly board meetings with each business unit to discuss strategy, financial results and forecasts, business needs and the management of risks facing the business.

Regulatory compliance policies

Whistleblowing

As part of its internal control procedures, the Group maintains a whistleblowing policy which (i) encourages the workforce to report any suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, (ii) provides staff with guidance as to how to raise those concerns, and (iii) reassures staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken. The policy covers any suspicions of criminal activity, failure to comply with any legal obligation, miscarriages of justice, danger to health and safety, damage to the environment, bribery under our anti-bribery and corruption policy, facilitating tax evasion, financial fraud or mismanagement, and breach of our internal policies and procedures including our Code of ethics. The policy is designed to ensure that any employee who raises a genuine concern is protected. Any concerns can be raised in the first instance with the Group Finance Director or the Group General Counsel and Company Secretary in confidence. The Board has overall responsibility for the policy, its application to individual concerns raised under the policy and for reviewing and approving the effectiveness of actions proposed in response to concerns raised under the policy.

Anti-bribery and corruption

The Board is committed to ensuring the highest standards in all of the Group's business dealings and condemns corruption in all its forms. The Group has a formal anti-bribery and corruption statement and policy and does not tolerate or condone corruption or bribery in any of the Group's business dealings. This policy has been implemented throughout the Group and is supported by a Group-wide training and awareness programme and regular compliance reviews through Internal Audit. This policy is reviewed annually by the Board and is available on the Group's website.

Modern slavery

The Board has a zero-tolerance approach to any form of modern slavery and is committed to acting in an ethical manner and with integrity and transparency in our Group's business dealings. The Group has a formal slavery and human trafficking statement and policy which outlines the steps taken by the Group to ensure that slavery and human trafficking is not taking place within any part of the Group's business or within the Group's supply chains. Both the statement and the policy are available on the Group's website.

Viability statement

The Directors have assessed the Group's viability over a three-year period ending 31 December 2023. The Directors have determined that this is the most relevant time period because it is consistent with the Group's three-year outlook in its planning process whereby the Board reviews the Group's strategy and its detailed three-year plan. This is reviewed and considered in light of the Group's current position and prospects together with factors that might affect the three-year plan. The Board

Our Strategic report on pages 1 to 51 was approved by the Board on 10 March 2021.

Eoghan O'Lionaird

Chief Executive Officer

10 March 2021

carefully assesses the performance and prospects of each business regarding entering new markets and geographies, current and expected growth rates, prospective new projects and the timing of such projects and the robustness of individual business performance.

The Group's three-year plan overlays a number of assumptions and sensitivities which are reviewed by the Board; this includes a review of whether additional bank facilities will be required and available in the plan period, as well as a robust assessment of the likely downside sensitivities aligned to the principal and emerging risks facing the Group as set out on pages 44 to 48, and the potential impact of those sensitivities on its business model, future performance, solvency and liquidity over the period, and taking into account the potential mitigating actions, and the effectiveness of the Group's risk management and control systems, as well as current risk appetite. Sensitivities considered included the diverse nature of the markets and geographies in which the Group's businesses operate, and their ability to react quickly to change.

Based on their assessment of the Group's prospects and viability, and in accordance with Provision 31 of the Code, the Directors confirm they have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities, as they fall due, for the period to 31 December 2023.

Corporate governance report

Dear Shareholders

This has been one of the most demanding years that the Company has faced in its 173-year history.

UK Corporate Governance Code

The Board understands that good corporate governance is an important element in helping to build a successful business in a sustainable manner. The UK Corporate Governance Code 2018, publicly available at www.frc.org.uk (the Code) applied to the Company, and this report explains how the Company has applied the Principles set out in the Code. During the year ended 31 December 2020 (and up to the date of this report), the Company has complied with the relevant provisions of the UK Corporate Governance Code 2018, except in two instances, where our approach has differed.

Firstly, as outlined in the Chairman's statement in the 2019 Annual Report, by the time of the Company's AGM in May 2021, I will have served as a Director for a period of 10 years. Whilst the Code recommends that Non-Executive Directors should not serve on a board for more than nine years, the Board requested that I continued to serve as Chairman whilst the Senior Independent Non-Executive Director commenced a search for a new Non-Executive Chairman. This was on the basis that my knowledge and experience of the Company would be of benefit to the CEO appointed on 1 October 2019 and to avoid a change of CEO and Chairman in a relatively short timescale. As announced on 25 January 2021, and as described in more detail in the Nominations Committee report on pages 63 to 65, Angus Cockburn will join the Board as independent Non-Executive Director and Chairman on 1 May 2021 and I will step down from my role as Non-Executive Director and Chairman the previous day.

Secondly, while the Code recommends that Executive Director pension provisions should be aligned with the workforce, as outlined on page 74 of the Directors' remuneration report, changes to the remuneration policy have been proposed for both new appointments and incumbent Directors in respect of aligning pension provision to workforce levels by the end of 2022, in accordance with institutional investor guidelines. Eoghan O'Lionaird's pension provision of 7.5% of salary on joining the Company reflected the mid-point pension provision across the Group. Stuart Kilpatrick's pension provision will step down to 7.5% of salary from 1 January 2023 without compensation.

Strategic review

The Code provides that a board should establish a company's purpose and values as well as its strategy, and that its directors should lead by example and promote the desired culture. Throughout 2020, the Company has been undertaking a detailed strategic review, including how the Company delivers for and engages with its stakeholders, and to review and re-establish the Group's purpose and values. More details of that review are set out in the Chief Executive's review on pages 6 to 11, and the Board is committed to embedding sustainability and the interest of its five key stakeholders into day-to-day decision-making and making them central to delivering the Group strategy.

Engagement with stakeholders

The Code highlights the importance of effective engagement with shareholders and other stakeholders. The Group's key stakeholders and their differing perspectives are identified and taken into account, not only as part of the Board's strategy discussions, but also in our project assessments and in our other Board conversations. These discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders. The Board recognises the importance of regular, open and constructive dialogue with shareholders and other stakeholders and this has long been a key aspect of our culture and of our decision making. More information about how we engage with our stakeholders as part of our Board activities is set out on page 56 and how we do so as a Group is highlighted on pages 26 to 40.

Managing risk

We constantly strive to make sure that our approach to risk management is effective, extending beyond financial risk to a wider range of operational risks. There is a full report on our activities in this area in our Principal risks and uncertainties report on pages 43 to 51. Uncertainty continues following Brexit and the Board maintains its watching brief, although the Board's assessment remains that the overall risk to the Group from Brexit remains low.

Board diversity

We remain committed to ensuring that the Board is balanced, with the Directors having a broad range of knowledge, skills and experience. Diversity is a matter which we consider constantly, our diversity policy is available on the Group website and sets out our aims to ensure an appropriate mix of skills and experience as well as gender and ethnic diversity. More details in relation to diversity can be found in the Nominations Committee report on pages 63 to 65.

Board effectiveness review

In the 2019 Annual Report and Accounts, I provided the action plan agreed by the Board following the 2018 externally-facilitated evaluation of the Board. We completed all of the agreed actions in 2019, apart from those with a longer-term outlook, which have been the focus for 2020. Those have now been put into action with the strategic review, and the establishment of the Group's refreshed purpose and values. Also in 2020 we carried out an internal review of how the Board and its Committees function, and to provide recommendations for ways to improve their overall effectiveness. Details of the process, outcomes and actions are described on page 61.

Malcolm Paul Chairman

10 March 2021

This report is structured around the sections of the Code:

- 1 Board leadership and company purpose**

Details about the Company's purpose, culture and values are set out on page 56

The key activities of the Board during the year and key priorities for 2021 are summarised on pages 57 to 58
- 2 Division of responsibilities**

An explanation of our governance structure is set out on page 59
- 3 Composition, succession and evaluation**

Details of this year's Board evaluation is set out on pages 60 to 61

Report from the Chairman of the Nominations Committee is set out on pages 63 to 65
- 4 Audit, risk and internal control**

Report from the Chairman of the Audit Committee is set out on pages 66 to 71
- 5 Remuneration**

Report from the Chairman of the Remuneration Committee is set out on pages 72 to 87

Details of the Directors' remuneration policy for 2021 is set out on pages 75 to 79

Board of Directors

Chairman



Malcolm Paul

Chairman of the Board and Nominations Committee +

Appointment:

Malcolm was appointed to the Board in February 2011 and was appointed Chairman in May 2018.

Key strengths and experience:

- Extensive business leadership experience.
- Long-term track record of value.

Malcolm is a fellow of the Institute of Chartered Accountants in England and Wales and was a founder and former Finance Director of WSP Group plc between 1987 and 2009. Prior to that Malcolm was a principal at the corporate finance boutique Financial Decisions and an equity partner at Longcrofts, Chartered Accountants.

External appointments:

Chairman of Anthesis Consulting Group, a private equity backed global sustainability consultancy.

Executive Directors



Eoghan O'Lionaird

Chief Executive Officer

Appointment:

Eoghan joined the Group as an Executive Director of the Board in September 2019, and was appointed Chief Executive Officer on 1 October 2019.

Key strengths and experience:

- Strong leadership skills.
- Clear strategic mindset.
- Extensive international experience.
- Commercial and business management.

Eoghan joined from Spectris plc where he was Business Group Director of the Materials Analysis and Test & Measurement segments from February 2014 through June 2019, having previously been President of the Leica Microsystems division of Danaher Corporation in Germany. Prior to that, he spent eleven years at Royal Philips Electronics, latterly as CEO of the Respironics Sleep business unit in the USA. He started his career with Mitsui Kinzoku where he held a number of engineering, commercial and general management positions in Japan, the US and Thailand.

External appointments:

None



Stuart Kilpatrick

Group Finance Director

Appointment:

Stuart was appointed to the Board as Group Finance Director in December 2010.

Key strengths and experience:

- Strong financial and commercial background.
- Broad experience as finance director with international and diverse listed companies.

Stuart is a member of the Institute of Chartered Accountants of England and Wales and qualified with BDO Binder Hamlyn. He was formerly Group Finance Director of Empresaria Group plc, and he previously held senior finance roles with Vodafone Group plc, Charles Baynes plc and Elementis Group plc.

External appointments:

None

Directorships during the year

Fergus Graham resigned from the Board on 20 March 2020.

Key

* Audit Committee

Remuneration Committee

+ Nominations Committee

Independent Non-Executive Directors



Aedamar Comiskey

Senior Independent Non-Executive Director and Chair of the Remuneration Committee *#+

Appointment:

Aedamar was appointed to the Board in November 2014. She was appointed chair of the Remuneration Committee in May 2018 and Senior Independent Non-Executive Director in March 2019.

Key strengths and experience:

- Extensive global business experience.
- In-depth knowledge of legal, regulatory and governance issues for listed companies.

Aedamar is the Global Head of Corporate and a member of the Executive Committee at Linklaters LLP, where she has been a partner since 2001. Aedamar was previously the Senior Board Member on the firm's Partnership Board, its governance body. Aedamar specialises in mergers and acquisitions, joint ventures and fundraisings, and is the lead relationship partner for many of the firm's FTSE clients.

External appointments:

Linklaters LLP and Trustee of Tommy's.



Justin Atkinson

Independent Non-Executive Director and Chairman of the Audit Committee *#+

Appointment:

Justin was appointed to the Board in February 2018 and was appointed chairman of the Audit Committee in May 2018.

Key strengths and experience:

- Significant operational and financial experience through his previous and current roles.
- Substantial experience on boards of listed companies in both executive and non-executive roles.

Justin was formerly Chief Executive Officer of Keller Group plc between April 2004 and May 2015, having previously held the position of Group Finance Director and Chief Operating Officer. Justin was a financial manager at Reuters plc, and trained and qualified as a chartered accountant at Deloitte Haskins & Sells.

External appointments:

Chairman of Forterra plc; Senior Independent Non-Executive Director of Kier Group plc; and a member of the Audit Committee of the National Trust.



Michael Salter

Independent Non-Executive Director *#+

Appointment:

Michael was appointed to the Board in August 2013.

Key strengths and experience:

- Significant operational and strategic delivery experience through a number of senior management roles.
- In-depth knowledge of oil and gas and marine industries.

Michael was formerly Chief Operating Officer at Abbot Group plc and earlier in his career, CEO of Smedvig Limited and Vice President and General Manager of Bawden Drilling UK Ltd and is a Chartered Engineer, Fellow of the Institution of Mechanical Engineers, and a Member of the Institute of Marine Engineering and Technology.

External appointments:

None



Inken Braunschmidt

Independent Non-Executive Director and the Non-Executive Director for Employee Engagement *#+

Appointment:

Inken was appointed to the Board on 1 March 2019.

Key strengths and experience:

- Strategy development.
- Digital innovation.
- Diversity & Inclusion.
- Significant operational experience through her previous and current roles.

Inken is Chief Innovation and Digital Officer and member of the Executive Board at Halma plc. Prior to joining Halma plc in 2017, Inken spent 13 years at RWE AG, the German energy giant and its renewables subsidiary innogy SE, where she held various international leadership roles focusing particularly on strategy, innovation, digital transformation and change management. Inken studied Innovation & Technology at Kiel University and has a PhD in Technology Management. Inken is committee member of the Royal Academy of Engineering Enterprise Hub.

External appointments:

None

Corporate governance report (continued)

Board leadership and company purpose

Board focus in 2020

Through the course of 2020 the Board has, at the same time as the regular cycle of annual reporting and planning processes, focused on a few strategically important areas:

- Covid-19: at the start of the pandemic, the Board established its priorities: to keep our people safe; preserve as many jobs as possible, and protect the interests of the company and its stakeholders.
- Corporate purpose: the Board has reassessed and redefined the Group's corporate purpose during the course of 2020, which defines how the Group sustainably creates value for all its stakeholders. More details can be found on page 12.
- Strategy: the Board has revisited the Group's strategy to create a plan for sustainable growth in shareholder value for the future. We plan to update shareholders later in 2021.

Purpose, culture and values

The Board recognises the importance of its role in building a sustainable business by setting the tone of James Fisher's culture and embedding it throughout the Group. Our core values and our Code of ethics (the behaviours we expect) underpin everything that we do and set out the type of organisation we want to be. Everyone who works for and with us is asked to strive to comply with these.

The Executive Directors have a critical role in setting the tone of our organisation and demonstrating our valued behaviours. Various indicators are used to provide insight into our culture, including employee engagement and health and safety. We regularly assess the state of our culture, through activities such as compliance reviews and we address behaviour that falls short of our expectations. Following the review of the Group's corporate purpose and our values, the Board tasked the senior leadership to embed the purpose and values into each of their businesses and the Board monitored the success through the employee engagement survey.

Engaging with stakeholders

The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by the Executive Directors (as well as representatives from the Group's businesses and functions who are invited to present to the Board), and also by direct engagement with stakeholders themselves. On pages 26 to 40 of our Strategic report, we set out our principal stakeholders, how we engage with them, the issues which are important to them and how we respond. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Board activities during the year

The Non-Executive Directors were expected in 2020 to make visits to businesses in the Group to meet employees and to enhance their knowledge of operations, including the services and products and how they are provided to our customers and to strengthen their contribution to Board debate. Due to the restrictions imposed as a result of the global pandemic, Board members have not been able to make physical visits to Group premises. Instead, employee engagement activities have been moved online, with operating managing directors and functional heads asked to attend certain Board and Committee meetings. In particular, the Board's review of strategy involved presentations from each of the Group's operating management teams in an in-depth analysis of individual strategic plans and application of the Group purpose. The Non-Executive Directors also received presentations from management on key strategic plans, including relating to individual businesses and markets, as well as from the Group Head of Human Resources.

Key activities of the Board during the year and key priorities for 2021:

Topic	Key activities and discussions in 2020	Risk management framework	Key priorities for 2021
Strategy	<ul style="list-style-type: none"> Reviewed and approved the corporate strategy, assessing stakeholder alignment and interests. Reviewed and restated corporate purpose and valued behaviours. Reviewed and approved acquisitions. Reviewed and approved major capital investments. Reviewed impairment to vessels and goodwill. Oversaw response to pandemic. Reviewed financial key performance indicators (KPIs). Considered and approved the Group's dividend policy. 	<ul style="list-style-type: none"> Financial risk. Project delivery. Operating in emerging markets. Pandemic risk. Climate change. 	<ul style="list-style-type: none"> Approve the corporate strategy and keep under review by reference to stakeholder interests. Embed new corporate purpose and valued behaviours. Consider acquisitions and determine appropriate course of action. Consider further capital investments. Maintain readiness to respond to pandemic changes. Keep financial KPIs under review. Keep the Group's dividend policy under review.
Risk and risk management	<ul style="list-style-type: none"> Responded quickly to Covid-19 pandemic, with actions taken to protect the safety and wellbeing of the workforce and to protect the Company. Carried out a robust assessment of principal key risks, monitored and reviewed the internal controls process, and assessed the Group risk profile (see the Principal risks and uncertainties section starting on page 43 for more detail). Reviewed the potential impact of Brexit on the business. Monitored compliance with key Group policies. 	<ul style="list-style-type: none"> Health and safety. Project delivery. Operating in emerging markets. Contractual risk. Pandemic risk. 	<ul style="list-style-type: none"> Continue to monitor the impacts and developments in relation to the Covid-19 pandemic. Review key risks and ensure that the Group continues to develop and embed best practice for risk management. Continue to monitor the impact of developments related to Brexit. Continue to monitor compliance with the key Group policies.
Governance	<ul style="list-style-type: none"> Continued to focus on the composition, balance and effectiveness of the Board, in particular in relation to the process to appoint a new Chairman. Reviewed the key operational roles and identified gaps in experience needed to deliver the strategy. Reinforced compliance with Code of ethics, a document which sets out the Group's culture and values, all in accordance with the principles of good corporate governance. Engaged with institutional shareholders, investors and other stakeholders throughout the year. Separate Non-Executive Director sessions held with the Chairman to discuss leadership and other Board matters. Reviewed and approved the 2020 Annual Report and Accounts. Reviewed recommendations from the designated Non-Executive Director for employee engagement. 	<ul style="list-style-type: none"> Recruitment and retention of key staff. 	<ul style="list-style-type: none"> Ensure that the Company continues to develop and embed best practice in responsible business behaviour. Maintain and enhance the Group's culture and values and key policies and procedures. Continue to strengthen internal controls and reporting. Further understanding and planning actions in response to new regulations over the period.

Corporate governance report (continued)

Stakeholder	Key activities and discussions in 2020	Risk management framework	Key priorities for 2021
Organisational capacity	<ul style="list-style-type: none"> Monitored health and safety performance across the Group. Regular Board updates received on actions improving health and safety. Health and safety governance and reporting reviewed and enhanced. Reviewed the governance framework and continued training and awareness drives for key policies. Supported by the Nominations Committee, monitored senior executive talent management and development plans with succession planning for all key positions in mind. Approved new employee strategy. 	<ul style="list-style-type: none"> Health and safety environment. Contractual risk. Recruitment and retention of key staff. 	<ul style="list-style-type: none"> Continue to monitor senior executive talent management and development plans to provide succession for all key positions. Continue to enhance the diversity across the Group. Continue to hold meetings with people in the senior talent pipeline to further improve information flow. Monitor key initiatives under employee strategy.
Board development	<ul style="list-style-type: none"> Continued to focus on the composition, balance and effectiveness of the Board. Reviewed Board composition, diversity, and discussed and acted on the recommendations of the Nominations Committee. Undertook an internal evaluation of the Board, its Committees and individual Directors, and developed an action plan. 	<ul style="list-style-type: none"> Recruitment and retention of key staff. 	<ul style="list-style-type: none"> Enhance the Board's strategic understanding of key markets as the Group continues to grow. Increase number of Board visits to promote understanding of markets and the business development opportunities they offer, and to promote employee engagement with Board. Annual internal evaluation of Board and Committee performance.

Board meetings

The Board and Board Committees held a number of scheduled meetings in 2020 and individual attendance is set out in the table on page 60. Additional unscheduled meetings were held as and when required, for example in response to the Covid-19 pandemic

To enable the Board to discharge its duties, the Chairman ensures that all Directors receive accurate, timely and clear information on all relevant matters in advance of the Board meetings, including comprehensive financial and business reports covering the Group's principal activities. All Directors received papers for all meetings and had the opportunity to comment in advance of meetings they were unable to attend.

Should Directors judge it necessary to seek independent legal advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Directors also have access to the advice and services of the Group General Counsel and Company Secretary.

The Group General Counsel and Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. The Group General Counsel and Company Secretary also advises the Directors on any important changes in legislation, regulation and best practice.

Division of responsibilities

The Board

Chaired by Malcolm Paul

Meets regularly, with six scheduled meetings during the year.

The Board is responsible for providing effective leadership to the Group. The Board is responsible for steering the Group's purpose, culture and values, for setting the Group's strategic priorities and overseeing their delivery in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls. It has a schedule of key matters which are reserved for its own decision-making, which is reviewed annually and approved by the Board.

Chairman

- Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors.
- Regularly meets with the Chief Executive Officer, the other Executive Directors and other senior management to stay informed.
- Ensures effective communication with our shareholders.

Senior Independent Non-Executive Director

- Provides a sounding board to the Chairman and appraises his performance.
- Meets with Directors to review the Chairman's performance. This review is then shared with the Chairman.
- Acts as intermediary for other Directors, if needed.
- Available to respond to shareholder concerns when contact through the normal channels is inappropriate.

Non-Executive Directors

- Contribute to developing our strategy.
- Scrutinise and constructively challenge the performance of management in the execution of our strategy.

Non-Executive Director for Employee Engagement

- Responsible for representing the voice of our colleagues in the boardroom.
- Provides a regular platform for the independent element of the Board to have direct conversations with the employees, individually and in group settings, to gain insights into their experiences, concerns and perspectives, and to better understand whether the cultural change is already underway.

Executive Directors

- Responsible for management of the Group as a whole.
- Delivers strategic objectives within the Board's stated risk appetite.
- Responsible for management of Group finances and records.

Nominations Committee

Chaired by Malcolm Paul

Meets at least once a year.

Reviews the structure, size and composition of the Board (including skills, knowledge, diversity and experience) and recommends changes, succession planning for Directors and senior executives.

Identifies and nominates candidates for approval to the Board, to fill vacancies when they arise.

The Nominations Committee report on pages 63 to 65 describes in detail the Committee's role and activities.

Audit Committee

Chaired by Justin Atkinson

Meets a minimum of three times a year.

Assists the Board in its oversight and monitoring of financial reporting, reviews the Group's internal financial controls and systems for risk management and internal controls and assesses independence and objectivity of external auditor.

The Audit Committee report on pages 66 to 71 describes in detail the Committee's role and activities.

Remuneration Committee

Chaired by Aedamar Comiskey

Meets at least once a year.

Agrees the remuneration policy for Executive Directors and other senior executives; reviews the appropriateness and relevance of the Group's remuneration policy; and ensures that the provisions of the Code relating to remuneration are fulfilled.

The Directors' remuneration report on pages 72 to 87 describes in detail the Committee's role and activities.

Special Purposes Board Committee

Consisting of the Chairman and the Executive Directors

Meets according to business requirements.

Empowered, under written terms of reference, to take actions relating to the affairs of the Company in the normal course of business and of a routine nature, subject to such limits as the Board in its discretion determines.

Disclosure Committee

Consisting of the Chairman, the Executive Directors and the Group General Counsel and Company Secretary

Meets when necessary.

Oversees the Company's compliance with its disclosure obligations.

Group Health and Safety Committee

Chaired by Eoghan O'Lionaird

Meets on a quarterly basis.

Discusses all health and safety issues including incidents, mitigating actions and training requirements and reports recordable safety incidents to the Board.

Group Sustainability Committee

Chaired by Eoghan O'Lionaird

Meets on a regular basis.

Identifies, monitors and coordinates the Group's sustainability commitments, working with sustainability "champions" from each trading business.

Group Risk Committee

Chaired by Eoghan O'Lionaird

Meets on a quarterly basis.

Identifies and monitors operational risks throughout the Group, supports the internal control and risk management strategy and policy.

Executive Team

Chaired by Eoghan O'Lionaird

Consisting of the Chief Executive Officer, Group Finance Director, Head of Corporate Development, Group General Counsel and Company Secretary, Group Head of Human Resources, Group Business Development Director and Group Financial Controller.

Meets monthly.

Responsible for supporting the Executive Directors in the exercise of their delegated authority from the Board and the day-to-day operation of the Group.

Operating Divisions

Day-to-day business delivery.

Executive Directors meet on at least a quarterly basis and have monthly performance management calls with managing directors of principal businesses.

Corporate Functions

Day-to-day business delivery.

Executive Directors and heads of corporate functions meet at the Risk Committee on a quarterly basis.

Corporate governance report (continued)

Board and Committee scheduled meetings attendance	Board	Audit Committee	Remuneration Committee	Nominations Committee
Total number of scheduled meetings during 2020	7	3	5	4
Executive Directors				
Stuart Kilpatrick	7	N/A	N/A	N/A
Eoghan O'Lionaird	7	N/A	N/A	N/A
Non-Executive Directors				
Malcolm Paul	7	3	5	4
Aedamar Comiskey	7	3	5	4
Michael Salter	7	3	5	4
Justin Atkinson	7	3	5	4
Inken Braunschmidt	7	3	5	4
Former Directors				
Fergus Graham ¹	2	N/A	N/A	N/A

¹ Fergus Graham resigned from the Board on 20 March 2020

Composition, succession and evaluation

Details about the current composition of the Board are set out in the biographies of the Director on pages 54 to 55.

Board diversity

The Board fully understands the importance of diversity in creating a successful and sustainable business. The Board is committed to increasing diversity in its widest sense, including gender, ethnicity, diversity of thought, tenure, age, experience, skills, geographical expertise, educational and professional background.

In its Board diversity policy, the Board set its own target of having two women on the Board, which, as at the date of this report, has been met. However, the Board acknowledges the recommendations made by the Hampton-Alexander review including its target of 33% representation of women on boards by the end of 2020 and will keep this under review.

The Board targets having a Director from an ethnic minority background by 2024. As at the date of this report the Board has no Directors from an ethnic minority background.

The Executive comprises seven individuals, two of whom are women.

Board evaluation

At the end of each year, the Board undertakes an annual evaluation of its own performance and that of the Remuneration, Nominations and Audit Committees and the Chairman against the framework of Board effectiveness produced by the FRC.

The 2020 performance evaluations were designed to assist the Board in identifying strengths and weaknesses and areas for further improving performance and required each Director to complete in confidence a detailed questionnaire relating to key aspects of Board performance, and performance of the Board's principal Committees. The review included an analysis of the Board's and Committees' performance in key areas including corporate governance, structure and procedures, strategy, and effectiveness, risk management and control and communications with shareholders and other stakeholders. The results of the evaluation were collated and reported to the Board via the Chairman with recommendations for further consideration and action as appropriate.

The 2020 review concluded that the Board functions well as a unit and provides a good balance of support and challenge to management. With the last externally-facilitated Board evaluation conducted in 2018, the Board will be conducting a similar process in 2021, led by the new Chairman.

The annual review of individual Directors' performance was conducted internally. The Chairman's performance was reviewed by the other Non-Executive Directors led by the Senior Independent Non-Executive Director and taking into account the views of the Executive Directors. The performance of the Executive Directors was reviewed by the Non-Executive

Directors with the Chairman in attendance. The Chairman and the Executive Directors reviewed the performance of each of the other Non-Executive Directors. The Board considers that each Director continues to contribute effectively and to demonstrate commitment to the role.

The schedule and summary of findings for Board evaluation is set out below:



Corporate governance report (continued)

Training and development

On-going training and development for Directors is available as appropriate and is reviewed and agreed with the Chairman annually. Specific and tailored updates were provided by external advisers and management to the Audit, Nominations and Remuneration Committees. Key themes included trends and changing disclosure requirements regarding financial and narrative reporting, accounting and auditing standards and remuneration developments. During the year the Board also received reports from the Group General Counsel and Company Secretary on compliance, as well as current legal and governance issues. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group tailored to their previous experience. This includes information on the operational performance and business of the Group and details of Group strategy, corporate governance and Board procedures. Assisted by the Group General Counsel and Company Secretary, the Chairman has responsibility for these induction programmes, and also for the Board's training and professional development.

Audit, risk and internal controls

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and for ensuring that the Company maintains sound risk management and internal control procedures. More information in relation to those principal risks, the Group's approach to mitigating them, and the risk management and internal control procedures within the Group are set out in the Strategic report on pages 43 to 51.

On behalf of the Board, the Audit Committee monitors the Group's risk management and internal control process and reviews its effectiveness on an on-going basis. This is part of an established process, in accordance with the Code and the Financial Reporting Council's (FRC) associated Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, for the identification, evaluation and management of the significant risks facing the Group, which operates and is reviewed continually throughout the year. The Group's internal control systems are designed to provide the Board with reasonable assurance as to the effective and

efficient operation of the Group and to ensure the quality of internal and external reporting and compliance with all applicable laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable and not absolute assurance.

As part of its internal control procedures, the Group maintains policies and processes for whistleblowing, anti-bribery and corruption and to uphold its zero-tolerance approach to any form of modern slavery. More information in relation to those policies are included in the principal risks and uncertainties section of the Strategic report on pages 43 to 51 and in the non-financial information statement on pages 41 and 42.

The Board has carried out a robust assessment of the overall effectiveness of the Group's system of internal controls and risk management procedures; and of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and of emerging risks. This included a process of self-certification by the management teams of each trading business in which they were asked to confirm that their businesses have complied with Group policies and procedures. Details of the report on the review of the effectiveness of the risk management and internal control systems is included in the principal risks and uncertainties section of the Strategic report on pages 43 to 51.

In addition, it involved reviewing the results of the work of the Group's internal audit function and the risk and management processes identified above.

Financial and business reporting

The Board considers that the Annual Report and Accounts taken as a whole present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. More information about how this assessment was made is set out in the Audit Committee report on pages 66 to 71.

The going concern assessment is set out in the Directors' report on page 88; the viability statement is set out in the principal risks section of the Strategic report on page 51; and the Strategic report on pages 12 to 13 sets out an explanation of the Company's business model and the strategy for delivering the Company's objectives.

Nominations Committee report

The Nominations Committee reviews the leadership and succession needs of the Company and ensures that appropriate procedures are in place for nominating, training and evaluating Directors.

Overall, our objective is to ensure that the Board is balanced, with the Directors having a broad range of knowledge, skills and experience. We recognise the benefits of a diverse senior leadership team, including diversity of gender, social background and ethnicity which are designed to ensure the team work together effectively for the benefit of the Company as a whole.

2020 under review

In March 2020 the Company announced that Fergus Graham had stepped down from the Board and from his role as Marine Support Division – Director.

The Committee has continued its programme of planning for succession and diversity at Board and senior management levels. In particular, the Senior Independent Non-Executive Director led the process for the successful appointment of Angus Cockburn as Non-Executive Chair in succession to Malcolm Paul who will be retiring from the Board on 30 April 2021.

We are also focused on aligning the needs of the Group at Board and senior management levels to meet the recommendations of the Hampton-Alexander Review and Parker Report. Although we have made progress through the year, this remains at the forefront of the Committee's agenda.

During the year under review the Nominations Committee's priorities were:

- to scope the key skills, experience and requirements for succession planning for the Board, in particular the succession planning for the role of Non-Executive Chair;
- to keep under review succession planning at the Executive Director level and to support succession planning at senior management levels; and
- to monitor the Group's progress towards increasing the relative number of women in senior management positions.

Appointments to the Board and succession planning

The Committee leads the process for Board appointments and makes recommendations to the Board. Appointments are made on merit, against objective criteria, with due regard to the benefits of diversity on the Board, including gender and ethnicity. The Committee adopts a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, working with a number of independent executive search consultants, none of which have any connection to the Company or any individual director, other than in assisting and facilitating in the search for senior management.

During 2020, the Nominations Committee conducted a search for a new Non-Executive Chair, led by the Senior Independent Non-Executive Director, Aedamar Comiskey, who was supported by the external search firm Korn Ferry. On the instruction of the Committee, Korn Ferry focused on diversity in its broadest sense in identifying candidates for the role, resulting in a shortlist with 50% female representation.

Membership	Since
Malcolm Paul - Chair of the Nominations Committee	2011
Michael Salter	2013
Aedamar Comiskey	2015
Justin Atkinson	2018
Inken Braunschmidt	2019

Key objectives

Reviewing the composition of the Board and succession planning.

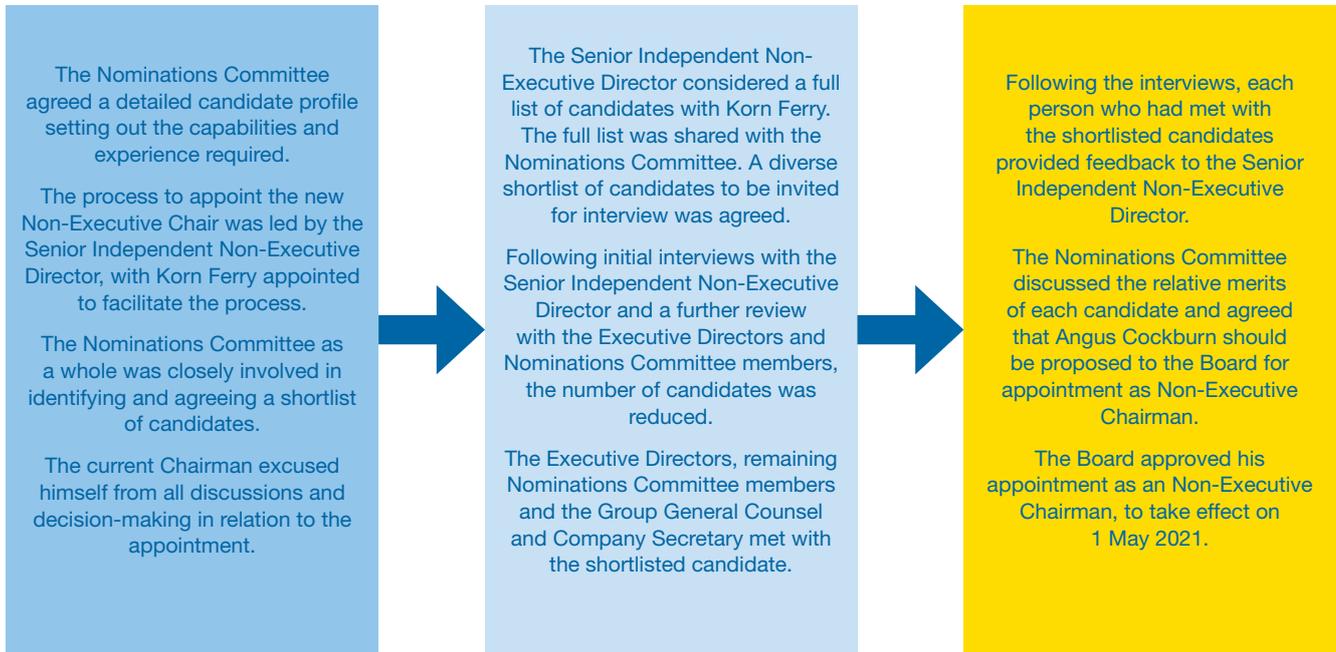
Key responsibilities:

- To regularly review the structure, size and composition of the Board (including skills, knowledge, independence and experience) and recommend changes.
- Succession planning for Directors and senior executives of both the Company and the operating businesses.
- Identifying and nominating for approval to the Board, candidates for Board positions.

The terms of reference are available on the Group's website.

Meets at least once a year. During 2020 the Nominations Committee met 4 times.

Nominations Committee report (continued)



The above graphic sets out the how the process was undertaken by the Nominations Committee which led to an announcement on 25 January 2021 that Angus Cockburn will join the Board as Chair and Non-Executive Director with effect from 1 May 2021. It was felt that the experience gained in Angus’ external roles would broaden and deepen the knowledge and experience of the Directors collectively, which in turn benefits the Company.

Time commitments

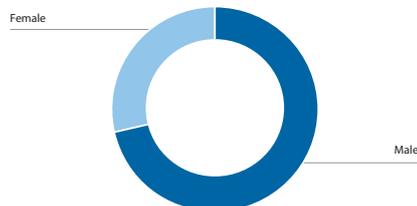
We keep under review the time commitments of the Directors to ensure that they have sufficient time to discharge their duties effectively. As part of the process of Angus Cockburn’s appointment to the Board, we assessed the time commitments required by his other roles, as well as noting the significant executive and non-executive experience that he would bring to the Board.

Board composition and diversity

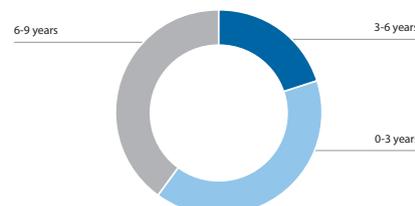
There were seven Directors on the Board as at 31 December 2020, comprising the Non-Executive Chairman, Chief Executive Officer, Group Finance Director and four independent Non-Executive Directors. The names and biographical details of the members of the Board are set out on pages 54 and 55.

The majority of the Board are independent Non-Executive Directors. The Company judged the Chairman to be independent at the time of his appointment, and considers all other Non-Executive Directors to be independent under the terms of the Code.

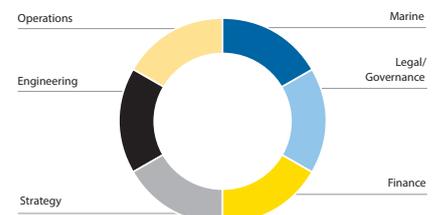
Board diversity



Non-Executive Board tenure



Board skills matrix



The Nominations Committee unanimously recommends the re-election of each of the Directors at the AGM scheduled for 29 April 2021, noting that Malcolm Paul will only serve until 30 April 2021, with the appointment of Angus Cockburn effective from 1 May 2021. In making this recommendation the Board members have evaluated each Director in terms of their performance, their commitment to the role and their capacity to discharge their responsibilities in an effective manner given their other time commitments and responsibilities.

I believe the Board functions effectively and efficiently and is appropriate for a Group of our size. The Board carries out an internal Board evaluation each year, and details of the 2020 evaluations are set out on pages 60 to 61. The Board considers that each Director demonstrates the knowledge, ability and experience required to perform the functions of a director of a listed company and is of the calibre necessary to support and develop the Company's long-term strategy and success. The Board also considers that no individual or small group of individuals dominates discussions or the decision-making process.

Diversity is a matter we consider constantly to ensure we benefit from the right balance of skills, range of experience, thought leadership and knowledge. That balance is derived from effective diversity which the Board considers to be an important factor in its own composition and throughout the Group. Diversity arises from a number of potential sources, including in respect of gender, ethnicity age, cultural background, religious belief, sexual orientation or disability. The Board's intention is to maintain diversity in all its senses in its own constitution, and to encourage the same throughout the organisation. While being aware of the Hampton-Alexander Review's revised targets, the Company has two women on the Board representing 29% of Directors, and we acknowledge the requirement to work towards the Parker Report target on ethnic diversity however, we will continue to recommend appointments to the Board based on merit and the individual skills and experience that each candidate would bring. The Board's diversity policy, which is always kept under review, is available on the Group website and sets out our aim to ensure an appropriate mix of skills, experience, age and knowledge, as well as gender and ethnic diversity.

The Chief Executive Officer chairs a senior leadership executive team of seven people, with women representing 29% of the team. Apart from creating a forum to bring together a range of specialist skills and experience it also acts as a platform for our succession strategy into the future. Within the wider leadership team, women represent 42% of those reporting to members of the Executive team, and fill two of the four leading roles in our principal operating divisions.

The Board remains committed to ensuring that all our employees have an equal chance of developing their careers within our business. We have created an internal Group diversity policy encouraging our employees to realise their full potential in an environment of trust, honesty and respect. A series of diversity and inclusion initiatives have been launched during 2020. These initiatives are aimed at increasing diversity across the Group, recognising the challenging backdrop of just 12% of the engineering workforce in the UK being women with professional engineering qualifications and only 8% of engineers and technicians coming from a black, Asian and minority ethnic background.

During 2020, due to the pandemic, the UK Government took the decision to suspend enforcement of the gender pay gap deadlines for this reporting year, and announced that there was no expectation on employers to report the gender pay gap data. Relevant companies within the Group intend to resume their reporting in 2021, including the voluntary Group level report, which will be included in the 2021 report.

More information about our employees, the Group's employment policies, and the Group's commitment to equal opportunities and diversity can be found on pages 29 to 31 and page 89.

Malcolm Paul Chairman of the Nominations Committee
10 March 2021

Audit Committee report

Dear Shareholders

I am pleased to present the report of the Audit Committee for the year ended 31 December 2020.

The Audit Committee and the work it performs are of fundamental importance to the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chairman of the Audit Committee it is my responsibility to ensure that the Audit Committee fulfils its responsibilities in a rigorous and effective manner.

2020 has been a challenging year for the Group as a result of the impacts of the Covid-19 pandemic, including on the working conditions that all of our employees and specialist advisers have had to adapt to and in making best use of videoconferencing technology. I'd like to acknowledge the efforts of the Group's finance team and our external auditors in responding resiliently to those challenges. To account for the challenges of the pandemic, the Company took the early decision to push our reporting timetable back by one week.

The Audit Committee remains focused on ensuring compliance with the UK Corporate Governance Code 2018 (the Code) and is committed to ensuring the highest standards of corporate governance. In line with the Code, this report seeks to focus on specific aspects considered by the Audit Committee during the year and aims to provide assurance to our shareholders that the control environment of the Group is being properly supervised and monitored.

I am satisfied that the Audit Committee is properly constituted with written terms of reference, which include all matters referred to in the Code and is provided with good quality information to allow proper consideration to be given to topics under review. I am also satisfied that meetings are scheduled to allow sufficient time for discussion and to ensure that all matters are considered fully. The Audit Committee's terms of reference are available on our website.

Of particular importance is the requirement to ensure that the Group's financial reporting is fair, balanced and understandable. We therefore review all the Group's financial reports before publication, including where necessary alternative performance measures, and we are satisfied that they provide a fair, balanced and understandable assessment of the Group's position and performance.

This year the Audit Committee has focused on reviewing the Group's systems of risk management and internal controls as the Group continues to grow and increase in complexity, as well as ensuring the integrity of the Group's public financial reporting. 2020 has seen a focus on reviewing the integrity of our systems and processes in light of the alternative working conditions to which our employees have had to adapt. In relation to the UK's departure from the EU, our businesses have adapted well and the Group has to date not felt any material impact, although we continue to keep this under review. Our view remains that the UK's departure will not have a material impact on the Group given the relatively small amount of relevant cross border transactions.

Membership	Since
Justin Atkinson, chairman of the Audit Committee	2018
Michael Salter	2013
Aedamar Comiskey	2014
Inken Braunschmidt	2019

Key objectives

To monitor the integrity of the Group's reporting process and financial management and to ensure that risks are carefully identified and assessed and that sound systems of risk management and internal controls are in place.

Key responsibilities:

- The accounting principles, policies and practices adopted in the Group's accounts.
- Reviewing external financial reporting and associated announcements.
- Managing the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the award of non-audit services.
- Initiating and supervising a competitive tender process for the external audit when next required.
- The resourcing, plans and effectiveness of Internal Audit.
- The adequacy and effectiveness of the internal control environment.
- The Group's risk management processes and performance.
- The establishment and oversight of fraud prevention arrangements.
- The provision of advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

Met three times during the year.

Audit Committee composition

The Board is satisfied that as chair of the Audit Committee, Justin Atkinson has significant and relevant financial experience being a chartered accountant who formerly served as finance director of a FTSE 250 company, and also serves as a member of the audit committee of another UK listed company. He has been attending audit committee meetings for over 20 years. The members of the Audit Committee collectively have broad financial, commercial, professional and technical experience and as a whole are considered to have competence relevant to the sectors in which the Group operates. Audit Committee attendance is shown on page 60. Details of the Audit Committee's specific responsibilities and how it exercises those responsibilities are set out in the remainder of this report. The Board and the members of the Audit Committee separately evaluate the performance of the Audit Committee each year and, although the Committee continues to look for continuous improvement, are satisfied that the Audit Committee discharges its duties and responsibilities in accordance with its terms of reference.

Audit Committee meetings

The Audit Committee had three scheduled meetings during the year in February, August and November, on dates to coincide with the financial reporting cycle. In addition to the Audit Committee members, the Chairman, Chief Executive Officer, Group Finance Director, Group General Counsel and Company Secretary, the internal auditor, the Group financial controller and other senior members of the finance team attended parts of each meeting by invitation, together with representatives of the external auditor, including the reporting partner.

At each scheduled meeting the Audit Committee provides the opportunity to discuss matters privately with the external auditor and the internal auditor. In addition, the chairman of the Audit Committee holds regular meetings with the reporting partner of external auditor, KPMG LLP (KPMG) to discuss matters related to the Group.

The first meeting in February 2020 considered the accounting, financial control and audit issues reported by KPMG that flowed from their audit work and reviewed the financial statements and specific disclosures, including the viability and going concern statements, for recommendation to the Board. In addition to standard agenda items, the February meeting also received evaluations of the external and internal audit process and reviewed the procedures and outputs for the identification, assessment and reporting of risk.

The August meeting received a review by KPMG of the Half Year results and considered the accounting, financial control and audit issues arising to enable the Audit Committee to review the Interim Statement and recommend it to the Board. The August meeting also reviewed the planning memorandum for the annual audit, including proposed scope and key risks, together with an indication of the proposed audit fee, which was subject to subsequent agreement.

The November meeting considered a detailed report from internal audit on their work for the year, approved the internal audit programme for 2021, considered a report from the KPMG updating the audit plan and strategy for 2021 and an overview of various reviews of the audit profession, as well as consideration of the plan and documentation for the internal evaluation of the Audit Committee, the external auditor and internal audit.

Financial reporting

The Audit Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both senior management and the external auditor, the appropriateness of the Group's Interim Statement and Annual Report and Accounts, with particular focus on:

- whether suitable accounting policies have been adopted and properly applied;
- the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements; and
- whether management has made appropriate estimates and judgements in material areas or where there has been discussion with or issues raised by the external auditor; and whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

To facilitate its financial reporting responsibility, the Audit Committee received reports from KPMG at each of the scheduled Audit Committee meetings.

Audit Committee report (continued)

Fair, balanced and understandable

In making its assessment the Board has taken into account its own knowledge of the Group, the markets in which the Group operates, its strategy and performance in the year, a review of content of the Annual Report and Accounts and other periodic financial statements and announcements, together with the recommendation from this Audit Committee. Key considerations include ensuring that there was consistency between the accounts and the narrative provided in the front half of the Annual Report and Accounts, and that there was an appropriate balance between the reporting of weaknesses, difficulties and challenges (in particular with reference to the Group's principal risks and uncertainties, as set out on pages 43 to 51), as well as successes, in an open and honest manner.

Significant issues and accounting judgements

The Audit Committee has a primary responsibility to review the integrity of the Annual Report and Accounts and the Interim Statement of the Company, which includes the review and discussion of papers prepared by management and takes account of the views of the external auditor. The key areas reviewed in the 2020 financial year are as follows:

APMs and separately disclosed items

The Committee gave careful consideration to the judgements made in the disclosure of alternative performance measures as set out in note 2, and of separately disclosed items set out in note 5. In particular, the Committee sought to ensure that the treatment followed consistent principles and that reporting in the accounts is suitably clear and understandable. The Committee considered the appropriateness of items included within separately disclosed items and concluded that the judgements made are appropriate.

Vessel valuation

The Audit Committee considered the Group's carrying value of the Groups vessels, in particular in respect of two dive support vessels within Marine Support. Despite current market conditions meaning there is little external evidence of recent similar vessel sales, the Committee reviewed management's estimate of fair market value, which was made with reference to third party valuations and management experience, and is based on an orderly transaction between market participants. The Committee considered management's valuation and resulting impairment of £31.6m to be reasonable and appropriate.

Goodwill valuation

The Audit Committee considered the Group's carrying value of goodwill and impairment reviews based on underlying assumptions, together with the achievability of long-term forecasts and the discount rates applied to forecast cash flows. Senior management provided detailed analysis to determine the sensitivity of the outcome to changes in key assumptions and we are satisfied that the judgements made are both reasonable and appropriate.

Operations in overseas jurisdictions with uncertain legislation

Due to the diverse nature of the territories in which the Group operates often with local partners, there is an inherent commercial and financial risk arising from operating in these locations. This is particularly prominent in the Group's operations in emerging markets which continue to expand, due to a potentially more uncertain legislative, political and regulatory environment. The Audit Committee received regular updates on the operational and financial performance of the Group's business operations in these territories together with the assessment of areas where specific judgements have been necessary.

Revenue recognition and contract disputes

The estimation of contract margin and the level of revenue and profit to recognise in a single accounting period require the exercise of management judgement. In addition the Group has a number of projects where payments of amounts invoiced or considered due under of the contract have yet to be paid. The Committee reviewed key estimates and judgements applied in determining the financial status of the more significant projects.

The Audit Committee considered the matters set out above and how they were tested and reviewed, including the judgements and disclosures and representations made.

Going concern

The Audit Committee reviewed the appropriateness of the going concern assumption on page 88 in preparing the financial statements. This included a review of papers prepared by senior management in relation to the Group's internal budgets, forecasts of future performance, available financing facilities and facility headroom. Taking account of the impact of the Covid-19 pandemic and other possible changes that may impact trading performance as well as other factors that might affect availability, we expect the Group to maintain the appropriate headroom under its borrowing facilities for the forthcoming year. We are satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.

Viability statement

The Audit Committee reviewed the Company's viability statement set out on page 51 and in particular took care to understand the analysis which was prepared by management, and supports the Board's view that the Company will be able to continue in operation and meet its liabilities as they fall due over the period assessed. The analysis included a review of the Group's three-year plan which overlays a number of assumptions and sensitivities, including the need for and availability of additional bank facilities, an assessment of the likely downside sensitivities aligned to the Group's principal risks, and the potential impact of those sensitivities on its business model, future performance, solvency and liquidity over the period, and taking into account the potential mitigating actions, and the effectiveness of the Group's risk management and control systems, as well as current risk appetite. Sensitivities considered included the diverse nature of the markets and geographies in which the Group's businesses operate, and their ability to react quickly to change.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control systems, including financial, operational and compliance controls. The Audit Committee is responsible for monitoring and reviewing the effectiveness of these systems and the Group's internal audit function. The Board received regular reports throughout the year from the Group Risk Committee and we have reviewed the Group's systems of risk management and internal controls, including financial, operational and compliance controls, and have concluded that the systems are sound and effective. Reports on material internal control failings are referred to the Audit Committee for review and oversight to ensure that appropriate and timely actions are identified and completed. During the year there were no material instances of internal control failure brought to the attention of the Audit Committee. A more detailed summary of the Group's risk management and internal control systems is set out in the principal risks and uncertainties section on pages 43 to 51, along with a description of some of the actions taken and planned to bring improvements to those controls.

Anti-bribery and corruption

We have an established anti-bribery and corruption policy aimed at ensuring adherence to the associated legal and regulatory requirements. The policy includes sections in relation to:

- the Group's zero tolerance approach to payment of bribes.
- the reasonableness and proportionality of offering or receipt of gifts or hospitality.
- the appointment and management of third parties who are engaged to assist with our sales and marketing activities, including approval via procedures which include appropriate internal and external due diligence and authorisation. The Group tracks its agent relationships and reports them back to the Board on a regular basis.
- the Group's condemnation of facilitation payments.

The Group has anti-bribery and corruption training in place which is provided on induction, and each business maintains a training log for its people which is reported back to the Audit Committee via internal audit twice annually.

External audit performance

The Audit Committee continually assesses the performance of the external auditor, KPMG, from the initial planning stage when they receive and discuss the audit plan and proposed strategy, approach, objectives, significant risk areas and other areas of focus, drawing on input from the Group's senior management, until conclusion of the audit. The Audit Committee conducts annually a formal assessment of the external auditor's performance based on its own experience and that of the Group's senior management. This process includes the use of questionnaires which focus on the quality and ability of the audit teams, the robustness of the audit process and the quality of communication and governance, including the independence of the audit firm. The results of the review are considered by the Audit Committee and discussed with KPMG who provide input on the preparedness of the Group's own finance teams and the conclusions are reported to and discussed by the Board.

For the 2020 audit, the Audit Committee considered that the performance of KPMG, including their interaction with the Company, senior management and the Audit Committee, was good. The Audit Committee was also satisfied that KPMG provided an effective audit and remain independent and objective.

Audit Committee report (continued)

KPMG were re-appointed external auditor of the Company in 2017 with a new audit reporting partner Mike Barradell following a competitive tender process given that KPMG were first appointed to audit the Company in 2008. 2021 will be Mike's last financial year as audit partner for the Company, and he will introduce potential replacements to the Company during the year. Details of the external auditor's remuneration for 2020 are set out in note 4 on page 112. In 2020, there has been an increase of 14% in audit fees from the prior year as a result of the challenges faced by KPMG in undertaking their work remotely.

The Company has complied throughout the financial year under review, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Non-audit services

The Audit Committee accepts that certain non-prohibited work is best undertaken by the external auditor and to safeguard the external auditor's objectivity and independence the Audit Committee has a policy on engagement of the external auditor for non-audit services, which includes a requirement for Audit Committee approval if the permitted services exceed a threshold of £50,000. The Audit Committee reviews the policy annually and recommends it to the Board for approval. In accordance with EU Audit Regulations and standards published by the FRC in June 2016, the Audit Committee has not engaged the external auditor on matters restricted by those Regulations and standards, and fees from permitted work (including the Half Year report) have been pre-approved by the Audit Committee. KPMG were not instructed to carry out any prohibited non-audit services during 2020.

KPMG provided the following non-audit services to the Group during 2020, all of which were approved by the Audit Committee:

- under the Norwegian Companies Act KPMG provided an assurance service on the control and review procedures over the tax submissions. The work does not result in any accounting judgements and the fee for this service was £3,000.
- KPMG provided attestation services to Scan Tech AS in relation to their application for Norwegian government support. The fee amounted to £4,000.
- KPMG carried out the Group's half year review for the period ended 30 June 2020. The fee amounted to £75,000.

Internal audit

The Audit Committee is responsible for reviewing the work carried out by the internal audit department which considers, reviews and reports on key commercial, financial and control risks across the Group. The internal audit function undertake their work in accordance with an annual programme approved by the Audit Committee. The scope of each internal audit review is agreed by the Audit Committee in consultation with the internal auditor to ensure that key areas for each business are addressed.

In 2020, as a result of the Covid-19 pandemic, there were fewer internal audits undertaken compared to 2019. In total ten internal audits were undertaken (2019: 14), all of which were in the UK. No internal audits were carried out overseas by our co-source partner PwC due to Covid-19 restrictions. Reports in relation to the internal audits carried out were presented to the Audit Committee for review and shared with senior managers for action, as well as being provided to the external auditor for information. There were no findings in the internal audit reports which were of significant concern. The internal auditor is responsible to the Audit Committee for ensuring that all required actions are followed up and completed in a timely manner.

Following the final 2020 review, the Audit Committee recommended and the Board concluded that the Group's internal audit process was appropriate and effective despite the travel restrictions and other temporary issues faced by the team in 2020 as a result of the Covid-19 pandemic. The effectiveness of the Group's internal audit function is continually reviewed, including an annual formal review undertaken by the Board and the Audit Committee, with the benefit of feedback from Group businesses and functions which have been subject to internal audit during the year.

FRC correspondence

During the year, the FRC wrote to the Company in relation to certain matters in the 2019 Annual Report and Accounts. The principal matters raised related to the accounting for the Group's investment in Murjan Al-Sharq for Marine Contracting LLC, and disclosures in relation to provisions and contingent liabilities. The FRC also highlighted for consideration our presentation of certain other items in the financial statements.

Following our response to this matter, the FRC acknowledged our explanations and closed their enquiries on the basis that we would provide enhanced disclosure in relation to the points raised where material, which we have included in the 2020 Annual Report and Accounts.

The FRC's review was based on the Annual Report and Accounts and did not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The review carried out by the FRC provides no assurance that the Annual Report and Accounts were correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Conclusion

The Audit Committee operates in an open manner, has clear and concise channels of communication with the Board and, should it be necessary, I would be available to meet with investors. I will also be available to answer any questions at the AGM.

Justin Atkinson Chairman of the Audit Committee

10 March 2021

Directors' remuneration report

Annual statement

Introduction by Aedamar Comiskey, Chair of the Remuneration Committee

On behalf of the Board, and the Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2020.

This report is comprised of two parts, namely:

- Remuneration policy report – which provides a summary of the remuneration policy for which shareholder approval was originally obtained at the 2018 AGM and which will be resubmitted for shareholder approval at the 2021 AGM. While the Committee is not proposing to make material changes to the Policy, a number of updates have been proposed in respect of pensions, post-cessation shareholding guidelines and malus/clawback provisions to reflect developments in corporate governance; and
- Annual report on remuneration – which sets out payments and awards made to the Directors and details the link between Company performance and remuneration for 2020, and how the remuneration policy will operate for 2021.

Accordingly, at our 2021 AGM, there will be the: (i) normal annual advisory vote on our Directors' remuneration report; and (ii) vote to approve our new Directors' remuneration policy, which will apply to all payments to be made to Directors from the date of the 2021 AGM and which (unless altered with shareholders' approval) will apply for a period of three years. In addition, shareholders will be asked to approve the rules of the 2021 Long Term Incentive Plan (the LTIP) given that the existing LTIP will shortly reach the end of its shareholder approved life.

Work of the Committee during 2020

The Committee addressed the following main activities during the year, having due regard to the impact of Covid-19 on the Group:

- Agreeing the performance against the targets for the 2019 annual bonus awards;
- Setting the targets for the 2020 annual bonus;
- Agreeing the performance against the targets for the 2017 LTIP awards and determining vesting levels;

- Agreeing the award levels and performance targets for the 2020 LTIP awards; and
- Agreeing the Chairman's fee and Executive Directors' base salaries to apply from 1 January 2021.

Membership	Since
Aedamar Comiskey, chairman of the Remuneration Committee since May 2018	2014
Justin Atkinson	2018
Michael Salter	2013
Inken Braunschmidt	2019

Key objectives

The Committee's objectives are to have a fair, equitable and competitive total reward package that supports our vision; and to ensure the rewards are performance-based and encourage long-term shareholder value creation and are straightforward to communicate and operate.

Key responsibilities:

- Designing the remuneration policy.
- Implementing the remuneration policy.
- Ensuring the competitiveness of reward.
- Designing the incentive plans.
- Setting incentive targets and determining award levels.
- Overseeing all share awards across the Group.

The Committee meets at least three times a year.

In addition, the Committee has sought to ensure that the current and proposed Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- **Clarity** – The current and proposed Policy is understood by our senior executive team and we have sought to articulate it clearly to our shareholders and representative bodies (both on an on-going basis and during consultation when changes are being made).
- **Simplicity** – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.
- **Risk** – Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both short (annual bonuses) and longer term incentive plans (LTIPs), which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- **Predictability** – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.
- **Proportionality** – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture** – Our executive pay policies are aligned to culture through the use of metrics in both the annual bonus and LTIP that measure how we perform against our KPIs.

Discretion and response to Covid-19

Given the impact of Covid-19 on the Group:

- Directors' salaries/fees were reduced by 20% for three months from 1 April 2020;
- Payment of the 2019 annual bonus awards were deferred until the second half of the financial year;
- Negative discretion was applied in respect of the 2020 annual bonus - while the personal objectives were partially

met in respect of 2020 (30% of the annual bonus), the Committee determined that no bonus should be payable in light of the financial targets (70% of the annual bonus) being missed; and

- The Remuneration Committee delayed and then reduced the 2020 LTIP award levels by around 15% to reflect the prevailing share price. Rather than use the prevailing share price to calculate the relevant number of shares under award, the (higher) average share price between 1 January 2020 and 30 June 2020 was used.

Pay and performance in 2020

James Fisher encountered a difficult year in 2020. The key performance measures for the 2020 financial year were as follows:

- Underlying profit before tax £31.5m (2019: £58.5m); and
- Underlying diluted earnings per share 47.9p (2019: 92.8p).

Executive Directors' bonus potential for 2020 was capped at 100% of salary for 2020 with 70% based on meeting the Group's financial objectives and 30% based on individual achievement and personal objectives. However, as a result of the Group's financial targets for the year ended 31 December 2020 being missed, the Remuneration Committee concluded that it would not be appropriate to award any annual bonus to the Executive Directors with respect to 2020 notwithstanding that the personal objectives were partially met.

Awards under the LTIP granted in 2018 are due to vest on 6 April 2021. However, as a result of failing to hit the threshold earnings per share (EPS) and total shareholder return (TSR) targets, no LTIP awards are expected to vest.

Further detail of the targets and achievement against them is set out on pages 80 to 82.

Stakeholder feedback

The Committee takes an active interest in stakeholder views on our executive remuneration policy and its operation and is particularly mindful of the concerns of shareholders. At the 2020 AGM both the annual statement and Annual report on remuneration were supported by a significant majority of shareholders. In advance of the 2021 AGM, the Committee has consulted with the Company's major shareholders and the main representative groups in relation to the proposed changes to the Company's remuneration policy, and the vast majority of feedback received was supportive.

Directors' remuneration report (continued)

Remuneration policy for 2021

The current remuneration policy was originally approved by shareholders at the 2018 AGM. As such, as the policy is nearing the end of its three year life, it will be resubmitted for shareholder approval at the 2021 AGM. The Committee is comfortable that the Policy remains fit for purpose and aligned to our strategy, and we are therefore only proposing to make a limited number of changes to reflect developments in corporate governance as follows:

- The existing policy has been amended for both new appointments and incumbent Directors in respect of aligning pension provision to workforce levels;
- A formal post cessation of employment shareholding guideline has been introduced, such that Executive Directors will be required to retain shares in value equal to 200% of salary (or actual shares held, if lower) for two years post cessation of employment, albeit own shares purchased and any shares held in respect of awards granted before the 2021 AGM will be excluded from the calculations; and
- Malus and clawback provisions in respect of the bonus, deferred bonus and new LTIP have been expanded to cover insolvency, corporate failure and reputational damage.

2021 remuneration

A summary of the proposed approach to the implementation of the remuneration policy is as follows:

- The base salaries of Eoghan O'Lionaird and Stuart Kilpatrick remain unchanged at £530,000 and £350,000 respectively;
- Eoghan O'Lionaird and Stuart Kilpatrick will continue to receive 7.5% of salary and 13% of salary pension contributions respectively. Stuart Kilpatrick's pension contributions will decrease to 7.5% of salary from 1 January 2023 without compensation;
- Annual bonus potential for Eoghan O'Lionaird and Stuart Kilpatrick will continue to be 100% of salary. Performance metrics and weightings for 2021 will be similar to those operated for 2020; and
- In respect of 2021 LTIP awards for Executive Directors, award levels will be made as normal after the announcement of the 2020 preliminary results (up to the normal maximum of 125% of salary). 70% of awards will be based on EPS and 30% of awards will be based on relative Total Shareholder Return targets as in prior years. While the Committee has set "cross cycle" EPS growth targets for previous awards, including for the 2020 LTIP awards despite the impact of Covid-19 meaning that these targets are unlikely to be met, the Committee will increase the normal percentage growth range for the 2021 LTIP awards to reflect that the 2020 EPS is expected to be a low base year. While these targets had not been agreed at the time of signing this report, they will be formalised prior to grant and disclosed in the RNS issued immediately following the grant date.

With effect from 1 January 2021, the fees payable to the Chairman and Non-Executive Directors remained the same.

I hope you will join me in supporting the remuneration-related resolutions at the AGM on 29 April 2021.

Aedamar Comiskey

Chair of the Remuneration Committee

10 March 2021



Remuneration policy report

Overview of Directors' remuneration policy

James Fisher and Sons plc operates in a competitive international environment. To continue to compete successfully, the Committee considers that it is essential that the level of remuneration and benefits achieves the objective of attracting, retaining, motivating and rewarding the necessary high calibre individuals at all levels of the business. The Company therefore sets out to provide competitive remuneration to all of its employees, appropriate to the business environment in those countries in which it operates.

The remuneration strategy is designed not only to align with the Company's fundamental values of honesty, integrity and fairness, but also to support the Company's corporate strategy, as a significant contributor to competitive advantage.

A cohesive reward structure with a timely pay review process, consistently applied to all employees, with links to corporate performance is seen as critical in ensuring all employees can associate with, and are focused on, the attainment of the Company's strategic goals. Accordingly, the remuneration package for the Executive Directors is normally reviewed annually. Where an Executive Director's responsibilities change during the course of a year, the Committee will consider whether a review is appropriate, outside of the annual process.

Executive remuneration reviews are based upon the following principles:

- total rewards should be set at appropriate levels to reflect the competitive market in which the Company operates, and to provide a fair and attractive remuneration package;
- reward elements should be designed to reinforce the link between performance and reward. The majority of the total remuneration package should be linked to the achievement of appropriate performance targets; and
- Executive Directors' incentives should be aligned with the interests of shareholders. This is achieved through setting performance targets to reward increase in shareholder value and through the Committee's policy to encourage shareholding by Executive Directors.

How the Directors' remuneration policy relates to the wider Group

The remuneration policy set out within this report provides an overview of the structure that operates for the Executive Directors in the Group. Employees below Executive level

have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings growth and share price performance. The Remuneration Committee considers pay and conditions across the workforce when reviewing and setting the Executive Director remuneration policy. The Committee does not currently consult with employees on this matter, although engagement with the workforce in respect of remuneration will be considered as part of the Board's wider employee engagement initiatives.

How shareholders' views are taken into account

The Committee takes an active interest in stakeholder views on our executive remuneration policy and its operation, and is particularly mindful of the concerns of shareholders. At the 2020 AGM both the annual statement and Annual report on remuneration were supported by a significant majority of shareholders. In advance of the 2021 AGM, the Committee has consulted with the Company's major shareholders and the main representative groups in relation to the proposed changes to the Company's remuneration policy, and the vast majority of feedback received was supportive.

Directors' remuneration policy

The table below summarises the components of reward for Executive Directors of the Company that will be put forward for shareholder approval at the 2021 AGM. The main changes from the remuneration policy approved by shareholders at the 2018 AGM are as follows:

- The existing policy has been amended for both new appointments and incumbent Directors in respect of aligning pension provision to workforce levels by the end of 2022, in accordance with institutional investor guidelines;
- A formal post cessation of employment shareholding guideline has been introduced such that Executive Directors will be required to retain shares in value equal to 200% of salary (or actual shares held, if lower) for two years post cessation of employment, albeit own shares purchased and any shares held in respect of awards granted before the 2021 AGM will be excluded from the calculations; and
- Malus and clawback provisions in respect of the bonus, deferred bonus and LTIP have been expanded to cover insolvency/corporate failure and reputational damage.

Directors' remuneration report (continued)

Element	Purpose & link to strategy	Operation	Maximum	Performance targets
Salary	Designed to attract, retain, motivate and reward the necessary high calibre individuals to the Board.	Base salaries are a fixed annual sum normally effective 1 January and payable monthly in cash. Salaries are reviewed each year, normally effective 1 January and recognising the individual's performance and experience, developments in the relevant employment market and having regard to the Group's performance as well as comparing each Executive Director's base salary to market data.	No prescribed maximum salary or salary increase. Salaries are set for each Executive Director within a range around the market median for similar positions in appropriate comparator companies. The Committee is also guided by the general increase for the employee population although increases may be higher or lower than this to recognise, for example, an increase in the scale, scope or responsibility of an individual and/or performance.	Not applicable.
Pensions	To offer competitive retirement benefits.	Executive Directors are eligible to join the Group's defined contribution scheme, receive a company contribution into a personal pension scheme or be paid a cash supplement in lieu of pension.	Workforce aligned on or before 1 January 2023.	Not applicable.
Benefits	To offer competitive benefits.	Provision of a company car or cash alternative, life assurance and healthcare insurance. Other benefits may be provided where appropriate. These benefits do not form part of pensionable earnings.	No prescribed maximum.	Not applicable.
Annual bonus	To incentivise and reward the Executive Directors to deliver annual financial and operational targets.	Payable on the achievement of financial and personal objectives and non-pensionable. The first 70% is payable in cash. Bonus in excess of 70% of basic salary is subject to deferral into shares, with awards vesting after three years, subject to normal good/bad leaver provisions, but no further performance targets. Dividend equivalent payments may be awarded (in cash or shares). Malus and clawback provisions operate.	Up to 100% of base salary.	Majority of the bonus potential is based on a financial target derived from the annual plan; Minority of the bonus potential is based on individual achievement and personal objectives.
LTIP	To align the interests of the Executive Directors with the Group's long-term performance, strategy and the interests of shareholders.	Annual grant of share awards. Non-pensionable. A two-year post-vesting holding period applies to awards granted to Executive Directors. Dividend equivalent payments may be awarded (in cash or shares). Malus and clawback provisions operate.	Up to 200% of base salary. Awards above 125% will be subject to stretch targets.	Sliding scale targets linked to financial, share price and/or strategic metrics. No more than 25% of an award vests at threshold, increasing to 100% vesting at maximum.

Element	Purpose & link to strategy	Operation	Maximum	Performance targets
Share ownership	To ensure alignment between the interests of Executive Directors and shareholders.	Executive Directors are required to retain half of the shares vesting after tax under the LTIP until the guidelines are met. Post cessation guidelines apply to share awards granted following the 2021 AGM. In determining the relevant number of shares to be retained post cessation, shares acquired from own purchases and share awards granted prior to the 2021 AGM will not be counted.	In employment: 200% of base salary for all Executive Directors. Post cessation: 100% of the "in employment" requirement, until the second anniversary of cessation (or the actual shareholding if the guideline has not been met at cessation).	Not applicable.
Sharesave	To encourage share ownership and align the interests of all-employees and shareholders.	An all-employee share plan.	As per prevailing HMRC limits.	Not applicable.
Non-Executive Directors	To provide fees to reflect the time commitment and responsibilities of each role in line with those provided by similarly sized companies.	Fixed annual fee, paid monthly in cash reviewed annually; Committee determines the Chairman's fees. The Chairman and Executive Directors determine fees for the other Non-Executive Directors.	No prescribed maximum fee or fee increase, although fees are limited by the Company's Articles of Association. The Board/Committee is guided by market rates, time commitments and responsibility levels.	Not applicable.

Notes:

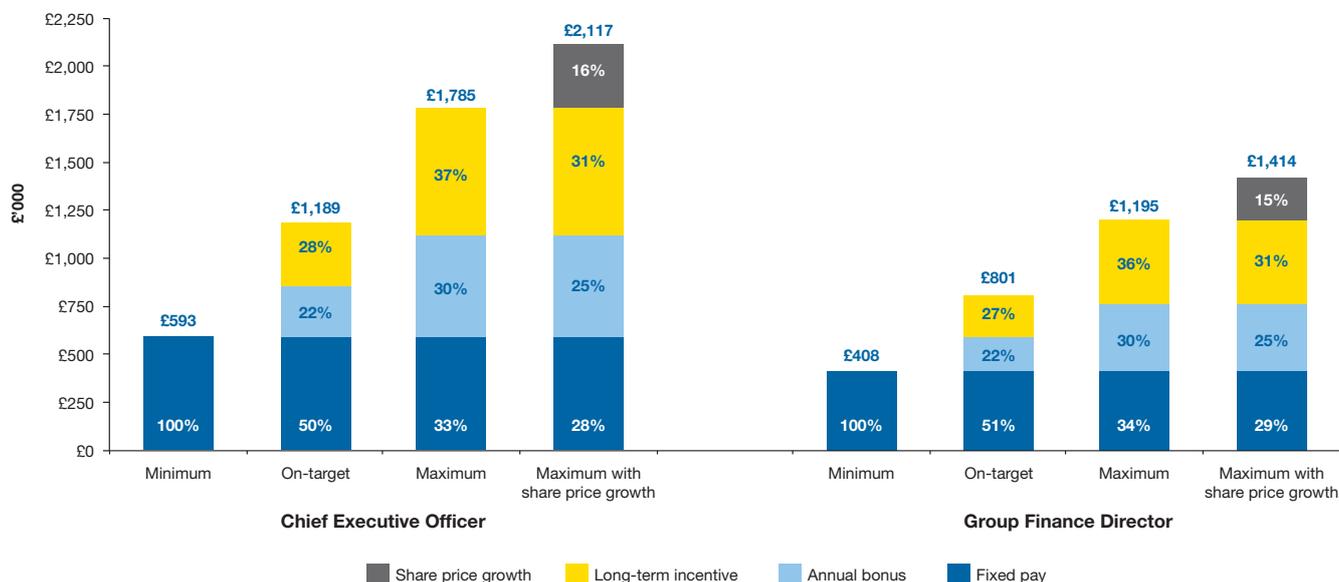
- (1) The choice of the performance metrics applicable to the annual bonus reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of both financial and personal objectives;
- (2) LTIP performance conditions are selected based on the delivery of long-term returns to shareholders and the Group's financial growth and are consistent with the Company's strategy. Where operated: (i) TSR performance is monitored by an independent advisor; and (ii) EPS growth is derived from the audited financial statements;
- (3) The Committee operates its share plans in accordance with the plan rules and the Listing Rules and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans (e.g. treatment of awards for leavers, change of control, adjustments to performance targets);
- (4) The Committee retains the right to exercise discretion to override formulaic outcomes and ensure that the level of bonus or share awards payable is appropriate. It may use its discretion to adjust outcomes to ensure that any payments made reflect overall Company performance and stakeholder experiences more generally. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Directors' remuneration report.
- (5) Consistent with HMRC legislation, the all-employee arrangement does not have performance conditions; and
- (6) In approving the Directors' remuneration policy, authority is given to the Company to honour any past commitments entered into with current or former Directors including the vesting of share awards granted in the past.

Malus and clawback provisions

Malus and clawback provisions operate in respect of the annual bonus (cash and deferred shares) and LTIP awards, with Committee discretion to apply them in the event of a material misstatement in the Company's financial results, miscalculation, serious reputational damage to the Company, in the event it is discovered that the participant committed serious misconduct that could have warranted summary dismissal or a corporate failure/insolvency.

The Committee may decide to operate the malus and clawback provisions within a three-year period commencing on the date that the cash part of any annual bonus is paid (for cash and deferred share bonus awards), and within a three-year period of any LTIP vesting date.

Directors' remuneration report (continued)



Approach to recruitment

New Executive Directors will be appointed on remuneration packages with the same structure and elements set out in the Directors' remuneration policy table. On-going incentive pay/share-based awards will be limited to:

- Maximum annual bonus of 100% of salary; and
- Up to 200% of salary LTIP award.

For external appointments, the Committee may offer additional cash or share-based elements to replace deferred or incentive pay forfeited by an executive when leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Shareholders will be informed of any such payments as soon as practicable following the appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms. In addition, any other on-going remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and incidental expenses as appropriate.

Loss of office

The Committee has considered remuneration for Executive Directors leaving the Company and is committed to applying a consistent and equitable approach to ensure the Company is equitable but pays no more than necessary. The loss of office policy is in line with market practice and will be dependent on whether deemed a 'good leaver' or 'bad leaver'. The 'good leaver' policy includes:

- payment in lieu of notice equal to one year's basic salary or, if termination is part way through the notice period, the amount of salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract;
- bonus payments for the period worked may be made, subject to the original performance targets, at the discretion of the Committee. Any such payments would be made on the normal payment date;
- vesting of share scheme awards is not automatic and the Committee retains the discretion to prevent awards from lapsing depending on the circumstances of the departure and the best interests of the Company. For a 'good leaver': (i) deferred bonus awards will normally vest in full at the normal vesting date (although may vest earlier, including at cessation); and (ii) LTIP awards will normally vest at the normal vesting date (although may vest earlier, including at cessation) subject to performance against the performance targets and LTIP awards will normally be pro-rated. 'good leaver' reasons are death, injury, illness or disability,

redundancy, retirement, transfer of business resulting in cessation of the individual's employment within the Group and any other reason at the Committee's discretion. No compensation is paid for summary dismissal, save for any statutory entitlements;

- Executive Directors will also be entitled to a payment in respect of accrued but untaken annual holiday entitlements on termination; and
- Legal fees and outplacement support may be paid by the Company where appropriate.

Service contracts

It is the Board's policy that Executive Directors are employed on contracts subject to no more than 12 months' notice from either side. The Board recognises however that it may be necessary in the case of new executive appointments to offer an initial longer notice period, which would subsequently reduce to 12 months after the expiry of the initial period. The service agreements do not have a fixed term. If it becomes necessary to consider termination of a service contract, the Committee will have regard to all the circumstances of the case, including mitigation, when determining any compensation to be paid. Details of the current service contracts are as follows:

	Contract date	Notice period
Eoghan O'Lionaird	1 September 2019	12 months
Stuart Kilpatrick	1 July 2010	12 months

The Executive Directors are permitted to serve as non-executive directors of other companies, provided the appointment is first approved by the Remuneration and Nominations Committees. Directors are allowed to retain their fees from such appointments. During 2020, the Executive Directors held no external appointments.

Non-Executive Directors do not have service contracts but have a letter of appointment setting out their terms and conditions. Non-Executive Directors are appointed each year for up to 12 months and are entitled to one month's prior written notice of early termination for which no compensation is payable. Details of the letters for the currently appointed Non-Executive Directors are set out below:

	Date of appointment	Letter of appointment
Malcolm Paul	1 February 2011	1 January 2021
Aedamar Comiskey	1 November 2014	1 January 2021
Michael Salter	1 August 2013	1 January 2021
Justin Atkinson	1 February 2018	1 January 2021
Inken Braunschmidt	1 March 2019	1 January 2021

As announced on 25 January 2021, Angus Cockburn will join the Board as Chairman and Non-Executive Director with effect from 1 May 2021. The terms of Angus' letter of appointment are consistent with those for the current Non-Executive Directors. The date of Angus' letter of appointment is 22 January 2021 and the date of his appointment will be 1 May 2021.

Annual report on remuneration

Remuneration Committee

The Committee members have no personal financial interest other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships with the Executive Directors, nor from being involved in the day-to-day business of the Company.

The Committee operates under clear written terms of reference and confirms that its constitution and operation comply with the applicable provisions of the UK Corporate Governance Code (prevailing at the date this report is signed) in relation to Directors' remuneration policy and practice and that it has applied the Code throughout the year. The Committee's terms of reference include:

- to determine and agree with the Board the framework and policy for Executive Directors and senior managers;
- to review the appropriateness and relevance of the remuneration policy;
- to agree the measures and targets for any performance related bonus and share schemes of the Executive Directors;
- to determine within the terms of the policy the total individual remuneration package of the Executive Directors and selected senior management immediately below Board; and
- to review senior management pay remuneration and workforce remuneration policies and practice.

Directors' remuneration report (continued)

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, FIT Remuneration Consultants LLP (FIT) acted as the principal external advisers to the Committee during the financial year. The Committee is comfortable that the FIT team provide independent remuneration advice to the Committee and do not have any other connections with the Company that may impair their independence. FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

During the year, FIT provided independent advice on a wide range of remuneration matters including the remuneration policy review and the Board changes. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £37,066.

Non-Executive Directors

For 2021, the Non-Executive Directors' fees are set out below, all of which are payable in cash.

	2021 £	2020 £
Chairman*	210,125	210,125
Other Non-Executive Director fees:		
Basic fee	54,632	54,632
Additional fee for the chair of Audit Committee	12,000	12,000
Additional fee for the chair of Remuneration Committee	8,000	8,000
Additional fee for the Senior Independent Director	8,000	8,000

* The Chairman's fee indicated in the table is the annual fee payable to Malcolm Paul. As announced by the Company on 25 January 2021, Malcolm Paul will step down as Non-Executive Chairman of the Company, and will be replaced by Angus Cockburn on the same annual fee.

Total remuneration of the Executive Directors (audited)

	Eoghan O'Lionaird		Stuart Kilpatrick		Fergus Graham ⁽¹⁾	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Base salary ⁽²⁾	464	177	333	318	62	282
Benefits ⁽³⁾	23	9	12	11	2	10
Pension ⁽⁴⁾	35	3	39	38	7	28
Bonus in cash	-	-	-	86	-	48
Bonus in deferred shares	-	-	-	-	-	-
Total short-term remuneration	522	189	384	453	71	368
LTIP – performance	-	-	-	221	-	47
LTIP – share appreciation	-	-	-	47	-	10
Dividend equivalents	-	-	-	12	-	3
LTIP – total ⁽⁵⁾	-	-	-	280	-	60
Other	-	346 ⁽⁶⁾	-	-	-	-
Total remuneration	522	535	384	733	71	428
Total fixed remuneration	522	535	384	367	71	320
Total variable remuneration	-	-	-	366	-	108

- The amounts disclosed above for 2020 reflect the period until Fergus Graham stepped down from the Board with effect from 20 March 2020. He continues to be paid until cessation of employment on 19 March 2021, subject to mitigation. More details can be found on page 82.
- Eoghan O'Lionaird's salary (£530,000) was reduced by 50% and Stuart Kilpatrick's salary (£350,000) was reduced by 20%, in each case for three months from 1 April 2020, and not repaid.
- Benefits comprised a cash allowance in lieu of car and medical insurance.
- Pension contributions may be paid into personal pension plans, the Company pension scheme or taken as a separate cash allowance, subject to income tax.
- The value presented for the 2018 LTIP awards (vesting in April 2021 based on three-year EPS performance to 31 December 2020 and TSR performance to 4 April 2021) is based on an estimated value at vesting. The 2017 LTIP values (vested in April 2020 based on three-year EPS performance to 31 December 2019 and TSR performance to April 2020) were estimates last year, using a share price based on the three-month average share price to 31 December 2019. The table above has been restated for the actual pre-tax value of these awards (based on the share price calculated in accordance with prevailing tax legislation) and the value of dividend equivalents as at vesting on 6 April 2020.
- Eoghan O'Lionaird received an award from the Company in connection with his relocation expenses and in respect of amounts forfeited from leaving his previous employer. More details were set out in the 2019 report.

Annual bonus awards for 2020 (audited)

The maximum annual bonus for Executive Directors was 100% of base salary, with 70% based on financial objectives (note 1 below) and 30% based on individual achievement and personal objectives (note 2 below). The first 70% of any bonus award is paid in cash and the balance is awarded in shares and deferred for three years (with dividend equivalents and malus and clawback provisions applying). No bonus was awarded to Eoghan O'Lionaird or Stuart Kilpatrick with respect to 2020, as set out below.

Fergus Graham left the Company with effect from 20 March 2020, and ceased to be entitled to a bonus with respect to 2020.

Details of the actual performance against the targets are as follows:

Note 1 – Financial objectives (70% of maximum):

Performance measure	Performance target	Assessment against targets
Adjusted profit before tax target	Minimum threshold £62m Maximum £67m	Threshold starts at 0% and increases to 100% of this element of the bonus at maximum target performance.
Actual performance	£31.5m	0% of this part of the bonus achieved 0% of salary.

Note 2 – Personal objectives (30% of maximum):

Eoghan O'Lionaird

Objectives	Weighting (% of salary)
1 Lead and deliver the Group's strategic review	6%
2 Develop management structure including succession planning	6%
3 Set, communicate and lead key management priorities	6%
4 Deliver balanced growth both organically and by acquisitions	6%
5 Lead the Group sustainability initiative	6%
Total	30%

Stuart Kilpatrick

Objectives	Weighting (% of salary)
1 Lead financial reporting to shareholders and management, and oversee financial risk management	6%
2 Oversee internal audit	6%
3 Support the Group's strategic review	6%
4 Work with senior managers to ensure good working relations	6%
5 Deliver defined financial actions	6%
Total	30%

As the actual performance of the Group did not meet the minimum threshold of underlying profit before tax figure of £62.0m, the financial target was not achieved and the Remuneration Committee did not consider that it would be appropriate to award any part of the 2020 bonus to the Executive Directors based on their personal objectives. Therefore no formal assessment of these targets has been disclosed. The Executive Directors' personal objectives have been reset for 2021 and will be disclosed in the 2021 report.

Vesting of 2018 LTIP awards (audited)

The LTIP values included in the table below relate to awards granted on 4 April 2018 which vest on 6 April 2021 dependent on EPS and TSR performance. EPS is measured over the three-year period ended 31 December 2020 while TSR is measured over the three-year period from 4 April 2018. Therefore the figures set out below for the LTIP vesting are indicative, based on an estimate of TSR as at 6 February 2021.

Directors' remuneration report (continued)

Under the EPS performance target (70% of awards) which uses a sliding scale, 25% of this part of an award vests where growth of diluted earnings per share of RPI plus 9% is achieved over the three-year performance period, increasing pro-rata to full vesting where growth of RPI plus 18% is achieved.

Performance target	Base EPS	EPS at year end	EPS growth	Threshold RPI +9%	Maximum RPI +18%	Vesting %
Underlying diluted EPS	81.4	47.9	-	14.8%	23.8%	0%

Under the TSR performance target (30% of awards) which uses a sliding scale, 25% of this part of an award vests for median TSR increasing pro-rata to full vesting for upper quartile TSR, measured against the constituents of the FTSE 250 excluding investment trusts. The estimated three-year performance based on TSR calculations to 6 February 2021 is as follows:

Performance target	Median TSR	Upper Quartile TSR	James Fisher TSR	Vesting %
TSR v FTSE 250 (excluding investment trusts)	-2%	+30%	-32.5%	0%

As a result of EPS and TSR performance, no LTIP share awards are expected to vest on 6 April 2021.

LTIP awards granted in 2020 (audited)

	Proportion of salary	Maximum shares awarded	Share price at date of grant ⁽¹⁾	Exercise price at grant
Eoghan O'Lionaird	125%	42,307	1,565.9p	-
Stuart Kilpatrick	125%	27,938	1,565.9p	-

1) Recognising the prevailing share price, which has been impacted by Covid-19 and market conditions more generally, the Remuneration Committee agreed to set the price based on which the LTIPs were granted as the average share price between 1 January 2020 and 30 June 2020. This effectively reduced the value of the LTIP grants by c.15%. The reduction of LTIP award levels in connection with Covid-19 is in addition to the 20% salary reduction for the three months from 1 April 2020.

Vesting of the 2020 LTIP award is subject to achievement of performance targets over a three-year period with 70% of the award based on EPS targets and 30% based on TSR targets. EPS target performance is measured over the three-year period ending on 31 December 2022. The EPS element of the award vests if EPS growth at least equals the RPI increase over the period plus 9%. At the threshold level, 25% of the EPS element of the award will vest. Full vesting is achieved if EPS growth is greater than or equal to 18% in excess of the RPI increase over the vesting period. The TSR element of the award is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three-year period from 6 April 2020. If at the end of the period the Company ranks in the upper quartile, all of the TSR element of the award will vest. If the ranking is at median level, 25% of TSR element of the award will vest. No element of the TSR part of the award will vest for performance below the median. For intermediate ranking, a proportionate part of each award will vest reducing on a straight-line basis. Any part of the award that does not vest at the end of a performance period will lapse immediately.

Deferred bonus awards granted in 2020 in respect of 2019 annual bonus (audited)

No deferred bonus awards were granted in 2020 in respect of the 2019 annual bonus as a result of the bonus awards being less than 70% of salary threshold required to trigger the threshold.

Payments for loss of office (audited)

As announced on 20 March 2020, Fergus Graham stepped down from the Board and left the Company with effect from 19 March 2020. Details of the arrangements in respect of remuneration are as follows:

- contractual entitlement to salary (based on salary of £281,875) and benefits during a period of garden leave, which continues until his anticipated cessation of employment on 19 March 2021, subject to mitigation.
- £47,919 in respect of his annual bonus for the year ended 31 December 2019.
- In respect of outstanding share awards: (i) the 2018 deferred bonus awards will continue vest at the normal vesting date; and (ii) unvested LTIP awards will vest on their normal vesting dates, subject to time prorating and performance conditions. Dividend equivalents may be credited to the extent that awards vest.
- The Company paid £4,500 plus VAT in respect of legal fees and £30,000 in respect of outplacement support.

Payments to former Directors (audited)

As previously disclosed, Nick Henry retired from the Board of the Company with effect from 1 October 2019. He remained employed by the Company until 31 March 2020 in order to achieve a smooth and effective transition of responsibilities to Eoghan O'Lionaird. As set out in last year's Directors' remuneration report, he received a total salary of £96,000 in respect of this period. Mr Henry received no further payment in lieu of notice or any other termination payments. In addition to the above, 21,372 shares vested on 6 April 2020, including dividend equivalents, in respect of his 2017 LTIP awards.

CEO pay ratio (unaudited)

The data shows how the CEO's single figure remuneration for 2020 compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	19 : 1	14 : 1	9 : 1
2019	Option A	28 : 1	19 : 1	13 : 1

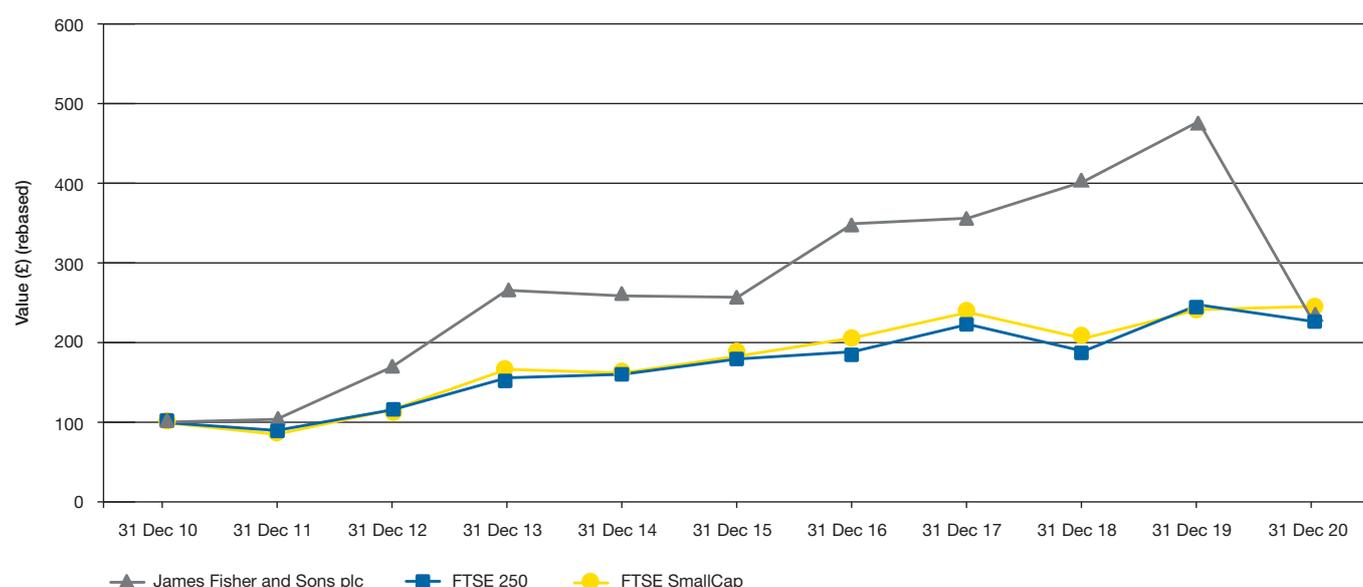
No components of pay and benefits have been omitted for the purpose of the above calculations. As in 2019, Option A was selected given that this method of calculation was considered to be the most robust approach in respect of gathering the required data for 2020.

	Salary			Total pay and benefits		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2020	£24,000	£33,127	£50,000	£27,000	£37,500	£58,963
2019	£24,480	£34,150	£52,000	£25,459	£36,541	£55,240

Aligning pay with performance (unaudited)

The following graph shows the total shareholder return compared to the FTSE 250 and the FTSE Small Cap indices excluding investment trusts:

Growth in the value of £100 holding over ten years



This graph shows the value, by 31 December 2020, of £100 invested in the Company on 31 December 2010, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap indices on the same date. The other points plotted are the values at intervening financial year-ends.

Source: Thomson Reuters

Directors' remuneration report (continued)

Remuneration of CEO compared with growth in underlying diluted earnings per share

	Eoghan O'Lionaird		Nick Henry							Tim Harris	
	2020	2019	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual change - underlying diluted EPS (pence)	(52%)	4%	4%	14%	7%	11%	(7%)	13%	18%	15%	16%
Salary, pensions and benefits (£000)	522	189	421	526	512	492	492	471	439	355	399
Annual performance bonus (£000)	-	-	35	448	392	429	97	287	263	210	268
Short-term remuneration (£000)	-	189	456	1,010	904	921	589	758	702	565	667
Share schemes (£000)	-	-	418	889	109	183	318	728	691	781	534
CEO total remuneration (£000)	522	189	874	1,899	1,013	1,104	907	1,486	1,393	1,346	1,201
Actual bonus as a percentage of maximum	-	-	17%	91%	88%	100%	23%	100%	100%	100%	100%
LTIP vesting as a percentage of maximum	-	-	59%	100%	15%	47%	100%	100%	100%	100%	100%
ESOS vesting as a percentage of maximum	-	-	-	-	-	45%	-	100%	100%	100%	40%

Percentage change in remuneration (unaudited)

The table below shows the percentage change in salary or fees, benefits and annual bonus earned between the year ended 31 December 2019 and the year ended 31 December 2020 for the Board, compared to the average earnings of all of the Group's other UK employees. The Committee chose the Group's UK employees for pay comparison given that this is considered to be the most meaningful comparator group.

	Base salary/fee	Benefits	Annual bonus
Executive Directors			
Eoghan O'Lionaird	(12%)	-	N/A
Stuart Kilpatrick	5%	1%	(100%)
Non-Executive Directors			
Malcolm Paul	(3%)	N/A	N/A
Aedamar Comiskey	(3%)	N/A	N/A
Michael Salter	(1%)	N/A	N/A
Justin Atkinson	(3%)	N/A	N/A
Inken Braunschmidt	N/A*	N/A	N/A
Employee population	5%	N/A	(19%)

* Inken Braunschmidt joined the Board in March 2019 so there is no full year comparison.

Relative importance of remuneration (unaudited)

	2020 £m	2019 £m	Change £m
Total employee remuneration	133.7	149.2	(15.5)
Total dividends paid	4.0	16.4	(12.4)

Interests in shares (audited)

The interests of Directors and their connected persons in ordinary shares as at 31 December 2020, including any interests in share options and shares provisionally awarded under the LTIP and the 2005 Employee Share Option Scheme (ESOS) are as follows:

	Beneficial number	Unvested LTIP number	Unvested deferred bonus shares	Vested but unexercised share options ESOS number	Exercised during the year number	At 31 December 2019 number
Malcolm Paul	13,000	-	-	-	-	13,000
Eoghan O'Lionaird	13,341	42,307	-	-	-	7,283
Stuart Kilpatrick	74,851	74,191	6,901	37,153	-	47,859
Justin Atkinson	3,150	-	-	-	-	3,150

- (1) The unvested LTIP awards are subject to performance conditions. The unvested deferred bonus share awards are not subject to performance conditions;
- (2) Between 31 December 2020 and 10 March 2021, there were no changes to the Directors' shareholdings;
- (3) No Director has an interest in the preference shares of the Company, or in the shares of any subsidiary or associated undertaking;
- (4) The Directors' interests stated above include any shares held by their connected persons; and
- (5) Aedamar Comiskey, Michael Salter and Inken Braunschmidt had no interests in ordinary shares as at 31 December 2020.

Against the 200% of salary guideline and based on the share price and prevailing base salary levels as at 31 December 2020, Eoghan O'Lionaird held shares equivalent to 27% of his base salary and Stuart Kilpatrick held shares equivalent to 213% of his base salary.

Executive Directors' interest in options over shares (audited)

	At 31 December 2020 number	Exercise price	Date from which exercisable	Expiry date
Stuart Kilpatrick	32,274	567p	09.04.15	09.03.22
	4,879	1,409p	10.04.17	10.04.24
Total	37,153			

All options relate to the ESOS. The 2005 ESOS expired in April 2015 and was not renewed. The last awards were made on 10 April 2014. Options over 32,808 (2019: nil) shares were exercised by Stuart Kilpatrick during the year and gains were made of £204,504 (2019: £nil). As at 10 March 2021, being the last practical date prior to the publication of this report, there were no changes to Directors' options under the ESOS.

Directors' remuneration report (continued)

Executive Directors' interest in share awards (audited)

		1 January 2020	Granted during year number	Vested during year number	Lapsed during year number	31 December 2020	Vesting date
Eoghan O'Lionaird	LTIP	-	42,307	-	-	42,307	24 July 2023
	Sharesave ¹	-	2,935	-	-	2,935	1 December 2025
		-	45,242	-	-	45,242	
Stuart Kilpatrick	LTIP	23,292	-	(23,292)	-	-	6 April 2020
	LTIP	25,669	-	-	-	25,669	6 April 2021
	LTIP	20,584	-	-	-	20,584	6 April 2022
	LTIP	-	27,938	-	-	27,938	24 July 2023
	Deferred Bonus	5,355	-	(5,355)	-	-	9 March 2020
	Deferred Bonus	3,527	-	-	-	3,527	4 April 2021
	Deferred Bonus	3,374	-	-	-	3,374	2 April 2022
	Sharesave ¹	-	2,935	-	-	2,935	1 December 2025
	81,801	30,873	(28,647)	-	84,027		
Fergus Graham ²	LTIP	4,457	-	(4,457)	-	-	6 April 2020
	LTIP	22,770	-	-	(2,186)	20,584	6 April 2021
	LTIP	18,260	-	-	(12,173)	6,087	6 April 2022
	Deferred Bonus	2,993	-	-	-	2,993	2 April 2022
	48,480	-	(4,457)	(14,359)	29,664		
Total	130,281	76,115	(33,104)	(14,359)	158,933		

(1) Eoghan O'Lionaird and Stuart Kilpatrick were granted options under the five year all employee Sharesave scheme granted on 21 October 2020. The options will mature on 1 December 2025, at which point the participant may elect to receive shares or the cash saved.

(2) The interests in shares for Fergus Graham are included, although he stepped down from the Board with effect from 20 March 2020.

A two-year holding period applies to awards granted after the 2018 AGM. The schemes above are not tax-advantaged for HM Revenue and Customs purposes. As at 10 March 2021, being the last practical date prior to the publication of this report, there were no changes to the Executive Directors' interest in LTIP and Deferred Bonus Share awards.

Sourcing of shares and dilution

The Remuneration Committee has regard to the limits on dilution advised by the Investment Association and contained in the relevant share plan rules and reviews the number of shares committed and headroom available under share incentive schemes in accordance with these dilution limits.

On vesting, the awards of shares under the LTIP are satisfied by the shares held by the James Fisher and Sons plc Employee Share Trust (Trust). During the year the Trust purchased 50,000 ordinary shares on the open market (2019: 50,000) and at 31 December 2020 the Trust held 9,227 ordinary shares (2019: 510).

Share price during the financial year

The middle market price of one ordinary share in the Company during the financial year ranged from 737p to 2,050p and at 31 December 2020 was 947p.

Non-Executive Directors' remuneration

	Total fees	
	2020 £000	2019 £000
Malcolm Paul	199	205
Aedamar Comiskey ¹	60	61
David Moorhouse ²	-	10
Michael Salter	52	53
Justin Atkinson ³	63	65
Inken Braunschmidt ⁴	52	44

(1) The fees include payment in respect of (i) Chair of the Remuneration Committee fee of £8,000 per annum and (ii) Senior Independent Non-Executive Director fee of £8,000 per annum.

(2) David Moorhouse stepped down from the Board on 28 February 2019.

(3) The fees include a payment in respect of Chairman of the Audit Committee fee of £12,000.

(4) The Non-Executive Directors' fees were reduced by 20% for three months from 1 April 2020.

Shareholder voting (unaudited)

The Company is committed to on-going shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions including in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. Due to government restrictions in response to Covid-19, the Company was not able to hold its AGM in Barrow-in-Furness as originally planned, and it was instead held at the Company's London office, with only shareholder-directors present. Voting at the 2020 AGM was therefore by proxy. The following table reflects the valid proxy voting instructions received for the 2020 AGM in respect of the Directors' remuneration report for the year ended 31 December 2019 and the remuneration policy voted upon at the 2018 AGM:

	Directors' remuneration report (2020 AGM)		Remuneration policy (2018 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	26,256,596	94.2%	40,478,854	97.9%
Against	1,628,025	5.8%	872,992	2.1%
Total votes cast (excluding withheld votes)	27,884,621		41,351,846	
Total votes withheld	1,104,884		20,723	
Total votes cast (including withheld votes)	28,989,505		41,372,569	

Implementation of the remuneration policy for 2021 (unaudited)

With effect from 1 January 2021, Eoghan O'Lionaird's base salary remained at £530,000, and Stuart Kilpatrick's base salary remained at £350,000.

The maximum bonus opportunity continues to be set at 100% of base salary. The proposed financial target levels have been set to be challenging and appropriately demanding. 70% of the annual bonus will be determined by adjusted profit before tax targets and 30% by personal objectives. The targets are commercially sensitive but disclosure of the targets and performance against targets will be set out in the 2021 Directors' remuneration report.

Awards under the LTIP will be granted to Eoghan O'Lionaird and Stuart Kilpatrick with 70% of the award based on EPS growth targets and 30% based on relative TSR targets. The number of shares under award will represent a maximum 125% of base salary.

The performance period for the EPS element of the award will run for three years ending 31 December 2023. While the Committee has set "cross cycle" EPS growth targets for previous awards, including for the 2020 LTIP awards despite the impact of Covid-19 meaning that these targets are unlikely to be met, the Committee will increase the normal percentage growth range for the 2021 LTIP awards to reflect that the 2020 EPS is expected to be a low base year. While these targets had not been agreed at the time of signing this report, they will be formalised prior to grant and disclosed in the RNS issued immediately following the grant date.

For the TSR element, performance will be measured over three years against the constituents of the FTSE 250 excluding investment trusts, with full vesting if the Company ranks in the upper quartile and 25% of the TSR element vesting for ranking median with straight-line vesting in between.

Aedamar Comiskey

Chair of the Remuneration Committee

10 March 2021

Directors' report

Additional information and statutory disclosures

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. The Directors' report comprises this section as well as the rest of the Governance section (from pages 52 to 91) and those sections of the Strategic report or financial statements as referenced below.

We have chosen, in accordance with the Act, to include certain information in our Strategic report or financial statements that would otherwise be required to be disclosed in the Directors' report. This is as follows:

Subject matter	Location	Page
Likely future developments in the business	Strategic report	7 - 8
Research and development	Strategic report	37
Employee involvement/engagement	Strategic report	29 - 31
Relationships with suppliers, customers and others	Strategic report	35 - 36
Greenhouse gas emissions	Strategic report	37 - 40
Use of financial instruments	Note 28	131

The Directors' report and Strategic report comprise the 'management reports' for the purposes of compliance with Financial Services Authority's Disclosure Guidance and Transparency Rules (DTR) 4.1.8R and the Directors' report fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7.

Going concern

The Group's business activities, together with the factors likely to affect its future development, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report on pages 43 to 51. The Group's primary sources of funding are bilateral revolving credit facilities with a core group of banks, which totalled £300m at 31 December 2020 (2019: £250m). Compliance with banking covenants is tested half yearly for the ratio of net debt: earnings before interest, tax, depreciation and amortisation (Ebitda) and interest cover. No breaches in covenants occurred during the year.

The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. The Group had £120.2m (2019: £41.7m) of undrawn committed facilities as at 31 December 2020. The Group's forecasts and projections, taking account of reasonable changes in trading

performance, confirm that the Group should be able to operate within the level of its current banking facilities.

The Group uses cash flow forecasts derived from budgets, forecasts and medium-term planning to identify headroom under the covenant tests. After making enquiries, and having evaluated the on-going trading of the businesses, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period considered to be at least 12 months from the date of this report. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts.

Dividends

An interim dividend of 8.0p per share (2019: 11.3p) was paid by the Company on 6 November 2020. Given the current level of uncertainty due to Covid-19 and in view of the disappointing performance in Marine Support, the Board is not recommending a final dividend for the year ended 31 December 2020. Accordingly, the total dividend for the year is 8.0p per share (2019: 11.3p).

Share capital

Details of the share capital of the Company and the shares held by the Company's Employee Share Trust, including the rights and obligations attaching to the shares are set out in note 29 on page 137. The rights and obligations attaching to the shares are set out in the Company's Articles of Association (Articles). There are no specific requirements on the size of a holding nor on the transfer of shares, both of which are governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital. Where shares are held on behalf of the Company's employee benefit trust, the trustees have discretion to vote on any shares as they see fit and have not waived their right to receive dividends.

At the 2020 AGM, the Company was given authority to purchase up to 2,516,704 of its ordinary shares until the date of its next AGM. No purchases were made during the year and up to the date of this report by the Company.

The Company has one class of ordinary share and one class of preference share. As at 31 December 2020, 50,368,780 ordinary shares of 25p each have been issued, are fully paid up and are listed on the London Stock Exchange and 100,000 cumulative preference shares of £1 each have been issued and fully paid up.

Substantial shareholders

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 31 December 2020, the Company had been notified in accordance with Rule 5 of the DTRs, of the following holdings of voting rights attached to the issued Ordinary Share capital of the Company:

	Ordinary	% ¹	Nature of holding
Trustees of the Sir John Fisher Foundation*	11,592,360 ²	22.975	Direct
Schroders plc	4,970,246	9.887	Indirect
Standard Life Aberdeen plc Investments	3,589,932	7.13	Indirect
Montanaro Asset Management Limited	1,855,000	3.68	Direct

* Mrs Diane Sara Meacock, Mr David Hart Jackson, Mr Michael John Shields and Mr Daniel Purser Tindall.

1 The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs.

2 An additional 1,032,274 Ordinary Shares are held on behalf of the Sir John Fisher 1965 Settlement.

In the period from 31 December 2020 to the date of this report, the Company received no further notifications of a change in shareholding from the major shareholders.

Directors

The biographies of the current Board of Directors are set out on pages 54 and 55. Changes in the composition of the Board are provided in the Nominations Committee report on pages 63 to 65.

Powers of Directors

The powers of the Directors are determined by the Company's Articles, the Companies Act 2006 and in certain circumstances (including in relation to the issuing or buying back by the Company of its shares) the authority given by the Company in general meeting. The Directors will be seeking to renew the authorities granted to them in prior years at the forthcoming AGM. The Directors are authorised to issue and allot ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. Any shares purchased may be cancelled or held as treasury shares.

Appointment and replacement of Directors

The rules regarding the appointment and replacement of Directors are determined by the Company's Articles and the Companies Act 2006. The Articles provide that at each AGM every Director who has held office on the date seven days before the date of notice of the AGM shall retire from office and shall be eligible for re-election at the AGM.

In accordance with the UK Corporate Governance Code 2018 (Code), all Directors will offer themselves for re-election at the forthcoming AGM.

Directors' and officers' liability insurance

The Company maintains an appropriate level of directors' and officers' liability insurance. Pursuant to the Company's Articles, the Company may indemnify the Directors of the Company and its subsidiaries against liability to third parties and against liability incurred in connection with the Company's activities as trustee of an occupational pension scheme, to the extent permitted by the Companies Act 2006.

Directors' conflict of interest

Under the Companies Act 2006, a director must avoid a situation where a direct or indirect conflict of interest may occur. The Board has adopted established procedures to address the management of any potential or actual conflicts of interest. A conflict must be authorised in advance by the Board and each authorisation is reviewed annually to check it is appropriate for the relevant matter to remain authorised.

Employment of disabled persons

James Fisher is an equal opportunities employer and is firmly committed to both the principle and realisation of equality. The Group is committed to complying with all applicable laws governing employment practices and to the prevention of discrimination on the basis of any unlawful criteria. In addition to complying with legislative requirements, the Group strives to ensure that disabled employees are treated fairly and that their training, career development and promotion needs are met.

The Group recognises its responsibility to provide a safe operating environment for all its employees. Our strong focus on employee training, regulatory compliance and accident reduction provides the support to allow accountability to remain with local management who are best-placed to ensure that their businesses comply with local laws and regulations and specific needs on a day-to-day basis. The review of health and safety performance is first on the agenda at each Board and business board meetings, and remains a top priority for the Group.

We recognise that the success of our business depends on our talented workforce. Employees throughout the Group are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles.

Directors' report (continued)

Additional information for shareholders

The Articles may only be amended by a special resolution at a general meeting of the shareholders.

No political donations were made during the year. Details of the Group's involvement in charitable initiatives is set out on pages 27 and 28.

Details of Group subsidiaries can be found on pages 150 to 151. Companies within the Group have branches in Chile and Mozambique.

Significant agreements – change of control

There are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts. None of these are considered to be significant in terms of their likely impact on the business as a whole apart from those set out below.

The Company is a guarantor of all of the Group's bilateral bank facilities which upon a change of control could be withdrawn.

The Singapore Submarine Rescue Service Agreement made between James Fisher Singapore Pte Ltd. and First Response Marine Pte Ltd. dated 17 October 2008 may terminate upon a change of control of the Company or James Fisher Singapore Pte Ltd.

The rules of the Company's LTIP, ESOS and Sharesave schemes set out the consequences of a change of control on the rights of participants under those schemes. Participants are generally able to exercise their options on a change of control, provided that the relevant performance conditions have been satisfied.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that arise in the event of a change of control of the Company.

Information required by UK listing rule 9.8.4

The disclosures required by listing rule 9.8.4 and which form part of the Directors' report can be found at the locations provided in the table below:

Subject matter	Location	Page
Arrangement under which the directors waived salary or fees	Directors' remuneration report	73 and 80

Disclosure of information to the Auditor

Each Director in office at the date of approval of this Directors' report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting (AGM)

The AGM is to be held at 11.00am on 29 April 2021. Further details will be provided in the Notice of AGM.

The Directors' report was approved by the Board of Directors and is signed on its behalf by:

Jim Marsh Group General Counsel and Company Secretary
10 March 2021

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements on the same basis. In addition the Group financial statements are required under the UK Disclosure and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRSs as adopted by the EU).

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRSs as adopted by the EU);
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are

responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Signed on behalf of the Board of Directors

E P O'Lionaird
Chief Executive Officer

10 March 2021

S C Kilpatrick
Group Finance Director

10 March 2021

Independent auditor's report

1 Our opinion is unmodified

We have audited the financial statements of James Fisher & Sons plc ("the Company") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 30 June 2008. The period of total uninterrupted engagement is for the 13 financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Impairment of goodwill, £17.0m (2019: nil), carrying value £166.5m (2019: £185.5m) and Parent Company Investment in subsidiaries, £40.5m (2019: nil), carrying value £505.7m (2019: £495.5m) Risk vs 2019: ▲

Refer to page 68 (Audit Committee report), page 143 (accounting policy) and page 117 (financial disclosures)

The risks:

Forecast based assessment

The recoverability of goodwill in the Group and Parent Company investment in subsidiaries is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in light of COVID-19's impact on trading performance in the current year leading to impairments being recognised, operational difficulties and changes in the external oil market, including climate risk.

We have isolated the risk of impairment to the following CGU's as these have the lowest headroom within both the groups discounted cashflow workings and our own sensitivities: Subtech, James Fisher Testing Services, James Fisher Marine Services, DDS, James Fisher Offshore and Scantech AS.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the recoverable amount of goodwill had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 12) disclose the sensitivity estimated by the Group.

Presentation appropriateness

Given the adverse impact of COVID-19 on the Group's trading performance in the year, leading to impairments of goodwill and the carrying amount of investments in subsidiaries being recognised, there is an increased risk regarding presentation of costs as separately disclosed. Items excluded from adjusted profit are not defined by IFRSs and therefore a policy decision is required by the directors to identify such items and to maintain the comparability of results with previous years in accordance with the Group's accounting policy, and there is a risk of management bias. Failure to disclose clearly the nature and impact of items excluded from adjusted profit may distort the reader's view of the financial result in the year.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our audit procedures included:

- 1. Historical comparisons:** assessing the reasonableness of the budgets by considering the historical accuracy of previous forecasts.
- 2. Our sector experience:** assessing whether assumptions used, in particular those relating to forecast revenue growth, profit margins, and maintenance expenditure, including the effect of COVID-19 thereon, reflect our knowledge of the business and industries, including known or probable changes in the business environment. We assessed the appropriate inputs building up these forecasts, drawing on historical data and our own research and sector experience. Inputs assessed include terminal growth value, discount rate, and the period of cash flows included within the model.
- 3. Benchmarking assumptions:** challenging the key inputs used in the impairment test, in particular discount rates, by comparing them to externally derived data, including available sources for comparable companies.
- 4. Sensitivity analysis:** performing breakeven analysis on the key assumptions noted above.
- 5. Applying judgement:** assessing whether an understatement of goodwill impairment identified through these procedures was material.
- 6. Assessing transparency:** assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill and investments, and assessing the Group's presentation of impairment charges as separately disclosed and the related disclosures for impairments in the narrative sections of the annual report in light of the ESMA guidance on the reporting of Alternative Performance Measures and FRC guidance on COVID-19.

Our results: We found the Group goodwill and Parent Company investments in subsidiaries balance, the related impairment charges, and the presentation thereof as separately disclosed, to be acceptable (2019: acceptable).

Independent auditor's report (continued)

Impairment of vessels, £33.0m (2019: nil), carrying value £56.0m (2019: £95.1m) Risk vs 2019: New

Refer to page 68 (Audit Committee report), page 143 (accounting policy) and page 119 (financial disclosures)

The risks:

Forecast based assessment

There has been underutilisation of certain vessels held in both the Marine Support and Tankship operating segments, driven by a combination of factors, including operational difficulties, the external oil market and the impact of COVID-19. There is therefore uncertainty around the long-term utilisation of these vessels, in particular the Dive Support Vessel's (DSV's) held within the Marine Support operating segment. During the year, the Group identified an impairment in relation to vessels.

This is considered to be one of the areas that had the greatest effect on our overall Group audit due to the inherent significant judgements involved in the vessel impairment test and due to their materiality in the context of the Group financial statements.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the recoverable amount of vessels had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.

Presentation appropriateness

Given the adverse impact of COVID-19 on the Group's trading performance in the year, leading to asset impairments, there is an increased risk regarding presentation of costs as separately disclosed. Items excluded from adjusted profit are not defined by IFRSs and therefore a policy decision is required by the directors to identify such items and to maintain the comparability of results with previous years in accordance with the Group's accounting policy, and there is a risk of management bias. Failure to disclose clearly the nature and impact of items excluded from adjusted profit may distort the reader's view of the financial result in the year.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our audit procedures included:

1. **Valuation credentials:** where external experts have been engaged by management, assessing the competence, independence and integrity of these experts.
2. **Benchmarking assumptions:** challenging management and external experts on the key inputs used in the valuation model and within valuation reports, where applicable, with reference to our sector experience and by comparing them to externally derived data, including available sources for comparable companies and assets.
3. **Sensitivity analysis:** assessing the sensitivity of the valuation model to changes in key assumptions
4. **Inspection and enquiry:** performing inquiries with management to identify any vessels disposed of after the period end for which the proceeds were less than the carrying value within the financial statements. We made further inquiries on the contracted use of DSV's. We inspected evidence to support the opportunities being pursued and assessed the likelihood that such opportunities being realised.
5. **Applying judgement:** assessing whether an overstatement of vessel impairment identified through these procedures was material.
6. **Assessing transparency:** assessing the appropriateness of the presentation of the impairment charges as separately disclosed by assessing the Group's presentation of impairment charges as separately disclosed and the related disclosures for impairments in the narrative sections of the annual report in light of the ESMA guidance on the reporting of Alternative Performance Measures and FRC guidance on COVID-19. We also assessed disclosures about the sensitivity of the outcome of the vessel impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the vessels.

Our results: We found the resulting carrying amount of the Group vessels, the related impairment charge, and the presentation thereof as separately disclosed, to be acceptable (2019: acceptable).

Revenue recognition and long-term contracts £518.2m (2019: £617.1m), Contract assets £62.4m (2019: £78.1m) and Contract Liabilities £9.5m (2019: £16.6m) Risk vs 2019: ▲

Refer to page 146 (accounting policy) and pages 111 and 112 (financial disclosures)

The risk: Subjective estimates

The contractual arrangements that underpin the measurement and recognition of revenue by the Group can be complex, with subjective estimates involved in the assessment of current and future contract performance. In particular, where services rendered are provided through long-term contracts and are not completed at the balance sheet date and output measures cannot be estimated reliably, revenue is recognised in proportion to the measure of progress of the transaction measured by reference to an input measure, such as physical progress, attributable man hours and costs incurred measured against the expected outcome which leads to contract asset or liabilities at the period end. The measure of progress is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include forecasts in relation to future costs including labour and materials which are not yet known. In addition, contract modifications and variable consideration can lead to uncertainty over the total contract price. The effect of these matters is that, as part of our risk assessment, we determined that revenue recognition in relation to long-term contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.

We consider the risk level to have increased when compared to the prior year as a result of contract delays primarily caused by COVID-19 resulting in increased estimation uncertainty.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our audit procedures included:

- 1. Test of details:** for long term contracts, selecting the contracts for substantive audit procedures based on qualitative factors, such as commercial complexity and life of contract, and quantitative factors, such as financial significance and profitability that we considered to be indicative of risk. For the selected contracts, agreeing observable inputs used in the calculations of costs incurred to date to be able to assess the stage of completion. Costs incurred are those such as direct costs and labour charges; we agreed a sample of these to source data, including customer acceptance acts and countersigned agreements. Our testing included agreeing the allocation of costs incurred to contracts, and assessing the impact of delays to timetable and additional costs incurred as a result of COVID-19.
- 2. Historical comparisons:** assessing the reliability of the Group's forecasts of costs to complete by considering historical accuracy of their forecasts on completed contracts.
- 3. Personnel enquiries:** discussing with operational management for the sample above their expectations for contracts, and comparing these to the forecasts used for the accounting.
- 4. Our sector experience:** assessing, for the sample above, whether the subjective estimates made by the Group over the measure of progress and estimates over cost to complete are consistent with our understanding of contract activities and performance. This involved comparing assumptions such as the estimate over costs to complete to a variety of information as appropriate, including correspondence with customers, historical outcomes and operational management views. For contracts in the sample above that have significant estimation in the total contract price due to contract modifications and variable consideration, we assessed the assumptions made by the directors in light of the Group's historical experience on similar contracts and correspondence with customers.
- 5. Applying judgement:** assessing whether an overstatement of revenue from long term contracts and contract assets identified through these procedures was material.
- 6. Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of revenue from long term contracts, contract assets and liabilities.

Our results: We found revenue recognition from long term contracts, and contract assets and liabilities, to be acceptable (2019: acceptable).

Independent auditor's report (continued)

Group operations in overseas jurisdictions – fraud risk and compliance with laws and regulations, Risk vs 2019: ◀▶

Refer to page 68 (Audit Committee report), page 147 (accounting policies) and page 137 (financial disclosures).

The risk:

Omitted exposures.

The Group is a multinational and has operations in a number of less developed markets, including countries in South America, South East Asia, the Middle East and Africa. Operating in these territories presents increased operational and financial risks both due to the need to comply with potentially uncertain regulatory and legislative environments, including where local regulations in those markets are different from laws and regulations that govern the Group as a whole. Breaches of compliance, either through fraud or error, or inappropriate assumptions over provisioning for the uncertain legislation could have a significant effect on the results and financial position of the Group and is one of the judgemental areas our audit is focused on.

Our response: We performed the detailed tests below rather than seeking to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would be unlikely to obtain the required evidence to support reliance on controls.

Our audit procedures included:

1. **Inspection and enquiry:** considering the Group's exposure to potential breaches of legislation by making appropriate enquiry of the Group in relation to compliance with laws and regulations and the existence and status of any known or suspected significant legal matters.
2. **Compliance data scrutiny:** inspecting the biannual self-reporting by local management and testing a sample of reported 3rd party relationships against Group policy in relation to payments, the due diligence process prior to entering into the relationship, and the completeness of listings at Group level in relation to these relationships. We inspected underlying agreements as considered necessary.
3. **Enquiry of lawyers:** Where significant or potential matters were identified we made enquiries of the Group's legal counsel and legal representative, inspected any related correspondence and documentation, and challenged the Group on whether the criteria for the recognition of a provision have been met.
4. **Assessing transparency:** assessing whether the Group's contingent liability disclosures adequately disclose the potential liabilities of the Group.

Our results: We considered the non recognition of provisions and contingent liability disclosures within the financial statements to be acceptable (2019: acceptable).

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments such as going concern and impairment tests however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £2.3m (2019: £2.8m), determined with reference to a benchmark of five year average Group profit before tax of £49.1m normalised to exclude separately disclosed items as disclosed in note 5 (2019: £58.5m), of which it represents 4.7% (2019: 4.8%).

The materiality for the Parent company financial statements as a whole was set at £0.7m (2019: £0.7m), determined with reference to a benchmark of gross assets of £527.2m (2019: £539.2m), of which it represents 0.1% (2019: 0.1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the group and parent company was set at 65% (2019: 65%) of materiality for the financial statements as a whole, which equates to £1.5m (2019 : £1.8m) for the group and £0.5m for the parent (2019: £0.5m). We applied this percentage in our determination of performance materiality based on the level of identified misstatements during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.12m (2019: £0.14m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 146 (2019: 146) reporting components, we subjected 17 (2019: 21) to full scope or specific procedures audits for Group purposes.

We conducted reviews of financial information (including enquiry) at a further 9 (2019: 8) non-significant components to obtain further coverage. These components were not individually financially significant enough to require an audit for Group reporting purposes.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Group revenue	Group profit before tax	Group total assets
Audits and specified procedures for group reporting purposes	17 (2019: 21)	86% (2019: 83%)	76% (2019: 71%)	75% (2019: 73%)
Reviews of financial information (including enquiry)	9 (2019: 8)	10% (2019: 8%)	6% (2019: 8%)	8% (2019: 7%)
Total	26 (2019: 29)	96% (2019: 91%)	82% (2019: 79%)	83% (2019: 80%)

The remaining 4% of total Group revenue, 18% of Group profit before tax and 17% of total Group assets is represented by 120 reporting components, none of which individually represented more than 1% of any of total Group revenue, 3% of Group profit before tax and 2% total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £0.1m to £1.25m (2019: £0.1m to £1.4m), having regard to the mix of size and risk profile of the Group across the components. The work on 15 (2019: 16) of the 26 (2019: 28) components was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group audit team.

Video and telephone conference meetings were held with all component auditors. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

For those items excluded from normalised group profit before tax, the component teams performed procedures on items relating to their components. The group team performed procedures on the remaining excluded items.

Independent auditor's report (continued)

4 Going concern

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

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period was the significant increase in cost to deliver and delays to current and future contracts as a result of COVID-19.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

1. **Assessing key assumptions in the forecasts** – critically assessing assumptions in base case and downside scenarios relevant to liquidity and covenant metrics. This included assessing whether downside scenarios applied are mutually consistent, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies, and assessing the working capital assumptions inherent in the forecasts to actual recent experience and existing supplier/customer arrangements.
2. **Assessing the directors' track record of forecast vs actual cash flows** – comparing past budgets to actual results to assess the directors' track record of budgeting accurately.
3. **Assessing the completeness and accuracy of the matters covered in the going concern disclosure** – considering whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 51 is materially consistent with the financial statements and our audit knowledge.

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

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board/audit committee/risk committee minutes.
- Considering remuneration incentive schemes and performance targets for directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provisions for contract disputes.

We also identified a fraud risk related to Group operations in overseas jurisdictions. This is in response to increased operational and financial risks both due to the need to comply with potentially uncertain regulatory and legislative environments where local regulations in those markets are different from laws and regulations that govern the Group as a whole.

Further detail in respect of revenue recognition and Group operations in overseas jurisdictions is set out in the key audit matter disclosures in section 2 of this report.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to cash accounts and separately disclosed financial statement captions.
- Evaluating the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Independent auditor's report (continued)

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at group.

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

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

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

Further detail in respect of Group operations in overseas jurisdictions is set out in the key audit matter disclosures in section 2 of this report.

In regard to health and safety matters discussed in the Strategic Report, we assessed disclosures against our understanding from legal correspondence and inquiry with directors.

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

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

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

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 51 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Independent auditor's report (continued)

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 91, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

10 March 2021

Consolidated income statement

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020			Year ended 31 December 2019		
		Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Revenue	3	518.2	–	518.2	617.1	–	617.1
Cost of sales		(380.6)	(43.2)	(423.8)	(432.4)	–	(432.4)
Gross profit		137.6	(43.2)	94.4	184.7	–	184.7
Administrative expenses		(98.7)	(40.8)	(139.5)	(119.2)	(10.7)	(129.9)
Share of post-tax results of associates	16	1.6	–	1.6	0.8	–	0.8
Operating profit/(loss)		40.5	(84.0)	(43.5)	66.3	(10.7)	55.6
Net finance expense	7	(9.0)	–	(9.0)	(7.8)	–	(7.8)
Profit/(loss) before taxation		31.5	(84.0)	(52.5)	58.5	(10.7)	47.8
Income tax	8	(7.2)	2.4	(4.8)	(11.6)	0.5	(11.1)
Profit/(loss) for the year		24.3	(81.6)	(57.3)	46.9	(10.2)	36.7
Attributable to:							
Owners of the Company		24.1	(81.6)	(57.5)	46.9	(10.2)	36.7
Non-controlling interests		0.2	–	0.2	–	–	–
		24.3	(81.6)	(57.3)	46.9	(10.2)	36.7
(Loss)/earnings per share				pence			pence
Basic	10			(114.2)			73.1
Diluted	10			(114.2)			72.7

Consolidated statement of other comprehensive income

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
(Loss)/profit for the year		(57.3)	36.7
Items that will not be classified to the income statement			
Actuarial (loss)/gain in defined benefit pension schemes	22	(9.3)	2.2
Tax on items that will not be reclassified		1.1	0.6
		(8.2)	2.8
Items that may be reclassified to the income statement			
Exchange differences on foreign currency net investments		(7.8)	(8.1)
Effective portion of changes in fair value of cash flow hedges	28	0.6	2.3
Effective portion of changes in fair value of cash flow hedges in joint ventures	16	(0.2)	(0.1)
Net changes in fair value of cash flow hedges transferred to income statement		(0.1)	(1.4)
Deferred tax on items that may be reclassified	8	1.1	(0.4)
		(6.4)	(7.7)
Total comprehensive income for the year		(71.9)	31.8
Attributable to:			
Owners of the Company		(72.0)	31.8
Non-controlling interests		0.1	–
		(71.9)	31.8

Consolidated and Company statement of financial position

as at 31 December 2020

	Notes	Group		Company	
		31 December 2020 £m	31 December 2019 £m	31 December 2020 £m	31 December 2019 £m
Non-current assets					
Goodwill	12	166.5	185.5	-	-
Other intangible assets	13	20.1	29.7	-	-
Property, plant and equipment	14	158.2	210.6	3.9	4.5
Right-of-use assets	15	30.7	27.1	1.5	1.8
Investment in joint ventures	16	7.5	8.5	-	-
Investments in subsidiaries	17	-	-	505.7	495.5
Other investments	17	1.4	1.4	1.4	1.4
Deferred tax assets	9	5.2	4.5	2.8	2.0
		389.6	467.3	515.3	505.2
Current assets					
Inventories	18	46.6	47.9	-	-
Trade and other receivables	19	162.8	213.7	6.3	6.9
Cash and cash equivalents		23.9	18.5	3.1	27.1
		233.3	280.1	9.4	34.0
Current liabilities					
Trade and other payables	20	(140.1)	(158.0)	(10.6)	(10.6)
Provisions	21	-	(0.7)	(0.4)	(0.4)
Current tax	8	(7.6)	(10.5)	(0.1)	2.6
Borrowings	26	(10.6)	(11.3)	(46.0)	(11.0)
Lease liabilities	26	(7.2)	(8.9)	(0.2)	(0.3)
		(165.5)	(189.4)	(57.3)	(19.7)
Net current assets		67.8	90.7	(47.9)	14.3
Total assets less current liabilities		457.4	558.0	467.4	519.5
Non-current liabilities					
Other payables	20	(3.6)	(4.8)	-	-
Provisions	21	(1.6)	-	-	-
Retirement benefit obligations	22	(10.3)	(5.8)	(9.5)	(3.7)
Cumulative preference shares	29	(0.1)	(0.1)	(0.1)	(0.1)
Borrowings	26	(178.8)	(207.3)	(178.6)	(206.7)
Lease liabilities	26	(25.3)	(21.3)	(1.5)	(1.7)
Deferred tax liabilities	9	(1.8)	(4.7)	-	-
		(221.5)	(244.0)	(189.7)	(212.2)
Net assets		235.9	314.0	277.7	307.3
Equity					
Called up share capital	29	12.6	12.6	12.6	12.6
Share premium		26.7	26.5	26.7	26.5
Treasury shares	29	(0.2)	-	(0.2)	-
Other reserves		(16.5)	(10.6)	1.9	0.9
Retained earnings		212.6	284.7	236.7	267.3
Total shareholders equity		235.2	313.2	277.7	307.3
Non-controlling interests		0.7	0.8	-	-
Total equity		235.9	314.0	277.7	307.3

The financial statements were approved by the Board of Directors on 10 March 2021 and signed on its behalf by:

Stuart Kilpatrick

Group Finance Director

Company number 00211475

Consolidated and Company cash flow statement

for the year ended 31 December 2020

	Notes	Group		Company	
		31 December 2020 £m	31 December 2019 restated* £m	31 December 2020 £m	31 December 2019 restated* £m
(Loss)/profit before tax		(52.5)	47.8	(15.9)	55.2
Adjustments to reconcile (loss)/profit before tax to net cash flows					
Depreciation and amortisation		48.0	43.1	1.1	1.2
Separately disclosed items (excluding amortisation)	5	81.1	7.6	41.7	3.7
Other non-cash items		7.1	6.4	(1.7)	(3.8)
Decrease/(increase) in inventories		2.0	(2.4)	–	–
Decrease/(increase) in trade and other receivables		30.9	(31.1)	1.8	(1.8)
(Decrease)/increase in trade and other payables		(13.4)	12.2	0.2	1.2
Defined benefit pension cash contributions less service cost		(4.8)	(8.4)	(4.7)	(8.2)
Cash generated from operations		98.4	75.2	22.5	47.5
Cash outflow from separately disclosed items		(3.9)	(7.5)	(0.6)	–
Income tax (payments)/receipts		(7.9)	(9.6)	0.9	(1.2)
Cash flow from operating activities		86.6	58.1	22.8	46.3
Investing activities					
Dividends from joint venture undertakings		1.8	1.7	–	–
Proceeds from the disposal of a subsidiary	25	1.3	–	–	–
Proceeds from the disposal of property, plant and equipment		2.6	2.2	–	–
Finance income		0.3	0.3	11.6	8.3
Acquisition of subsidiaries, net of cash acquired	24	(7.9)	(12.5)	–	–
Net loans advanced to subsidiaries		–	–	(51.2)	(99.4)
Investment in joint ventures and other investments		(0.5)	(4.7)	–	–
Acquisition of property, plant and equipment		(17.5)	(88.9)	(0.1)	(0.9)
Development expenditure		(2.9)	(3.5)	–	–
Cash flows used in investing activities		(22.8)	(105.4)	(39.7)	(92.0)
Financing activities					
Proceeds from the issue of share capital		0.2	–	0.2	–
Finance costs		(7.0)	(5.3)	(6.3)	(4.4)
Net purchase of own shares by Employee Share Ownership Trust		(0.9)	(1.1)	(0.9)	(1.1)
Notional purchase of own shares for LTIP vesting		(1.0)	(1.3)	(1.0)	(1.3)
Capital element of lease repayments		(13.0)	(11.3)	(0.3)	(0.2)
Proceeds from borrowings		34.3	106.6	–	85.3
Repayment of borrowings		(64.5)	(32.2)	(29.7)	–
Dividends paid	11	(4.0)	(16.4)	(4.0)	(16.4)
Dividends paid to non-controlling interest		(0.2)	(2.0)	–	–
Cash flows (used in)/from financing activities		(56.1)	37.0	(42.0)	61.9
Net increase in cash and cash equivalents	27	7.7	(10.3)	(58.9)	16.2
Cash and cash equivalents at 1 January	26	7.5	18.6	16.1	(0.1)
Net foreign exchange differences		(1.7)	(0.8)	(0.1)	–
Cash and cash equivalents at 31 December	26	13.5	7.5	(42.9)	16.1

* Cash and cash equivalents restated for the year ended 31 December 2019 (note 26)

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Treasury shares £m	Total shareholders equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2019	12.6	25.9	267.8	(0.9)	(0.4)	305.0	1.4	306.4
IFRIC 23 opening balance adjustments	-	-	(1.6)	-	-	(1.6)	-	(1.6)
Profit for the year	-	-	36.7	-	-	36.7	-	36.7
Other comprehensive income	-	-	2.2	(7.1)	-	(4.9)	-	(4.9)
Contributions by and distributions to owners:								
Ordinary dividends paid	-	-	(16.4)	-	-	(16.4)	(2.0)	(18.4)
Non-controlling interest dividend waiver	-	-	(1.7)	-	-	(1.7)	0.8	(0.9)
Acquisition	-	-	-	(2.6)	-	(2.6)	0.6	(2.0)
Share based payments	-	-	0.9	-	-	0.9	-	0.9
Tax effect of share based payments	-	-	0.2	-	-	0.2	-	0.2
Purchase of shares by ESOT	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Notional purchase of own shares	-	-	(1.9)	-	-	(1.9)	-	(1.9)
Arising on the issue of shares	-	0.6	-	-	-	0.6	-	0.6
Transfer	-	-	(1.5)	-	1.5	-	-	-
At 31 December 2019	12.6	26.5	284.7	(10.6)	-	313.2	0.8	314.0
Loss for the year	-	-	(57.5)	-	-	(57.5)	0.2	(57.3)
Other comprehensive income	-	-	(8.7)	(5.8)	-	(14.5)	(0.1)	(14.6)
Contributions by and distributions to owners:								
Ordinary dividends paid	-	-	(4.0)	-	-	(4.0)	-	(4.0)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(0.2)	(0.2)
Remeasurement of non-controlling interest put option	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Share based payments	-	-	0.1	-	-	0.1	-	0.1
Tax effect of share based payments	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Purchase of shares by ESOT	-	-	-	-	(0.9)	(0.9)	-	(0.9)
Notional purchase of own shares	-	-	(1.0)	-	-	(1.0)	-	(1.0)
Arising on the issue of shares	-	0.2	-	-	-	0.2	-	0.2
Transfer	-	-	(0.7)	-	0.7	-	-	-
At 31 December 2020	12.6	26.7	212.6	(16.5)	(0.2)	235.2	0.7	235.9

Other reserve movements

	Translation reserve £m	Hedging reserve £m	Put option liability £m	Total £m
Other reserves				
At 1 January 2019	0.3	(1.2)	-	(0.9)
Other comprehensive income	(8.1)	1.0	-	(7.1)
Remeasurement of non-controlling interest put option	-	-	(2.6)	(2.6)
At 31 December 2019	(7.8)	(0.2)	(2.6)	(10.6)
Other comprehensive income	(6.5)	0.7	-	(5.8)
Remeasurement of non-controlling interest put option	-	-	(0.1)	(0.1)
At 31 December 2020	(14.3)	0.5	(2.7)	(16.5)

Company statement of changes in equity

for the year ended 31 December 2020

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserves £m	Treasury shares £m	Total shareholders equity £m
At 1 January 2019	12.6	25.9	232.3	(0.5)	(0.4)	269.9
Profit for the year	–	–	54.8	–	–	54.8
Other comprehensive income	–	–	(1.1)	1.4	–	0.3
Contributions by and distributions to owners:						
Ordinary dividends paid	–	–	(16.4)	–	–	(16.4)
Share based compensation	–	–	0.9	–	–	0.9
Tax effect of share based compensation	–	–	0.2	–	–	0.2
Purchase of shares by ESOT	–	–	–	–	(1.1)	(1.1)
Notional purchase of own shares	–	–	(1.9)	–	–	(1.9)
Arising on the issue of shares	–	0.6	–	–	–	0.6
Transfer on disposal of shares	–	–	(1.5)	–	1.5	–
At 31 December 2019	12.6	26.5	267.3	0.9	–	307.3
Loss for the year	–	–	(15.9)	–	–	(15.9)
Other comprehensive income	–	–	(8.8)	1.0	–	(7.8)
Contributions by and distributions to owners:						
Ordinary dividends paid	–	–	(4.0)	–	–	(4.0)
Share based compensation	–	–	0.1	–	–	0.1
Tax effect of share based compensation	–	–	(0.3)	–	–	(0.3)
Purchase of shares by ESOT	–	–	–	–	(0.9)	(0.9)
Notional purchase of own shares	–	–	(1.0)	–	–	(1.0)
Arising on the issue of shares	–	0.2	–	–	–	0.2
Transfer on disposal of shares	–	–	(0.7)	–	0.7	–
At 31 December 2020	12.6	26.7	236.7	1.9	(0.2)	277.7

Notes to the financial statements

1 General information

James Fisher and Sons plc (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements comprise the financial statements of the Company, its subsidiary undertakings and its interest in associates and jointly controlled entities (together the Group), for the year ended 31 December 2020. The Company's shares are listed on the London Stock Exchange. The Company and consolidated financial statements were approved for publication by the Directors on 10 March 2021.

The Group and Company financial statements have been prepared with international accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs) and in addition the Group financial statements are prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union.

The financial statements are prepared on a going concern basis and on a historical cost basis, modified to include revaluation to fair value of certain financial instruments. As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The loss after taxation in the Company was £15.9m (2019: £54.8m profit). The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

The Directors have, at the time of approving these Financial Statements, a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least 12 months from this reporting date.

In light of the Covid-19 global pandemic experienced in 2020 and subsequent uncertainty, the Group has undertaken a detailed viability review and taken appropriate mitigating actions to protect the business and liquidity. Operations have been impacted by travel restrictions, supply chain logistics and actions to protect employees to ensure safe working conditions. The Group's quick response to Covid-19 has mitigated some of the impact on financial performance, however the potential impact of a post pandemic recession gives on-going risk to future financial performance. Liquidity is monitored through daily balance reporting, quarterly forecasting and 18 month cash flow forecasting.

The Group had £120.2m of undrawn committed facilities at 31 December 2020 (2019: £41.7m) and increased committed facilities by £50m in the year to £300m (2019: £250m). Revolving credit facilities of £70m are due for renewal within twelve months from the date of this report, however the Directors have no indication that these will not be renewed and forecasts have been prepared which continue to show headroom should they not be renewed. These facilities are linked to covenant compliance requirements, being a net debt to Ebitda ratio and interest cover. The Group has been in compliance with covenant requirements in the year, post year end, and are forecast to be compliant for at least 12 months from the date of approval of these financial statements. Post year end, as at the date of approval of the financial statements, the Group had approximately £115m of undrawn credit facilities available.

The Directors' base case forecast reflected financial performance in the year ended 31 December 2020 and the associated impacts of Covid-19. There is limited impact to the Group and Company of the UK's exit from the EU. A number of severe but plausible downside scenarios were calculated compared to the base case forecast of profit and cash flow to assess headroom against facilities for the next 12 months. Against these negative scenarios, which reduced operating profit by £10m in 2021 and £20m in 2022, adjusted projections showed no breach of covenants. Additional sensitivities which reduced cash receipts by £10m in 2021 and £20m in 2022 and delayed project delivery reducing profit by £10m in 2021 and £20m in 2022 and deferring debtor collection by £3m in 2021 and by £6m in 2022 were also run separately in combination with the severe but plausible downside and adjusted projections showed no breach of covenants. Further mitigating actions could also be taken in such scenarios should it be required, including reducing capital expenditure, reducing dividend payments and not carrying out any acquisitions.

Taking into account the level of cash and available facilities outlined above, the Directors consider that the Group and Company have sufficient funds to allow them to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements, having undertaken a rigorous assessment of financial forecasts and therefore continue to adopt the going concern basis of accounting in preparing these Financial Statements.

The consolidated financial statements and those of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

2 Alternative performance measures

The Group uses a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) performance measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures are important and should be considered alongside the IFRS measures. The adjustments are separately disclosed and are usually items that are significant in size or non-recurring in nature. The following non-GAAP measures are referred to in the Annual Report and Accounts.

2 Alternative performance measures continued

2.1 Underlying operating profit and underlying profit before taxation

Underlying operating profit is defined as operating profit before separately disclosed items, which comprise: acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, or asset impairment and the profit or loss relating to the sale of businesses. As acquisition related income and expense fluctuates with activity and to provide a better comparison to businesses that are not acquisitive, the Directors consider that these items should be separately disclosed to give a better understanding of operating performance. Underlying profit before taxation is defined as underlying operating profit less net finance expense.

	2020 £m	2019 £m
Operating (loss)/profit	(43.5)	55.6
Separately disclosed items before taxation	84.0	10.7
Underlying operating profit	40.5	66.3
Net finance expense	(9.0)	(7.8)
Underlying profit before taxation	31.5	58.5

2.2 Underlying earnings per share

Underlying earnings per share (EPS) is calculated as the total of underlying profit before tax, less income tax, but excluding the tax impact on separately disclosed items less profit attributable to non-controlling interests, divided by the weighted average number of ordinary shares in issue during the year. The Directors believe that underlying EPS provides a better understanding of the underlying earnings capability of the Group. Underlying earnings per share is set out in note 10.

2.3 Capital employed and Return on Capital Employed (ROCE)

Capital employed is defined as net assets less right-of-use assets, less cash and short-term deposits and after adding back borrowings. Average capital employed is adjusted for the timing of businesses acquired and after adding back cumulative amortisation of customer relationships. Segmental ROCE is defined as the underlying operating profit, divided by average capital employed. The key performance indicator, Group post-tax ROCE, is defined as underlying operating profit, less notional tax, calculated by multiplying the effective tax rate by the underlying operating profit, divided by average capital employed.

	2020 £m	2019 £m
Net assets	235.9	314.0
Less right-of-use assets	(30.7)	(27.1)
Plus net borrowings	198.1	230.4
Capital employed	403.3	517.3
Underlying operating profit	40.5	66.3
Notional tax at the underlying effective tax rate	(9.2)	(13.1)
	31.3	53.2
Average capital employed	467.6	471.1
Return on average capital employed	6.7%	11.3%

2.4 Cash conversion

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow comprises:

	2020 £m	2019 £m
Cash generated from operations	98.4	75.2
Dividends from joint venture undertakings	1.8	1.7
Capital element of lease repayments	(13.0)	(11.3)
Other	0.5	0.2
Operating cash flow	87.7	65.8
Underlying operating profit	40.5	66.3
Cash conversion	217%	99%

2.5 Underlying earnings before interest, tax, depreciation and amortisation (Ebitda)

Underlying Ebitda is defined as the underlying operating profit before interest, tax, depreciation and amortisation.

	2020 £m	2019 £m
Underlying operating profit	40.5	66.3
Depreciation and amortisation	48.0	43.1
Less: Depreciation on right-of-use assets	(10.9)	(10.1)
Amortisation of acquired intangibles (note 5)	(2.9)	(3.1)
Underlying Ebitda	74.7	96.2

2 Alternative performance measures continued

2.6 Underlying dividend cover

Underlying dividend cover is the ratio of underlying diluted earnings per share to the total dividend per share.

	2020 pence	2019 pence
Underlying earnings per share	47.9	92.8
Total dividends per share*	8.0	11.3
Underlying dividend cover (times)	6.0	8.2

* 2019 amended for interim dividend only as set out in note 11.

2.7 Underlying net borrowings

Underlying net borrowings is net borrowings as set out in note 27, excluding right-of-use operating leases. The Group's banking arrangements are based on underlying net borrowings.

	2020 £m	2019 £m
Net borrowings (note 27)	198.1	230.4
Less: right-of-use operating leases	(23.1)	(27.4)
	175.0	203.0

2.8 Organic constant currency

Organic constant currency growth represents absolute growth, adjusted for current and prior year acquisitions and for constant currency. Constant currency takes the non-sterling results of the prior year and re-translates them at the average exchange rate of the current year.

3 Segmental information

The Group has four operating segments reviewed by the Board: Marine Support, Specialist Technical, Offshore Oil and Tankships. Their principal activities are set out in the Strategic report on pages 14 to 21. The Board assess the performance of the segments based on underlying operating profit, underlying operating margin and return on capital employed. It considers that this information is the most relevant in evaluating the performance of its segments relative to other entities which operate in similar markets. In 2019, £5.5m of revenue and £0.6m of operating loss formerly included within Specialist Technical and Offshore Oil was transferred to Marine Support to align with changes to the operational and financial reporting of the segments. Inter-segmental sales are made using prices determined on an arms length basis. Sector assets exclude cash, short-term deposits and corporate assets that cannot reasonably be allocated to operating segments. Sector liabilities exclude borrowings, retirement benefit obligations and corporate liabilities that cannot reasonably be allocated to operating liabilities.

Year ended 31 December 2020	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Segmental revenue						
– point in time	225.3	42.2	80.1	–	–	347.6
– over time	24.5	89.2	–	60.4	–	174.1
Inter-segmental sales	(0.4)	(1.0)	(2.1)	–	–	(3.5)
Revenue	249.4	130.4	78.0	60.4	–	518.2
Underlying operating profit/(loss)	10.1	14.0	11.2	8.0	(2.8)	40.5
Separately disclosed items	(79.6)	(1.6)	(2.8)	–	–	(84.0)
Operating (loss)/profit	(69.5)	12.4	8.4	8.0	(2.8)	(43.5)
Net finance expense						(9.0)
Loss before tax						(52.5)
Income tax						(4.8)
Loss for the year						(57.3)
Assets and liabilities						
Segmental assets	246.7	156.0	139.4	53.5	19.8	615.4
Investment in joint ventures	2.1	3.0	2.4	–	–	7.5
Total assets	248.8	159.0	141.8	53.5	19.8	622.9
Segmental liabilities	(90.5)	(57.6)	(24.9)	(22.2)	(191.8)	(387.0)
	158.3	101.4	116.9	31.3	(172.0)	235.9
Other segmental information						
Capital expenditure	7.1	1.9	5.4	3.1	–	17.5
Depreciation and amortisation	17.8	6.7	12.7	10.5	0.3	48.0

Revenue disclosed in the income statement is comprised of goods and services of £398.9m (2019: £506.9m), equipment hire of £40.2m (2019: £42.6m) and construction contract income of £79.1m (2019: £67.6m).

3 Segmental information continued

Year ended 31 December 2019	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Segmental revenue						
– point in time	276.3	55.5	91.0	–	–	422.8
– over time	35.6	95.4	–	67.9	–	198.9
Inter-segmental sales	(0.3)	(1.5)	(2.8)	–	–	(4.6)
Revenue	311.6	149.4	88.2	67.9	–	617.1
Underlying operating profit/(loss)	24.5	18.4	14.2	12.0	(2.8)	66.3
Separately disclosed items	(9.9)	(0.3)	(0.5)	–	–	(10.7)
Operating profit	14.6	18.1	13.7	12.0	(2.8)	55.6
Net finance expense						(7.8)
Profit before tax						47.8
Income tax						(11.1)
Profit for the year						36.7
Assets and liabilities						
Segmental assets	333.3	161.9	160.9	60.7	22.1	738.9
Investment in joint ventures	3.6	3.0	1.9	–	–	8.5
Total assets	336.9	164.9	162.8	60.7	22.1	747.4
Segmental liabilities	(102.0)	(51.9)	(28.5)	(28.9)	(222.1)	(433.4)
	234.9	113.0	134.3	31.8	(200.0)	314.0
Other segmental information						
Capital expenditure	66.6	4.5	11.4	12.8	–	95.3
Depreciation and amortisation	13.9	6.6	12.5	9.7	0.4	43.1

Geographic information

Geographical revenue is determined by the location in which the product or service is provided. Where customers receive the product or service in one geographical location for use or shipment to another, it is not practicable for the Group to identify this and the revenue is attributed to the location of the initial shipment. The geographical allocation of segmental assets and liabilities is determined by the location of the attributable business unit.

	United Kingdom		Rest of Europe		Middle East, Africa & Americas		Asia Pacific		Total	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Revenue										
Segmental revenue										
– point in time	85.3	139.6	59.3	67.7	122.6	133.1	80.4	82.4	347.6	422.8
– over time	97.6	106.6	8.4	10.3	25.7	37.0	42.4	45.0	174.1	198.9
Inter-segmental sales	(1.7)	(4.6)	–	–	–	–	(1.8)	–	(3.5)	(4.6)
Group revenue	181.2	241.6	67.7	78.0	148.3	170.1	121.0	127.4	518.2	617.1
Segmental non-current assets	231.8	269.5	49.3	53.7	66.5	98.9	34.5	36.6	382.1	458.7
Segmental current assets	156.5	159.7	5.0	6.1	36.5	73.2	35.3	41.1	233.3	280.1
Segmental assets	388.3	429.2	54.3	59.8	103.0	172.1	69.8	77.7	615.4	738.8
Investment in joint ventures	0.1	0.1	2.6	2.1	0.2	1.5	4.6	4.8	7.5	8.5
Segmental liabilities	(309.6)	(343.6)	(9.1)	(12.7)	(48.6)	(50.9)	(19.7)	(26.1)	(387.0)	(433.3)
	78.8	85.7	47.8	49.2	54.6	122.7	54.7	56.4	235.9	314.0

4 Auditor's remuneration

Auditor's remuneration comprises the following:

	2020 £m	2019 £m
Audit of the financial statements of the parent	0.5	0.5
Half year review	0.1	–
Local statutory audits of subsidiaries	1.0	0.9
Total fees payable to Group auditor	1.6	1.4

5 Separately disclosed items

In order for a better understanding of the underlying performance of the Group, certain items are disclosed separately (note 2). Separately disclosed items are as follows:

	2020 £m	2019 £m
Acquisition related income and (expense):		
Costs incurred in acquiring businesses	(1.0)	(0.6)
Amortisation of acquired intangibles (note 2)	(2.9)	(3.1)
Adjustment to provision for contingent consideration	–	3.5
	(3.9)	(0.2)
Marine Support restructure	(3.9)	–
Disposal of businesses	(3.5)	–
Costs of material litigation	–	(1.5)
Impairment charges:		
Intangible assets	(19.4)	–
Dive support vessels	(31.6)	–
Tangible fixed assets	(2.4)	(2.7)
Receivables	(19.3)	(6.3)
Separately disclosed items before taxation	(84.0)	(10.7)
Tax on separately disclosed items	2.4	0.5
	(81.6)	(10.2)

- (i) Acquisition related income and expense comprises costs incurred on the acquisition of businesses including external due diligence costs, amortisation of acquired intangibles and any adjustment for contingent consideration. As set out in note 2, these items fluctuate with acquisition activity and are disclosed separately, to provide a better comparison to businesses that are not acquisitive.
- (ii) Due to the deferral of subsea projects in oil and gas and renewables, a material restructure of marine support activities was completed during the year. The charge of £3.9m relates to redundancy and notice costs in relation to 202 employees.
- (iii) Disposal of businesses relates to the disposal in 2020 of JF Nuclear GmbH for proceeds of £1.6m which resulted in a loss of £1.2m. The balance includes £2.0m in respect of the exchange of interests set out in note 16 and £0.3m relating to cost adjustments in respect of businesses disposed of in previous years.
- (iv) Impairment charges
- (a) Intangible assets comprise goodwill of £17.0m (2019: £nil) and other intangible asset impairments of £2.4m (2019: £nil) in relation to development expenditure and intellectual property where expected future cash flows no longer justify carrying value. The goodwill impairment related to the Subtech (£10.0m) and James Fisher Testing Services (£7.0m) cash generating units.
- (b) Dive support vessels: In 2019, the Group acquired two dive support vessels with the strategic aim of targeting the market of subsea projects in the oil and gas sector in West Africa and the Middle East. The combination of changes in energy prices in the first half of 2020 and the onset of the global pandemic resulted in lower utilisation of these vessels than expected and has given rise to an impairment charge of £31.6m (2019: £nil) based on their recoverable amount.
- (c) the tangible fixed asset impairment relates to certain assets in Marine Support and Offshore Oil where latest forecasts of future cash flows in respect of these assets is less than carrying net book value.
- (d) the impairment in respect of receivables relates to a number of projects commenced by the Group during 2019 where payment for amounts invoiced or considered due under the contract have yet to be paid and the Board considers it appropriate to make provision. As referred to in note 33, a number of these issues are subject to legal or contractual process and the outcome is uncertain. In 2019, the impairment of £6.3m related to a receivable from an associated company.
- (v) In 2019, separately disclosed items comprised an impairment on the investment in an associated company of £2.7m, in addition to the impaired receivable referred to above. In addition to net acquisition related expenses of £0.2m, the Group incurred a £1.5m charge in respect of a material litigation contract claim which was lost on appeal.

6 Group employee costs

- (a) Staff costs including Directors' remuneration were as follows:

	2020 £m	2019 £m
Wages and salaries	117.1	130.7
Social security costs	11.7	12.5
Pension costs	4.8	5.0
Share based compensation	0.1	1.0
	133.7	149.2

The average number of persons including Executive Directors employed by the Group was 2,680 (2019: 2,955), and 2,484 persons were employed at 31 December 2020 (2019: 3,100).

6 Group employee costs continued

The Directors' remuneration and their interest in shares of the Company are set out in the Directors' remuneration report on pages 80 to 87. The amount charged against operating profit in the year in respect of Director's short-term remuneration was £1.0m (2019: £1.3m) in respect of emoluments and £0.1m (2019: £0.1m) in respect of pension contributions to defined contribution schemes. The charge for share based payments in respect of Directors was £0.1m (2019: £0.5m) and aggregate gains under the exercise of options was £0.2m (2019: £nil).

(b) Compensation of key management to the Group

	2020 £m	2019 £m
Short-term employee benefits	1.8	2.0
Share based payments	0.1	0.5
	1.9	2.5

Key management personnel include the Board of Directors of the Company and other senior members of the management team.

7 Net finance expense

	2020 £m	2019 £m
Finance income:		
Interest receivable on short-term deposits	0.2	0.3
Finance expense:		
Bank loans and overdrafts	(7.2)	(5.8)
Net interest on pension obligations	(0.1)	(0.3)
Unwind of discount on right-of-use lease liability	(1.8)	(1.7)
Unwind of discount on contingent consideration	(0.1)	(0.3)
	(9.2)	(8.1)
Net finance expense	(9.0)	(7.8)

8 Taxation

(a) The tax charge is based on profit for the year and comprises:

	2020 £m	2019 £m
Current tax:		
UK corporation tax	(1.1)	(4.1)
Overseas tax	(7.9)	(9.5)
Adjustment in respect of prior years:		
UK corporation tax	2.7	0.5
Overseas tax	(1.1)	1.0
Total current tax	(7.4)	(12.1)
Deferred tax:		
Origination and reversal of temporary differences:		
Current year		
UK corporation tax	1.9	0.8
Overseas tax	1.1	1.0
Prior year		
UK corporation tax	(0.3)	(0.7)
Overseas tax	(0.1)	(0.1)
Total tax on profit for the year	(4.8)	(11.1)

The total tax charge in the income statement includes a further £0.1m (2019: £0.1m) which is stated within the share of post-tax results of joint ventures.

(b) Tax included within other comprehensive income:

	2020 £m	2019 £m
Current tax:		
Foreign exchange losses on internal loans	1.1	0.6
Contributions to defined benefit pension schemes	-	1.1
Deferred tax:		
Contributions to defined benefit pension schemes	0.9	-
Actuarial loss on defined benefit pension schemes	0.3	(1.1)
Relating to derivatives	(0.1)	(0.4)
	2.2	0.2

In addition, deferred tax of £0.3m (2019: £0.3m) and no current tax (2019: £0.5m credit) was charged to the consolidated statement of changes in equity in respect of share based payments.

8 Taxation continued

(c) Reconciliation of effective tax rate

The Group falls under the UK tonnage tax regime on its tanker owning and operating activities and a charge is based on the net tonnage of vessels operated. Profits for these activities are not subject to corporation tax. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2020 £m	2019 £m
(Loss)/profit before tax	(52.5)	47.8
Tax arising from interests in joint ventures	0.1	0.1
	(52.4)	47.9
Tax on (loss)/profit at UK statutory tax rate of 19% (2019: 19%)	(10.0)	9.1
Tonnage tax relief on vessel activities	(0.7)	(1.6)
Expenses not deductible for tax purposes		
Separately disclosed items	3.6	2.3
Other	0.3	0.4
(Over)/under provision in previous years:		
Current tax	(1.6)	(1.5)
Deferred tax	0.4	0.8
Higher tax rates on overseas income	2.0	3.2
Research and development relief	(0.6)	(0.5)
Non-taxable income	–	(0.7)
Impact of change of rate	0.5	0.1
Movement on unrecognised deferred tax	11.0	(0.4)
	4.9	11.2

The effective rate on the (loss)/profit before income tax from continuing operations is (9.1%) (2019: 23.2%). The effective income tax rate on the underlying profit before tax is 22.8% (2019: 19.8%). Over provision in previous years arose due to the timing in which certain transactions have been accounted for, rather than any correction. At 31 December 2020, the Group had unrecognised tax losses of £30.3m (2019: £7.3m). Deferred tax assets are recognised in respect of these losses based on expected future recovery.

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. Deferred tax has been calculated at 19% (2019: 17%).

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £0.4m.

9 Deferred tax

Deferred tax at 31 December relates to the following:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Assets				
Retirement benefits	1.4	1.2	1.4	1.1
Share based payments	0.1	0.7	0.1	0.7
Losses carried forward	7.2	4.3	1.2	–
Temporary differences	2.4	1.9	0.3	0.3
	11.1	8.1	3.0	2.1
Offset against deferred tax liabilities	(5.9)	(3.6)	(0.2)	(0.1)
	5.2	4.5	2.8	2.0
Liabilities				
Property, plant and equipment	(3.5)	(3.4)	0.1	0.1
Intangible assets	(4.0)	(4.7)	–	–
Derivative financial instruments	(0.2)	(0.2)	(0.3)	(0.2)
	(7.7)	(8.3)	(0.2)	(0.1)
Offset against deferred tax assets	5.9	3.6	0.2	0.1
	(1.8)	(4.7)	–	–

Deferred tax assets and liabilities included in the consolidated balance sheet have been stated according to the net exposures in each tax jurisdiction.

9 Deferred tax continued

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Balance at 1 January	(0.2)	2.0	2.0	2.9
Charged to comprehensive income	1.1	(1.5)	1.4	(0.7)
Charged to equity	(0.3)	(0.3)	(0.6)	(0.3)
Credited to income statement	2.6	1.0	–	0.1
Exchange adjustments	0.2	(0.1)	–	–
Acquisitions	–	(1.3)	–	–
Balance at 31 December	3.4	(0.2)	2.8	2.0

At 31 December 2020, the Group has no deferred income tax liability (2019: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

Deferred tax credited to the income statement in the year ended 31 December 2020 relates to the following:

	Group	
	2020 £m	2019 £m
Deferred tax assets	(2.0)	(0.8)
Deferred tax liabilities:		
Property, plant and equipment	0.1	0.3
Intangible assets	(0.7)	(0.5)
Deferred income tax credit	(2.6)	(1.0)

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, after excluding 9,227 (2019: 510) ordinary shares held by the James Fisher and Sons plc Employee Share Ownership Trust (ESOT), as treasury shares. Diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 31 December 2020, 386,317 options (2019: 44,809) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would be anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Weighted average number of shares

	2020 Number of shares	2019 Number of shares
Basic weighted average number of shares	50,342,732	50,282,962
Potential exercise of share based payment schemes	85,973	240,597
Diluted weighted average number of shares	50,428,705	50,523,559

Underlying earnings per share

To provide a better understanding of the underlying performance of the Group, underlying earnings per share on continuing activities is reported as an alternative performance measure (note 2).

	2020 £m	2019 £m
Profit attributable to owners of the Company	(57.5)	36.7
Separately disclosed items	84.0	10.7
Tax on separately disclosed items	(2.4)	(0.5)
Underlying profit attributable to owners of the Company	24.1	46.9
Earnings per share	pence	pence
Basic earnings per share	(114.2)	73.1
Diluted earnings per share	(114.2)	72.7
Underlying basic earnings per share	48.0	93.2
Underlying diluted earnings per share	47.9	92.8

11 Dividends paid and proposed

	2020 pence per share	2019 pence per share	2020 £m	2019 £m
Equity dividends on ordinary shares declared and paid:				
Final dividend for 2019	–	21.3	–	10.7
Interim dividend for 2020	8.0	11.3	4.0	5.7
			4.0	16.4

No final dividend is proposed in respect of the year ended 31 December 2020. In 2019, a final dividend of 23.4p per share was proposed but subsequently cancelled to protect the liquidity of the Group due to uncertainty caused by the global coronavirus pandemic.

12 Goodwill

Group	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Total £m
At 1 January 2019	77.9	40.8	42.4	10.3	171.4
Acquisitions	15.3	0.3	–	–	15.6
Transfer	(4.6)	–	5.3	–	0.7
Exchange differences	(0.4)	(0.5)	(1.3)	–	(2.2)
At 31 December 2019	88.2	40.6	46.4	10.3	185.5
Impairment	(17.0)	–	–	–	(17.0)
Exchange differences	(2.2)	0.2	–	–	(2.0)
At 31 December 2020	69.0	40.8	46.4	10.3	166.5

During the year, due to the combination of Covid-19 and a sharp decline in energy prices in the first half which resulted in projects in our subsea operations being deferred or cancelled, a decision was taken to restructure the Marine Support division. Based on the value in use calculations set out below, impairments were identified in respect of two CGUs within the division and charges of £10.0m and £7.0m have been recognised respectively, resulting in a remaining recoverable value of £0.8m and £0.4m respectively for those CGUs based on their value in use.

A summary of the recoverable amount of all CGUs by sector, post impairment and discount rates used in respect of the CGUs are detailed below.

	Recoverable amount £m	2020 Discount rate range %	2019 Discount rate range %
Marine support	266.0	6.3% to 10.0%	4.5% to 6.5%
Specialist Technical	191.2	7.8%	4.5% to 4.7%
Offshore Oil	154.2	7.3% to 8.2%	4.5% to 4.7%
Tankships	69.6	5.8%	4.5%

The recoverable amount of these units has been assessed based on value in use calculations using cash projections based on five-year strategic plans which take into account the impact of climate change and are approved by the Board. For all CGUs a terminal value of cash flows beyond that date have been calculated at a growth rate in line with management's long-term expectations for the relevant market, using a growth rate of 0.6%. The key assumptions used in the value in use calculations include gross margin, discount rate, inflation of overheads and payroll and growth rates.

Growth estimates are based on the levels achieved in current and historic periods adjusted for the expected impact of management actions and the future development of the relevant market. Short-term growth rates of turnover are based on the five-year strategic plan. Growth rates vary dependent on the market conditions in which the CGU operates and range between 1.0% and 15.0%. Direct costs are expected to increase in line with revenue.

Sensitivity to impairment

Sensitivities carried out across all CGU's included increasing the discount rate by 2.0% and reducing the terminal growth to zero and reducing operating profit by 25.0%. In all of the scenarios analysed headroom remained positive.

Four CGUs within the Marine Support division were identified as having a higher risk of impairment. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 4.0% to give rise to a goodwill impairment in respect of these CGUs, which is considered to be unlikely. For the two CGUs where an impairment charge has been recognised, the sensitivities above showed additional impairments of £0.4m and £1.3m.

12 Goodwill continued

No CGUs within the Specialist Technical division were identified as having a high risk of impairment. In all the scenarios headroom remained positive. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 20.0% to give rise to a goodwill impairment in these CGUs and this is not considered a reasonably possible change.

No CGUs within the Offshore Oil division were identified as having a high risk of impairment. In all the scenarios headroom remained positive. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 4.5% to give rise to a goodwill impairment in these CGUs and this is not considered a reasonably possible change.

No CGUs within the Tankships division were identified as having a high risk of impairment. In all the scenarios headroom remained positive. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 34.0% to give rise to a goodwill impairment in these CGUs and this is not considered a reasonably possible change.

13 Other intangible assets

Group	Development costs £m	Intellectual property £m	Customer relationships £m	Total £m
Cost:				
At 1 January 2019	24.7	8.6	14.6	47.9
Additions	3.9	1.7	–	5.6
Acquisitions	–	0.2	5.5	5.7
Disposals	–	–	(0.3)	(0.3)
Exchange differences	(0.2)	(0.1)	(0.4)	(0.7)
At 31 December 2019	28.4	10.4	19.4	58.2
Additions	2.9	–	–	2.9
Acquisitions	0.7	–	–	0.7
Disposals	(2.8)	(0.6)	–	(3.4)
Exchange differences	–	–	(0.7)	(0.7)
At 31 December 2020	29.2	9.8	18.7	57.7
Amortisation:				
At 1 January 2019	10.3	2.5	9.0	21.8
Charge for the period	3.3	1.2	2.6	7.1
Disposals	–	–	(0.3)	(0.3)
Exchange differences	–	–	(0.1)	(0.1)
At 31 December 2019	13.6	3.7	11.2	28.5
Charge for the period	3.7	1.5	2.4	7.6
Impairment	1.8	0.6	–	2.4
Disposals	(0.2)	(0.6)	–	(0.8)
Exchange differences	(0.1)	–	–	(0.1)
At 31 December 2020	18.8	5.2	13.6	37.6
Net book value at 31 December 2020	10.4	4.6	5.1	20.1
Net book value at 31 December 2019	14.8	6.7	8.2	29.7
Net book value at 31 December 2018	14.4	6.1	5.6	26.1

Customer relationships relate to items acquired through business combinations which are amortised over their estimated useful economic life. Development costs relate to new products developed by the Group and intellectual property represents amounts purchased or acquired relating to technology in the Group's activities. Based on an assessment of the recoverable amount, an impairment charge of £2.4m has been recognised in the year in respect of development costs and intellectual property (note 5).

	2020 £m	2019 £m
Research and development costs charged to operating profit	0.1	0.2

14 Property, plant and equipment

Group	Vessels £m	Assets under construction £m	Freehold & leasehold property £m	Plant & equipment £m	Total £m
Cost:					
At 1 January 2019	92.3	4.8	34.2	199.0	330.3
Additions	67.3	5.4	1.8	17.9	92.4
Reclassifications	–	(4.4)	–	4.4	–
Acquisitions	0.5	–	–	1.9	2.4
Disposals	(5.9)	–	(0.1)	(7.9)	(13.9)
Exchange differences	(0.1)	–	(0.4)	(3.7)	(4.2)
At 31 December 2019	154.1	5.8	35.5	211.6	407.0
Additions	3.1	5.9	0.6	6.6	16.2
Reclassifications	1.9	(6.9)	–	4.6	(0.4)
Acquisitions	–	–	–	0.1	0.1
Disposals	(19.9)	–	(0.2)	(6.8)	(26.9)
Exchange differences	(1.3)	(0.7)	(0.2)	(0.9)	(3.1)
At 31 December 2020	137.9	4.1	35.7	215.2	392.9
Depreciation:					
At 1 January 2019	58.7	–	10.5	115.7	184.9
Provided during the year	6.1	–	1.7	18.2	26.0
Disposals	(5.7)	–	(0.1)	(6.1)	(11.9)
Exchange differences	(0.1)	–	(0.1)	(2.4)	(2.6)
At 31 December 2019	59.0	–	12.0	125.4	196.4
Provided during the year	8.9	–	1.8	18.8	29.5
Provision for impairment	33.0	–	–	1.0	34.0
Disposals	(18.0)	–	(0.2)	(6.0)	(24.2)
Exchange differences	(0.3)	–	–	(0.7)	(1.0)
At 31 December 2020	82.6	–	13.6	138.5	234.7
Net book value at 31 December 2020	55.3	4.1	22.1	76.7	158.2
Net book value at 31 December 2019	95.1	5.8	23.5	86.2	210.6
Net book value at 31 December 2018	33.6	4.8	23.7	83.3	145.4

As a result of challenging market conditions and lower than expected utilisation, an impairment review was conducted which resulted in an impairment charge of £31.6m being made against two dive support vessels within Marine Support (see note 5). The recoverable amount was based on the fair value less costs of disposal for the vessels concerned. In addition, a £1.4m vessel impairment was booked.

Company	Vessels £m	Freehold & leasehold property £m	Plant & equipment £m	Total £m
Cost:				
At 1 January 2019	9.8	2.3	3.1	15.2
Additions	0.5	–	0.4	0.9
At 31 December 2019	10.3	2.3	3.5	16.1
Additions	0.2	–	–	0.2
At 31 December 2020	10.5	2.3	3.5	16.3
Depreciation:				
At 1 January 2019	6.8	1.4	2.5	10.7
Provided during the year	0.5	0.1	0.3	0.9
At 31 December 2019	7.3	1.5	2.8	11.6
Provided during the year	0.5	0.1	0.2	0.8
At 31 December 2020	7.8	1.6	3.0	12.4
Net book value at 31 December 2020	2.7	0.7	0.5	3.9
Net book value at 31 December 2019	3.0	0.8	0.7	4.5
Net book value at 31 December 2018	3.0	0.9	0.6	4.5

15 Right-of-use assets

Group	Vessels £m	Freehold & leasehold property £m	Plant & equipment £m	Total £m
Cost:				
At 1 January 2019	13.1	21.0	0.6	34.7
Additions	0.5	2.2	0.2	2.9
Acquisitions	–	–	0.1	0.1
Disposals	–	(0.1)	–	(0.1)
Exchange differences	–	(0.5)	–	(0.5)
At 31 December 2019	13.6	22.6	0.9	37.1
Additions	10.9	3.1	1.3	15.3
Disposals	–	(1.0)	(0.2)	(1.2)
Exchange differences	(0.5)	(0.1)	–	(0.6)
At 31 December 2020	24.0	24.6	2.0	50.6
Depreciation:				
At 1 January 2019	–	–	–	–
Provided during the year	5.6	4.1	0.3	10.0
At 31 December 2019	5.6	4.1	0.3	10.0
Provided during the year	6.1	4.3	0.5	10.9
Disposals	–	(0.9)	(0.2)	(1.1)
Exchange differences	–	0.1	–	0.1
At 31 December 2020	11.7	7.6	0.6	19.9
Net book value at 31 December 2020	12.3	17.0	1.4	30.7
Net book value at 31 December 2019	8.0	18.5	0.6	27.1

The Company had right-of-use assets in respect of leasehold property with a cost of £2.1m (2019: £2.1m), accumulated depreciation of £0.6m (2019: £0.3m). Depreciation charged in the year amounted to £0.3m (2019: £0.3m).

16 Investment in subsidiaries, associates and joint arrangements

Details of the Group's joint ventures and associated undertakings are set out on page 151.

	2020 £m	2019 £m
Investment in joint ventures	5.5	6.5
Loans to associate	2.0	2.0
	7.5	8.5

Loans to associate relate to First Response Marine and further information is set out in note 31.

16 Investment in subsidiaries, associates and joint arrangements continued

The Group's share of the assets, liabilities and trading results of joint ventures and associates, which are accounted for under the equity accounting method, are as follows:

	2020 £m	2019 £m
Current assets	11.7	17.2
Non-current assets	21.3	27.0
Current liabilities	(1.6)	(11.0)
Non-current liabilities	(25.9)	(26.7)
	5.5	6.5
Revenue	11.9	17.0
Cost of sales	(9.4)	(14.1)
Administrative expenses	(0.9)	(2.2)
Profit from operations	1.6	0.7
Net finance income	0.2	0.2
Profit before tax	1.8	0.9
Tax	(0.2)	(0.1)
Profit after tax	1.6	0.8
Segmental analysis of profit after tax:		
Marine Support	0.8	0.2
Specialist Technical	0.8	0.6
	1.6	0.8
Movement on investment in joint ventures:		
At 1 January	6.5	6.2
Acquisitions	0.5	11.1
Profit for the year	1.6	0.8
Transfer	(1.1)	(0.7)
Dividends received	(1.8)	(1.7)
Share of fair value losses on cash flow hedges	(0.2)	(0.1)
Impairment (note 5)	–	(9.0)
Exchange adjustments	–	(0.1)
At 31 December	5.5	6.5

There are no capital commitments or contingent liabilities in respect of the Group's interests in joint ventures.

On 17 September 2020, the Group received statutory approval for a transaction agreed and signed on 25 February 2020 to exchange the Group's 60% interest in Murjan Al-Sharq for Marine Contracting LLC (Murjan), which was accounted for as an associate with net book value of £nil, for a 50% share in the legal entity Deep Sea Operation and Maintenance Company Limited (Deep Sea) in which the Group previously held a 50% share. In addition, as part of the transaction the Group agreed to settle £0.8m of the liabilities of Murjan. The carrying amount of the Group's 50% investment in Deep Sea was £1.1m at the transaction date and this has been transferred from the investment in joint ventures during the year. As Deep Sea is an entity that leases a number of vessels and does not have its own business process or employees, the acquisition of the remaining 50% interest was accounted for as an asset purchase. The assets and liabilities of Deep Sea included in the Group financial statements as a result of the transaction are £9.2m right-of-use assets, £7.5m of lease liabilities, and £0.9m of other payables. After taking account of an impairment of the original 50% Deep Sea investment of £0.9m, the transaction resulted in a charge of £2.0m, included within disposal of businesses set out in separately disclosed items in note 5.

17 Financial assets

Group

Other investments

Other investments of net book value £1.4m (2019: £1.4m) of the Group and Company are in unquoted entities, held at fair value and subject to annual impairment review. They comprise a 17.2% (2019: 17.2%) equity interest in ordinary shares in SEML De Co-operation Transmarche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. In addition, the Group has a 50% interest in JFD Domeyer GmbH, a company incorporated in Germany which provides in-service support and aftermarket services to the local customer base.

Company	Subsidiary undertakings		
	Shares £m	Loans £m	Total £m
Cost:			
At 1 January 2019	144.6	255.9	400.5
Additions	–	96.1	96.1
Disposal	(0.7)	–	(0.7)
At 31 December 2019	143.9	352.0	495.9
Additions	–	57.5	57.5
Disposal	(6.8)	–	(6.8)
At 31 December 2020	137.1	409.5	546.6
Amount provided:			
At 1 January 2019 and 31 December 2019	0.4	–	0.4
Provided in the year	–	40.5	40.5
At 31 December 2020	0.4	40.5	40.9
Net book value at 31 December 2020	136.7	369.0	505.7
Net book value at 31 December 2019	143.5	352.0	495.5

The provision of £40.5m relates to the subsidiary where a vessel impairment has been made in the year following a value in use review. A 1% change in the discount rate would increase the impairment by £4m. In respect of the loans to subsidiaries, there is no material expected credit loss.

A list of subsidiary undertakings is included on pages 150 to 151.

18 Inventories

	Group	
	2020 £m	2019 £m
Work in progress	7.0	6.0
Raw materials and consumables	12.3	11.2
Finished goods	27.3	30.7
	46.6	47.9

Inventories are stated net of impairment provisions of £4.2m (2019: £3.8m). The cost of inventories recognised as an expense was £81.8m (2019: £87.5m).

19 Trade and other receivables

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Trade receivables	65.5	109.1	–	–
Amounts owed by group undertakings	–	–	1.4	3.3
Amounts owed by joint venture undertakings	1.6	2.4	–	–
Other non-trade receivables	22.1	16.3	4.1	3.1
Contract assets	65.3	78.1	–	–
Prepayments	8.3	7.8	0.8	0.5
	162.8	213.7	6.3	6.9

Of the above, other non-trade receivables of £0.8m (2019: £0.9m) are expected to be recovered in more than one year.

20 Trade and other payables

Current liabilities

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Trade payables	43.7	48.3	1.8	1.1
Amounts owed to group undertakings	–	–	3.6	5.0
Taxation and social security	12.3	4.0	1.1	0.4
Other payables	11.7	14.0	4.1	0.5
Accruals	59.7	69.3	–	3.6
Deferred consideration	–	5.8	–	–
Contract liabilities	12.7	16.6	–	–
	140.1	158.0	10.6	10.6

Non-current liabilities

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Other payables	1.9	2.4	–	–
Deferred consideration	1.7	2.4	–	–
	3.6	4.8	–	–

Revenue recognised in the year of £13.4m was included in the contract liabilities at 31 December 2019.

21 Provisions

	Group £m
At 1 January 2019	2.6
Paid	(2.2)
Charged to income statement	0.3
At 31 December 2019	0.7
Paid	(0.1)
Charged to income statement	1.0
At 31 December 2020	1.6

Provisions are in respect of warranties and are based on management's assessment of the previous history of claims, expenses incurred and an estimate of future obligations on goods supplied where a warranty has been provided to the customer. Provisions due within one year were £nil (2019: £0.7m) and provisions due greater than one year were £1.6m (2019: £nil).

22 Retirement benefit obligations

The Group and Company defined benefit pension scheme obligations relate to the James Fisher and Sons plc Pension Fund for Shore staff (Shore staff), the Merchant Navy Officers Pension Fund (MNOFF) and the Merchant Navy Ratings Pension Fund (MNRPF). The financial statements incorporate the latest full actuarial valuations of the schemes which have been updated to 31 December 2020 by qualified actuaries using assumptions set out in the table below. The Group's obligations in respect of its pension schemes at 31 December 2020 were as follows:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Shore staff	(8.8)	(0.4)	(8.8)	(0.4)
MNOFF	(1.3)	(3.4)	(0.6)	(2.2)
MNRPF	(0.2)	(2.0)	(0.1)	(1.1)
	(10.3)	(5.8)	(9.5)	(3.7)

Shore staff

The assets of this scheme are held in a separate trustee administered account and do not include any of the Group's assets. The scheme was closed to new members in October 2001 and closed to future accrual on 31 December 2010. The most recent actuarial valuation was as at 31 July 2019. It is valued every three years following which deficit contributions and the repayment period are subject to agreement between the Company and the Trustees. Estimated contributions to the scheme in 2021 are £1.6m.

22 Retirement benefit obligations continued

MNOPF

The MNOPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. It is valued every three years and deficits have typically been funded over a ten year period. The most recent triennial actuarial valuation of the scheme was as at 31 March 2018 and no additional deficit funding was requested by the Trustees. The respective share of the Group and Company in the net retirement benefit obligation of the MNOPF are 3.0% (2019: 3.0%) and 1.5% (2019: 1.5%) respectively. Disclosures relating to this scheme are based on the allocation of the Group's share of assets and liabilities. In accordance with IFRIC 14, the defined pension liability has been calculated by adjusting the Company and Group's share of the Scheme's assets for the net present value of the agreed deficit recovery contributions. In accordance with IFRIC 14, the Group considers it does not have an unconditional right to a refund if the scheme is in surplus and therefore has not recognised the pension surplus. The principal assumption reviewed by the Company's actuaries, is the discount rate on the scheme's liabilities which was 1.25% (2018: 1.95%). Estimated contributions to this scheme in 2021 are £0.4m.

MNRPF

The MNRPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. The most recent actuarial valuation of the MNRPF was at 31 March 2017. In accordance with IFRIC 14, the defined pension liability has been calculated by adjusting the Company and Group's share of the scheme's assets for the net present value of the deficit recovery contributions. In accordance with IFRIC 14, the Group considers it does not have an unconditional right to a refund if the scheme is in surplus and therefore has not recognised the pension surplus. The share of the Group and the Company in the net retirement benefit obligation of the MNRPF are 2.19% and 0.79% respectively. The principal assumption reviewed by the Company's actuaries in the MNRPF valuation is the discount rate on the schemes liabilities which was 1.25% (2018: 1.95%). Estimated contributions to this scheme are £0.2m in 2021.

Actuarial assumptions

The schemes' assets are stated at their market values on the respective balance sheet dates. The overall expected rates of return on assets reflect the risk free rate of return plus an appropriate risk premium based on the nature of the relevant asset category. The principal assumptions used in updating the latest valuations for each of the schemes were:

	2020	2019
Inflation (%)	2.95	3.00
Rate of increase of pensions in payment – Shore staff (%)	2.90	2.95
Discount rate for scheme liabilities (%)	1.25	1.95
Expected rates of return on assets (%)	1.25	1.95
Post-retirement mortality: (years)		
Shore staff scheme		
Current pensioner at 65 male	21.8	20.3
Current pensioner at 65 female	23.4	22.2
Future pensioner at 65 male	23.3	21.3
Future pensioner at 65 female	25.0	23.3

The post-retirement mortality assumptions allow for the expected increase in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to a member who is currently 45 years old.

The key sensitivities on the major schemes may be summarised as follows:

Key measure	Change in assumption	Change in deficit
Shore staff scheme		
Discount rate	Decrease of 0.25%	Increase by 3.3%
Rate of inflation	Increase by 0.25%	Increase by 1.9%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.8%
MNOPF		
Discount rate	Decrease of 0.25%	Increase by 0.01%
MNRPF		
Discount rate	Decrease of 0.25%	Increase by 0.01%

In determining the discount rate, assumptions have been made in relation to corporate bond yields and the expected term of liabilities. As noted above, a change in discount rate applied has a significant impact on the value of liabilities.

22 Retirement benefit obligations continued

(a) The assets and liabilities of the schemes at 31 December are:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 31 December 2020								
Gilts/corporate bonds	–	13.8	16.1	29.9	–	6.9	5.6	12.5
Other investments	60.7	84.9	13.8	159.4	60.7	42.5	4.7	107.9
Cash or liquid assets	2.2	0.5	1.0	3.7	2.2	0.3	0.3	2.8
Fair value of scheme assets	62.9	99.2	30.9	193.0	62.9	49.7	10.6	123.2
Present value of scheme liabilities	(71.7)	(92.8)	(28.5)	(193.0)	(71.7)	(46.5)	(9.8)	(128.0)
Effect of asset ceiling	–	(7.7)	(2.6)	(10.3)	–	(3.8)	(0.9)	(4.7)
Net pension liabilities	(8.8)	(1.3)	(0.2)	(10.3)	(8.8)	(0.6)	(0.1)	(9.5)
At 31 December 2019								
Gilts/corporate bonds	–	39.6	14.3	53.9	–	19.8	4.9	24.7
Other investments	57.7	62.9	13.8	134.4	57.7	31.5	4.5	93.7
Cash or liquid assets	1.2	1.3	0.6	3.1	1.2	0.7	0.2	2.1
Fair value of scheme assets	58.9	103.8	28.7	191.4	58.9	52.0	9.6	120.5
Present value of scheme liabilities	(59.3)	(107.2)	(30.7)	(197.2)	(59.3)	(54.2)	(10.7)	(124.2)
Net pension liabilities	(0.4)	(3.4)	(2.0)	(5.8)	(0.4)	(2.2)	(1.1)	(3.7)

The MNRPF and MNOPF contributions paid by the Group are not refundable in any circumstances and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions. Other investments in the Shore scheme comprise diversified growth funds, liability driven investments, absolute return and private market funds.

(b) Expense recognised in the income statement

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 31 December 2020								
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost on benefit obligation	1.1	2.1	0.6	3.8	1.1	1.0	0.2	2.3
Return on scheme assets	(1.1)	(2.0)	(0.6)	(3.7)	(1.1)	(1.0)	(0.2)	(2.3)
	0.1	0.1	–	0.2	0.1	–	–	0.1
At 31 December 2019								
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost on benefit obligation	1.6	3.1	0.8	5.5	1.6	1.6	0.3	3.5
Return on scheme assets	(1.5)	(3.0)	(0.7)	(5.2)	(1.5)	(1.5)	(0.3)	(3.3)
	0.2	0.1	0.1	0.4	0.2	0.1	–	0.3

The actual return on the Shore staff plan assets is £6.8m (2019: £7.4m).

(c) Movements in the net defined benefit liability

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2020	0.4	3.4	2.0	5.8	0.4	2.2	1.1	3.7
Expense recognised in the income statement	0.1	0.1	–	0.2	0.1	–	–	0.1
Contributions paid to scheme	(1.2)	(2.0)	(1.8)	(5.0)	(1.2)	(1.9)	(1.1)	(4.2)
Remeasurement gains and losses	9.5	(0.2)	–	9.3	9.5	0.3	0.1	9.9
At 31 December 2020	8.8	1.3	0.2	10.3	8.8	0.6	0.1	9.5
At 1 January 2019	4.6	5.1	6.4	16.1	4.6	3.6	2.3	10.5
Expense recognised in the income statement	0.2	0.2	0.1	0.5	0.2	0.1	–	0.3
Contributions paid to scheme	(1.6)	(1.9)	(5.1)	(8.6)	(1.6)	(1.5)	(1.8)	(4.9)
Remeasurement gains and losses	(2.8)	–	0.6	(2.2)	(2.8)	–	0.6	(2.2)
At 31 December 2019	0.4	3.4	2.0	5.8	0.4	2.2	1.1	3.7

22 Retirement benefit obligations continued

(d) Changes in the present value of the defined benefit obligation are analysed as follows:

	Group				Company			
	Shore staff £m	MNOFP £m	MNRPF £m	Total £m	Shore staff £m	MNOFP £m	MNRPF £m	Total £m
At 1 January 2020	59.3	107.2	30.7	197.2	59.3	54.2	10.7	124.2
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost	1.1	2.1	0.6	3.8	1.1	1.0	0.2	2.3
Remeasurement loss/(gain):								
Actuarial loss/(gain) arising from scheme experience	4.1	(6.8)	1.6	(1.1)	4.1	(3.0)	0.5	1.6
Actuarial (gain)/loss arising from changes in demographic assumptions	4.0	–	–	4.0	4.0	–	–	4.0
Actuarial loss arising from changes in financial assumptions	6.6	–	–	6.6	6.6	–	–	6.6
Net benefits paid out	(3.5)	(2.0)	(1.8)	(7.3)	(3.5)	(1.9)	(0.7)	(6.1)
At 31 December 2020	71.7	100.5	31.1	203.3	71.7	50.3	10.7	132.7
At 1 January 2019	57.9	108.8	31.3	198.0	57.9	56.1	10.9	124.9
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost	1.6	3.1	0.8	5.5	1.6	1.6	0.3	3.5
Remeasurement (gain)/loss:								
Actuarial (gain)/loss arising from changes in demographic assumptions	(1.2)	(2.8)	3.7	(0.3)	(1.2)	(2.0)	1.3	(1.9)
Actuarial loss arising from changes in financial assumptions	4.9	–	–	4.9	4.9	–	–	4.9
Net benefits paid out	(4.0)	(1.9)	(5.1)	(11.0)	(4.0)	(1.5)	(1.8)	(7.3)
At 31 December 2019	59.3	107.2	30.7	197.2	59.3	54.2	10.7	124.2

(e) Changes in the fair value of the plan assets are analysed as follows:

	Group				Company			
	Shore staff £m	MNOFP £m	MNRPF £m	Total £m	Shore staff £m	MNOFP £m	MNRPF £m	Total £m
At 1 January 2020	58.9	103.8	28.7	191.4	58.9	52.0	9.6	120.5
Return on scheme assets recorded in interest	1.1	2.0	0.6	3.7	1.1	1.0	0.2	2.3
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	5.2	(6.6)	1.6	0.2	5.2	(3.3)	0.4	2.3
Contributions by employer	1.2	2.0	1.8	5.0	1.2	1.9	1.1	4.2
Net benefits paid out	(3.5)	(2.0)	(1.8)	(7.3)	(3.5)	(1.9)	(0.7)	(6.1)
At 31 December 2020	62.9	99.2	30.9	193.0	62.9	49.7	10.6	123.2
At 1 January 2019	53.3	103.7	24.9	181.9	53.3	52.5	8.6	114.4
Return on scheme assets recorded in interest	1.5	3.0	0.7	5.2	1.5	1.5	0.3	3.3
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	6.5	(2.8)	3.1	6.8	6.5	(2.0)	1.1	5.6
Contributions by employer	1.6	1.9	5.1	8.6	1.6	1.5	1.8	4.9
Net benefits paid out	(4.0)	(2.0)	(5.1)	(11.1)	(4.0)	(1.5)	(2.2)	(7.7)
At 31 December 2019	58.9	103.8	28.7	191.4	58.9	52.0	9.6	120.5

(f) History of experience gains and losses

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Shore staff					
Fair value of scheme assets	62.9	58.9	53.3	56.1	54.2
Defined benefit obligation	(71.7)	(59.3)	(57.9)	(61.9)	(64.3)
Deficit in scheme	(8.8)	(0.4)	(4.6)	(5.8)	(10.1)
Remeasurement gain/(loss):					
Return on plan assets excluding interest income	5.7	6.5	(1.7)	2.4	6.5
Remeasurement gain/(loss) on scheme liabilities	14.7	2.2	(0.3)	1.4	–
MNOFP Group					
Fair value of scheme assets	99.2	103.8	103.7	108.8	104.0
Defined benefit obligation	(100.5)	(107.2)	(108.8)	(115.6)	(112.5)
Deficit in scheme	(1.3)	(3.4)	(5.1)	(6.8)	(8.5)

22 Retirement benefit obligations continued

MNOFP Company	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Fair value of scheme assets	49.7	52.0	52.5	55.0	49.0
Defined benefit obligation	(50.3)	(54.2)	(56.1)	(60.0)	(55.3)
Deficit in scheme	(0.6)	(2.2)	(3.6)	(5.0)	(6.3)

MNRPF Group	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Fair value of scheme assets	30.9	28.7	24.9	29.2	27.8
Defined benefit obligation	(31.1)	(30.7)	(31.3)	(36.4)	(36.0)
Deficit in scheme	(0.2)	(2.0)	(6.4)	(7.2)	(8.2)

MNRPF Company	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Fair value of scheme assets	10.6	9.6	8.6	10.2	9.7
Defined benefit obligation	(10.7)	(10.7)	(10.9)	(13.1)	(12.9)
Deficit in scheme	(0.1)	(1.1)	(2.3)	(2.9)	(3.2)

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group and Company statement of comprehensive income is a loss of £58.5m (2019: £49.2m).

(g) Defined contribution schemes

The Group operates a number of defined contribution schemes. The pension charge for the year for these arrangements is equal to the contributions paid and was £4.8m (2019: £5.0m). During the year the Company contributed £0.3m (2019: £0.3m) into defined contribution schemes.

23 Share based payments

The Group operates a Long-Term Incentive Plan (LTIP) in respect of Executive Directors and certain senior employees and details are set out in the Director's remuneration report on pages 72 to 87. It also operates a Sharesave scheme (Sharesave) for eligible employees which is HM Revenue and Customs approved.

Long-Term Incentive Plan (LTIP)

The Group recognised an expense in respect of equity-settled share based payments of £0.1m (2019: £0.9m) (Company £0.1m (2019: £0.9m)) during the year. Conditional awards, in the form of options over shares or conditional rights to have shares transferred to certain employees were granted under the LTIP scheme over 309,021 (2019: 304,784) ordinary shares of 25p each.

The weighted average exercise prices (WAEP) and movements in share options during the year are as follows:

Group	2020		2019		nil options	
	Number	WAEP	Number	WAEP	2020 Number	2019 Number
Outstanding at 1 January	354,805	£9.62	435,553	£8.06	304,784	373,582
Granted during the year	254,341	£10.22	49,065	£20.98	146,813	108,168
Forfeited during the year	(69,687)	£16.83	(15,382)	£17.10	(81,485)	(38,811)
Exercised	(89,561)	£4.51	(114,431)	£7.55	(61,091)	(138,155)
Outstanding at 31 December	449,898	£9.86	354,805	£9.62	309,021	304,784
Exercisable at 31 December	142,297	£6.33	231,668	£5.62	-	-

The weighted average share price at the date of exercise for the options exercised was £13.18 (2019: £19.96). For the share options outstanding at 31 December 2020, the weighted average remaining contractual life is 2 years and 1 month (2019: 1 year and 6 months). The weighted average fair value of options granted during the year was £6.45 (2019: £13.39). The range of exercise prices for options outstanding at the end of the year was £5.22 – £20.98 (2019: £4.10 – £20.98).

Company	2020		2019		nil options	
	Number	WAEP	Number	WAEP	2020 Number	2019 Number
Outstanding at 1 January	239,898	£6.01	315,882	£5.83	202,553	252,756
Granted during the year	21,791	£10.22	2,325	£20.98	94,506	74,447
Forfeited during the year	(5,852)	£15.68	(543)	£20.98	(58,878)	(34,818)
Exercised	(89,561)	£4.51	(77,766)	£5.65	(41,740)	(89,832)
Outstanding at 31 December	166,276	£7.03	239,898	£6.01	196,441	202,553
Exercisable at 31 December	141,838	£6.30	231,527	£5.61	-	-

23 Share based payments continued

The weighted average share price at the date of exercise for the options exercised was £13.12 (2019: £20.22). For the share options outstanding at 31 December 2020, the weighted average remaining contractual life is 1 year and 6 months (2019: 1 year and 6 months). The weighted average fair value of options granted during the year was £9.26 (2019: £16.86). The range of exercise prices for options outstanding at the end of the year was £5.22 – £20.98 (2019: £4.10 – £20.98). The fair value of share based payments has been estimated using the Black-Scholes model for the Sharesave and the earnings per share element of the LTIP. The fair value of share based payments relating to the total shareholder return element of the LTIP has been estimated using the Monte Carlo model.

The inputs to the models used to determine the valuations fell within the following ranges:

	2020	2019
Dividend yield (%)	1.6%	1.6%
Expected life of option (years)	3 – 7	3 – 7
Share price at date of grant	£12.18 – £12.66	£19.70 – £19.88
Expected share price volatility (%)	35.0%	30.0%
Risk-free interest rate (%)	(0.13%) – (0.03%)	0.62% – 0.80%

Sharesave

All employees, subject to the discretion of the Remuneration Committee, may apply for share options under an employee save as you earn plan which may from time to time be offered by the Company. An individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the Remuneration Committee have been satisfied. Options are normally exercisable at the end of the related savings contract but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three and a half years or greater than seven and a half years. Awards were made of 254,341 options under this scheme on 21 October 2020.

24 Business combinations

Year ended 31 December 2020

On 12 March 2020, the Group acquired 100% of the share capital of Fathom Systems Group Limited (Fathom), for a total cash consideration of £1.0m. Fathom is a leading supplier in the commercial diving industry for diver communications, gas analysis, diver monitoring and integrated diving control systems. Costs of £0.2m were incurred in relation to the acquisition of Fathom.

The fair values of the assets and liabilities acquired are set out below:

	Book value £m
Fathom	
Intangible assets	0.8
Property, plant and equipment	0.1
Inventories	0.4
Trade and other receivables	0.4
Overdrafts	(0.2)
Trade and other payables	(0.5)
Fair value of net assets acquired	1.0
Cash consideration	1.0

There were no goodwill adjustments in the year (2019: £0.2m).

	£m
Cash flow in respect of business combinations	
Cash paid	1.0
Overdrafts acquired	0.2
Acquisition of business net of overdrafts acquired	1.2
Deferred consideration paid	6.0
Acquisition costs paid	0.7
	7.9

Contribution to Group results

The businesses acquired during the period contributed £0.2m loss to the Group's loss after tax and £1.3m of revenues. If these businesses had been acquired at the start of the financial year, the contribution to Group loss after tax would have been £0.3m loss with revenue of £1.7m.

24 Business combinations continued

Year ended 31 December 2019

On 4 January 2019, the Group acquired the entire share capital of Martek Holdings Limited (Martek) for an initial cash consideration of £9.0m, with potential further consideration of up to £1.0m subject to a profit target for the year ending 28 February 2020. Martek was founded near Rotherham, UK in 2000 and provides a range of innovative safety and calibration systems and products to the marine sector. Martek, which joined the Marine Support division, further enhances the Group's capability to offer innovative solutions to the marine sector and provides a proven channel to market for the Group's adjacent products and services.

On 7 August 2019, the Group acquired 60% of the share capital of Continental Participação E Administração Ltda., the holding company of Serviços Marítimos Continental S.A. (together Continental) for a total cash consideration of £7.5m, £4.9m payable on completion and £2.6m payable in January 2022. Continental is an established air diving service provider to the offshore oil sector in Brazil, providing inspection, repair and maintenance services to offshore oil terminals.

The fair values of the assets and liabilities acquired are set out below:

	Book value £m	Fair value adjustments £m	Total £m	
Martek				
Intangible assets	–	2.2	2.2	
Property, plant and equipment	0.3	–	0.3	
Inventories	1.4	(0.2)	1.2	
Trade and other receivables	1.3	(0.2)	1.1	
Cash and short-term deposits	2.7	–	2.7	
Trade and other payables	(2.8)	(0.5)	(3.3)	
Interest bearing loans and borrowings	(0.5)	–	(0.5)	
Deferred tax	–	(0.4)	(0.4)	
Fair value of net assets acquired	2.4	0.9	3.3	
Goodwill			8.5	
			11.8	
Consideration:				
Cash consideration			10.2	
Deferred consideration			0.7	
Contingent consideration			0.9	
			11.8	
Continental				
Intangible assets	–	3.3	3.3	
Property, plant and equipment	2.3	–	2.3	
Trade and other receivables	1.1	–	1.1	
Cash and short-term deposits	0.5	–	0.5	
Trade and other payables	(3.3)	–	(3.3)	
Interest bearing loans and borrowings	(1.3)	–	(1.3)	
Deferred tax	–	(1.1)	(1.1)	
Fair value of net assets acquired	(0.7)	2.2	1.5	
Non-controlling interest	0.3	(0.9)	(0.6)	
Goodwill			6.6	
			7.5	
Consideration:				
Cash consideration			4.9	
Deferred consideration			2.6	
			7.5	
	Martek £m	Continental £m	Other £m	Total £m
Cash flow in respect of business combinations				
Cash paid	10.2	4.9	0.6	15.7
Cash and short-term deposits acquired	(2.7)	(0.5)	–	(3.2)
Acquisition of business net of cash acquired	7.5	4.4	0.6	12.5
Interest bearing borrowings acquired	0.4	1.4	–	1.8
Acquisition costs	0.1	–	–	0.1
	8.0	5.8	0.6	14.4

Contribution to Group results

The business acquired during the period contributed £2.1m to the Group's profit after tax and £16.0m of revenues. If these businesses had been acquired at the start of the financial year, the contribution to Group profit after tax would have been £2.4m with revenue of £20.3m.

25 Disposal of business

On 20 October 2020, the Group disposed of 80% shareholding in James Fisher Nuclear GmbH for cash consideration of £1.6m. The assets and liabilities disposed were as follows:

	£m
Consideration received	1.6
Less net assets disposed:	
Intangible assets	(2.7)
Trade and other receivables	(0.3)
Trade and other payables	0.2
Net assets disposed	(2.8)
Loss on disposal	(1.2)

Cash flow from the disposal of businesses

Cash received	1.6
Costs in relation to businesses sold in the prior year	(0.3)
	1.3

26 Loans and borrowings

Current liabilities

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Overdrafts	10.4	11.0	46.0	11.0
Bank loans	0.2	0.3	–	–
Lease liabilities	7.2	8.9	0.2	0.3
	17.8	20.2	46.2	11.3

Non-current liabilities

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Bank loans	178.8	207.3	178.6	206.7
Lease liabilities	25.3	21.3	1.5	1.7
	204.1	228.6	180.1	208.4

Bank loans

Loans analysed by currency are repayable as follows:

As at 31 December 2020

Currency	Group			Company
	GBP	BRL	Total	GBP
Due within one year	10.4	0.2	10.6	46.0
Due between one and two years	114.4	0.2	114.6	114.4
Due between two and five years	64.2	–	64.2	64.2
	189.0	0.4	189.4	224.6

As at 31 December 2019

Currency	Group				Company		
	GBP	USD	BRL	Total	GBP	USD	Total
Due within one year	11.0	–	0.3	11.3	11.0	–	11.0
Due between one and two years	18.8	–	0.6	19.4	18.8	–	18.8
Due between two and five years	167.1	20.8	–	187.9	167.1	20.8	187.9
	196.9	20.8	0.9	218.6	196.9	20.8	217.7

The interest rates charged during the year ranged from 1.7% to 3.8% (2019: 1.7% to 4.0%). There were no loans secured against the assets of the Group or Company in the current or prior period.

Cash and cash equivalents

Cash and cash equivalents have been restated at 31 December 2019 to include bank overdrafts repayable on demand as they form part of the Group's and Company's cash management. The prior year cash flow statement has been restated accordingly. The Group cash and cash equivalents figure as at 31 December 2019 has been reduced by £11.0m (1 January 2019: £nil) and the Company cash and cash equivalents figure as at 31 December 2019 has been reduced by £11.0m (1 January 2019: £15.5m), with a corresponding increase of £11.0m in the cash outflow from repayment of the borrowings in the Group cash flow statement and an increase of £4.5m in cash inflows from proceeds from borrowings in the Company cash flow statement.

For the purposes of the cash flow statement, cash and cash equivalents are:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Cash at bank and in hand	23.9	18.5	3.1	27.1
Overdrafts	(10.4)	(11.0)	(46.0)	(11.0)
	13.5	7.5	(42.9)	16.1

27 Reconciliation of net borrowings

Net debt comprises interest bearing loans and borrowings less cash and cash equivalents.

Currency	31 December	Cash flow	Other non cash	Exchange movement	31 December
	2019 restated*				2020
	£m	£m	£m	£m	£m
Cash and cash equivalents	7.5	7.7	–	(1.7)	13.5
Debt due within one year	(0.3)	0.1	–	–	(0.2)
Debt due after one year	(207.4)	30.1	(0.7)	(0.9)	(178.9)
	(207.7)	30.2	(0.7)	(0.9)	(179.1)
Lease liabilities	(30.2)	13.0	(15.4)	0.1	(32.5)
Net borrowings	(230.4)	50.9	(16.1)	(2.5)	(198.1)

Currency	31 December	Cash flow	Other non cash	Exchange movement	31 December
	2018				2019 restated*
	£m	£m	£m	£m	£m
Cash and cash equivalents	18.6	(10.3)	–	(0.8)	7.5
Debt due within one year	(10.0)	9.7	–	–	(0.3)
Debt due after one year	(122.0)	(84.1)	(2.3)	1.0	(207.4)
	(132.0)	(74.4)	(2.3)	1.0	(207.7)
Lease liabilities	(0.2)	11.3	(40.7)	(0.6)	(30.2)
Net borrowings	(113.6)	(73.4)	(43.0)	(0.4)	(230.4)

* Cash and cash equivalents restated for the year ended 31 December 2019 (note 26).

28 Financial instruments

Capital management

The primary objective of the Group's capital management policy is to maintain a strong credit rating and covenant ratios in order to be able to support the continued growth of its trading businesses and to increase shareholder value. The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. At 31 December 2020, the Group had £120.2m (2019: £41.7m) of undrawn committed facilities.

The Group is required under the terms of its loan agreements to maintain covenant ratios in respect of net debt to Ebitda and net interest costs to underlying earnings before interest. The Group met its covenant ratios for the year ended 31 December 2020. The Directors have prepared forecasts of the cash flows for the subsequent eighteen-month period which indicate that, taking into account the factors noted above, the Group will meet its covenant requirements for this period. The total amount that it is able to borrow under existing revolving credit facilities was increased by £50m to a maximum of £300m (2019: £250m).

The Group manages its capital structure so as to maintain investor, supplier and market confidence and to provide returns to shareholders that will support the future development of the business. Capital is monitored by measuring the underlying gearing ratio which is net borrowings divided by capital. Net borrowings comprises interest bearing loans and borrowings less cash and cash equivalents. Capital represents net equity attributable to the equity holders of the parent. Return on capital employed is also monitored. The Group's dividend policy is based on the expected growth in sustainable income streams after making provision for the retention of capital to invest in growth and acquisitions. In evaluating growth investment opportunities the Group applies a hurdle rate of a 15% pre-tax return on capital invested.

	2020	2019
	£m	restated* £m
Interest bearing loans and borrowings	179.1	207.7
Add Lease liabilities	32.5	30.2
Less cash and cash equivalents	(13.5)	(7.5)
Net borrowings	198.1	230.4
Equity attributable to the equity holders of the parent	235.2	313.2
Gearing ratio	84.2%	73.6%
Underlying net borrowings (note 2.7)	175.0	203.0
Underlying net gearing ratio	74.4%	64.8%

* Refer to prior year adjustment (note 26).

The Group has exposure to the following financial risks:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. These arise principally from the Group's receivables from customers and from cash balances held with financial institutions. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including Government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 22% of Group revenue (2019: 26%). No customer accounted for more than 5% (2019: 4%) of Group revenue. New customers are subject to creditworthiness checks and credit limits are subject to approval by senior management. Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim.

28 Financial instruments continued

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Receivables	154.5	206.0	5.5	4.9
Cash at bank and in hand	23.9	18.5	3.1	27.1
Interest rate swaps used for hedging:				
Assets	–	0.4	–	0.4
Forward exchange contracts used for hedging:				
Assets	3.2	1.6	3.2	1.6
	181.6	226.5	11.8	34.0

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. At 31 December the value of trade debtors outstanding was:

	Group		Company	
	2020 gross £m	2020 allowance £m	2019 gross £m	2019 allowance £m
Not past due	38.7	–	47.5	–
Past due	46.3	(19.5)	67.0	(5.4)
	85.0	(19.5)	114.5	(5.4)

Gross trade receivables are analysed:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Not yet due	38.7	47.5	–	–
Overdue 1 to 30 days	14.2	26.1	–	–
Overdue 31 to 60 days	7.6	11.8	–	–
Overdue 61 to 90 days	3.8	7.8	–	–
Overdue more than 90 days	20.7	21.3	–	–
	85.0	114.5	–	–

The movement in the provision for impairment of trade receivables is as follows:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Balance at 1 January	5.4	3.4	–	–
On acquisition of subsidiaries	–	0.2	–	–
Provided in the year	17.0	1.8	–	–
Written off	(2.2)	–	–	–
Exchange differences	(0.7)	–	–	–
	19.5	5.4	–	–

The Group considers that the trade receivables that have not been provided against and are past due by more than 30 days are collectable based on historic payment behaviour and extensive analysis of underlying customers' credit ratings. Based on historic default rates, used to inform our view of future expected credit losses, the Group believes that apart from the amounts included in the table above, no impairment allowance is necessary in respect of trade receivables. The material balances over 90 days are in respect of specific contracts or markets where the balance is considered recoverable, except to the extent that they are already provided, and there is no material impact on expected credit losses.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime expected credit losses (ECL) based on the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information (both qualitative and quantitative) that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days overdue.

In respect of contract assets the Group has not historically suffered significant credit losses and does not have an expectation of such losses. In the event of a contract issue, specific provision is made where appropriate and therefore no additional provisions have been made.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash resources and borrowings to ensure that it will have sufficient liquidity to meet its liabilities as they fall due but in a manner designed to maximise the benefit of those resources whilst ensuring the security of investment resources. The Group forecasts the profile of its cash requirements on a monthly basis and ensures that sufficient facilities are available to meet peak requirements which occur at predictable times in the year. The Group manages the maturity profile of its borrowings by maintaining a regular dialogue with its lenders and ensuring that it commences the renegotiation of facilities sufficiently early to allow a comprehensive review of its requirements before completion.

28 Financial instruments continued

The Group's revolving credit facilities extend over several accounting periods and fall due for renewal in different accounting periods ensuring that the Group negotiations with individual lenders follow an orderly process which does not expose the Group to the possibility of a significant reduction in available facilities in any single period.

The following are the contractual maturities of financial liabilities, including interest payments:

At 31 December 2020

Group	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1 - 2 years £m	2 - 3 years £m	3 - 4 years £m	4 - 5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	189.3	(200.4)	(16.0)	(118.6)	(25.4)	(40.4)	-	-
Lease liabilities	32.5	(34.1)	(8.6)	(6.7)	(5.9)	(4.3)	(3.3)	(5.3)
Trade and other payables	143.7	(143.7)	(143.7)	-	-	-	-	-
Derivative financial liabilities								
Interest rate swaps used for hedging	1.0	(0.9)	(0.5)	(0.4)	-	-	-	-
Outflow on forward exchange contracts used for hedging:	(3.2)	(38.6)	(38.4)	(0.2)	-	-	-	-
	363.3	(417.7)	(207.2)	(125.9)	(31.3)	(44.7)	(3.3)	(5.3)

At 31 December 2019

Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	207.6	(224.8)	(6.1)	(25.5)	(161.8)	(0.8)	(30.6)	-
Lease liabilities	30.2	(32.4)	(9.6)	(6.0)	(4.5)	(3.9)	(2.5)	(6.0)
Trade and other payables	162.8	(162.8)	(162.8)	-	-	-	-	-
Derivative financial liabilities								
Interest rate swaps used for hedging	(0.1)	0.2	0.1	0.1	-	-	-	-
Outflow on forward exchange contracts used for hedging:	(1.6)	(53.8)	(53.8)	-	-	-	-	-
	398.9	(473.6)	(232.2)	(31.4)	(166.3)	(4.7)	(33.1)	(6.0)

At 31 December 2020

Company	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1 - 2 years £m	2 - 3 years £m	3 - 4 years £m	4 - 5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	224.6	(235.8)	(51.6)	(118.4)	(25.4)	(40.4)	-	-
Lease liabilities	1.7	(2.1)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.5)
Trade and other payables	6.0	(6.0)	(6.0)	-	-	-	-	-
Derivative financial liabilities								
Interest rate swaps used for hedging	1.0	(0.9)	(0.5)	(0.4)	-	-	-	-
Outflow on forward exchange contracts used for hedging:	(3.2)	(38.6)	(38.4)	(0.2)	-	-	-	-
	230.1	(283.4)	(96.9)	(119.3)	(25.7)	(40.7)	(0.3)	(0.5)

At 31 December 2019

Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	217.7	(223.8)	(5.8)	(25.2)	(161.5)	(0.7)	(30.6)	-
Lease liabilities	2.0	(2.6)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)	(0.9)
Trade and other payables	5.8	(5.8)	(5.8)	-	-	-	-	-
Derivative financial liabilities								
Interest rate swaps used for hedging	(0.1)	0.2	0.1	0.1	-	-	-	-
Outflow on forward exchange contracts used for hedging:	(1.6)	(53.8)	(53.8)	-	-	-	-	-
	223.8	(285.8)	(65.7)	(25.5)	(161.8)	(1.0)	(30.9)	(0.9)

(c) Foreign exchange risk

The Group is exposed to foreign currency risks on sales, purchases, cash and borrowings denominated in currencies other than Sterling. These transactional exposures are mainly to movement in the US Dollar and the Euro. The Group uses forward exchange contracts to hedge its transactional exposures. Most forward exchange contracts have maturities of less than one year after the balance sheet date. Forward exchange contracts which qualify as effective cash flow hedges are stated at fair value. The principal translation exposures relate to the US Dollar, Norwegian Kroner, Singapore Dollar, and Brazilian Real.

28 Financial instruments continued

The Group's exposure to foreign currency transactional risk in its principal currencies was as follows based on notional amounts:

	31 December 2020						31 December 2019					
	USD m	EUR m	NOK m	SGD m	AUD m	NGN m	USD m	EUR m	SEK m	SGD m	AUD m	NGN m
Trade receivables	28.3	0.7	–	–	0.3	94.4	46.8	2.8	–	–	0.3	75.6
Cash at bank and in hand	6.9	2.0	1.8	1.4	4.8	11.2	12.2	4.9	0.2	(1.0)	0.1	16.1
Unsecured bank loans	–	–	–	–	–	–	(27.6)	–	–	–	–	–
Trade payables	(7.5)	(2.6)	(8.3)	(0.2)	(0.1)	(21.1)	(13.2)	(2.8)	–	–	–	(5.7)
Gross balance sheet exposure	27.7	0.1	(6.5)	1.2	5.0	84.5	18.2	4.9	0.2	(1.0)	0.4	86.0
Forecast sales	166.0	9.4	–	0.2	–	200.0	129.3	8.5	–	–	0.4	403.5
Forecast purchases	(68.5)	(16.0)	–	(0.6)	–	(50.0)	(37.8)	(16.4)	(36.0)	(2.1)	–	(100.9)
Gross exposure	125.2	(6.5)	(6.5)	0.8	5.0	234.5	109.7	(3.0)	(35.8)	(3.1)	0.8	388.6
Forward exchange contracts	(50.0)	2.3	–	–	–	–	(71.3)	0.5	36.0	–	–	–
Net exposure	75.2	(4.2)	(6.5)	0.8	5.0	234.5	38.4	(2.5)	0.2	(3.1)	0.8	388.6

Changes in the level of exchange rates will have an impact on consolidated earnings. The following table shows the impact on earnings of a 5% strengthening in the exchange rate in the Group's key currencies against Sterling. The obverse movements would be of the same magnitude. These amounts have been calculated by applying changes in exchange rates to the Group's foreign currency profits and losses and to financial instruments denominated in foreign currency.

	2020		2019	
	Equity £m	Income statement £m	Equity £m	Income statement £m
US Dollar	(4.0)	(3.1)	(2.3)	(3.2)
Other	(0.3)	(0.3)	(0.1)	0.2
	(4.3)	(3.4)	(2.4)	(3.0)

Included within operating profit are foreign currency gains of £0.1m (2019: loss of £1.8m).

(d) Interest rate risk

The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below:

	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Fixed rate instruments				
Financial liabilities	(0.1)	(0.1)	(0.1)	(0.1)
Variable rate instruments				
Financial assets	23.9	18.5	3.1	27.1
Financial liabilities	(178.9)	(207.6)	(224.6)	(217.7)
	(155.0)	(189.1)	(221.5)	(190.6)

Where hedging criteria are met the Group classifies interest rate swaps as cash flow hedges and states them at fair value. Over the longer-term permanent changes in interest rates would have an impact on consolidated earnings. At 31 December 2020, a one percent change in the interest rate would have had the following impact:

	2020 Income statement £m	2019 Income statement £m
Variable rate instruments	(1.7)	(2.0)
Interest rate swap	0.8	0.8
Cash flow sensitivity	(0.9)	(1.2)

(e) Fair values

There are no material differences between the book value of financial assets and liabilities and their fair value other than set out below:

Group	Notes	2020		2019	
		Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	26	(189.3)	(182.4)	(207.6)	(210.7)
Trade and other payables	20	(143.7)	(143.7)	(162.8)	(162.8)
Leases	26	(32.5)	(32.5)	(30.2)	(30.2)
Preference shares	29	(0.1)	(0.1)	(0.1)	(0.1)
		(365.6)	(358.7)	(400.7)	(403.8)

28 Financial instruments continued

Company	Notes	2020		2019	
		Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	26	(224.6)	(217.5)	(217.7)	(210.1)
Trade and other payables	20	(6.0)	(6.0)	(5.8)	(5.8)
Leases	26	(1.7)	(1.7)	(2.0)	(2.0)
Preference shares	29	(0.1)	(0.1)	(0.1)	(0.1)
		(232.4)	(225.3)	(225.6)	(218.0)

Fair value has been determined by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. The fair value of the financial assets has been assessed by the Directors with reference to the current prospects of the investments and associated risks.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments carried at fair value as set out below:

Group	Level 2		Level 3	
	2020 £m	2019 £m	2020 £m	2019 £m
Financial assets measured at fair value				
Forward exchange contracts – cash flow hedges	3.2	1.6	–	–
Interest rate swaps – cash flow hedges	–	0.4	–	–
	3.2	2.0	–	–
Financial liabilities measured at fair value				
Interest rate swaps – cash flow hedges	(1.0)	(0.3)	–	–
Contingent consideration	–	–	–	(3.5)
Financial liabilities not measured at fair value				
Unsecured bank loans	(178.9)	(210.7)	–	–
Leases	(32.5)	(30.2)	–	–
	(212.4)	(241.2)	–	(3.5)
	(209.2)	(239.2)	–	(3.5)

Company	Level 2	
	2020 £m	2019 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	3.2	1.6
Interest rate swaps – cash flow hedges	–	0.4
	3.2	2.0
Financial liabilities measured at fair value		
Interest rate swaps – cash flow hedges	(1.0)	(0.3)
Financial liabilities not measured at fair value		
Unsecured bank loans	(217.5)	(210.1)
	(218.5)	(210.4)
	(215.3)	(208.4)

There have been no transfers between categories during the period. The fair value of interest rate swap contracts and forward exchange contracts are calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yields respectively.

28 Financial instruments continued

Fair value hedges – Group and Company

At 31 December 2020 and 31 December 2019 the Group did not have any outstanding fair value hedges.

Cash flow hedges – Group and Company

Forward contracts and interest rate swaps are included within “trade and other payables/trade and other receivables” in the Statement of financial position; in “effective portion of changes in fair value of cash flow hedges” in the Consolidated statement of other comprehensive income (OCI), and in “administrative expenses” within the Income statement.

At 31 December 2020, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US\$ 50m	January 2021 – December 2021	1.26	3.2
Buy			
Euro 2.3m	January 2021 – December 2021	1.10	–

At 31 December 2019, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Swedish Krone. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US\$ 81.3m	January 2020 – December 2020	1.30	1.5
Buy			
Euro 0.5m	January 2020 – December 2020	1.18	–
SEK 36.0m	January 2020 – December 2020	12.23	–

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2020, these hedges were assessed to be highly effective and an unrealised gain of £0.4m (2019: gain of £2.2m) relating to the hedging instruments is included in equity.

In respect of the Forward contracts, a gain of £0.1m (2019: £1.4m gain) was recognised in the income statement and £1.7m gain (2019: £2.3m gain) in the Consolidated statement of other comprehensive income relating to forward contracts.

Interest rate swaps

The Group and Company entered into interest rate swap contracts in respect of Sterling denominated debt to swap a variable rate liability for a fixed rate liability. These instruments have been allocated against the Group and Company debt in the tables shown above. Details of the contracts and their fair values at 31 December are set out below:

Company	Amount		Maturity	Fixed rate %	Fair value	Fair value
	2020 £m	2019 £m			2020 £m	2019 £m
Sterling interest rate swaps	75.0	75.0	30 October 2022	0.5% – 1.2%	(1.0)	0.1

In respect of the Interest rate swaps, an expense of £0.2m (2019: income of £0.1m) was recognised in the Income Statement, and a loss of £1.2m (2019: £1.3m) was recognised in the Consolidated statement of other comprehensive income.

(f) Market risk

The Group has the following derivative financial instruments in the following line items in the statement of financial position:

Current assets	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Foreign currency forwards – cash flow hedges	3.2	1.6	3.2	1.6
Interest rate swaps – cash flow hedges	–	0.4	–	0.4
Total current derivative financial instrument assets	3.2	2.0	3.2	2.0

Current liabilities	Group		Company	
	2020 £m	2019 £m	2020 £m	2019 £m
Foreign currency forwards – cash flow hedges	–	(0.1)	–	(0.1)
Interest rate swaps – cash flow hedges	(1.0)	(0.3)	(1.0)	(0.3)
Total current derivative financial instrument liabilities	(1.0)	(0.4)	(1.0)	(0.4)

29 Share capital

Allotted, called up and fully paid

In millions of shares	25p Ordinary shares		£1 Cumulative Preference shares	
	2020	2019	2020	2019
In issue at 1 January	50.3	50.3	0.1	0.1
Exercise of share options	0.1	–	–	–
In issue at 31 December	50.4	50.3	0.1	0.1
	2020	2019	2020	2019
	£m	£m	£m	£m
Issued share capital	12.6	12.6	0.1	0.1

The preference shareholders are entitled to receive 3.5% cumulatively per annum, payable in priority to any dividend on the ordinary shares. The ordinary shareholders are entitled to receive dividends as declared from time to time by the Directors.

Shares all carry equal voting rights of one vote per share held. They also have the right to attend and speak at general meetings, exercise voting rights and appoint proxies. Neither type of share is redeemable. In the event of a winding-up order the amount receivable in respect of the cumulative preference shares is limited to their nominal value. The ordinary shareholders are entitled to an unlimited share of the surplus after distribution to the cumulative preference shareholders.

Treasury shares	2020	2019
	£m	£m
9,227 (2019: 510) ordinary shares of 25p	0.2	–

The Company has an established Employee Share Ownership Trust, the James Fisher and Sons plc Employee Share Ownership Trust, to meet potential obligations under share option and long-term incentive schemes awarded to employees. The historic cost of these shares at 31 December 2020 was £0.2m (2019: £nil). The trust has not waived its right to receive dividends.

In the year ended 31 December 2020, 34,670 (2019: 30,579) ordinary shares with an aggregate nominal value of £8,668 (2019: £7,645) were issued to satisfy awards made under the Company's Executive Share Option Scheme at an option prices of 410p and 522p (2019: 522p) per share giving rise to total consideration of £404,024 (2019: £383,250).

During the year the Trust purchased 50,000 (2019: 50,000) of its own shares in the market at an average cost per share of £17.82 (2019: £21.08) and a total cost of £0.9m (2019: £1.1m).

30 Commitments and contingencies

Capital commitments

At 31 December, capital commitments for which no provision has been made in these accounts amounted to:

	Group		Company	
	2020	2019	2020	2019
	£m	£m	£m	£m
	–	1.3	–	–

Contingent liabilities

- In the ordinary course of the Company's business, counter indemnities have been given to banks in respect of custom bonds, foreign exchange commitments and bank guarantees.
- A Group VAT registration is operated by the Company and six Group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue & Customs under the arrangement.
- A guarantee has been issued by the Group and Company to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to nine vessels. The charters expire between 2021 and 2024.
- Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £48.2m (2019: £73.9m).
- The Group is liable for further contributions in the future to the MNOPF and MNRPF if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. The Group and Company remains jointly and severally liable for any future shortfall in recovery of the MNOPF deficit.
- The Group has given an unlimited guarantee to the Singapore Navy in respect of the performance of First Response Marine Pte Ltd, its Singapore joint venture, in relation to the provision of submarine rescue and related activities.
- In the normal course of business, the Company and certain subsidiaries have given parental and subsidiary guarantees in support of loan and banking arrangements.
- The Company and its subsidiaries may be parties to legal proceedings and claims which arise in the ordinary course of business, and can be material in value. Disclosure of contingent liabilities or appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities may materialise. Other than provisions made against certain receivables and claims, described in note 33 (b) estimates, there are no other significant provisions and no individually significant contingent liabilities that required specific disclosure.

31 Related party transactions

Transactions with related parties

FCM businesses

The Group has interests of between 40% and 50% in several joint ventures providing ship-to-ship transfer services in Northern Europe and Asia through its wholly owned subsidiary, Fender Care Marine Services Limited.

First Response Marine

The Group holds through James Fisher Marine Services Limited (JFMS) a 50% interest in First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore government under a 20 year service contract which commenced in March 2009. FRM subcontracts the provision of the submarine rescue service to James Fisher Singapore Pte Ltd. JFMS has also provided a loan to FRM of £2.0m to support its day-to-day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable at the end of the project. Interest charged in the period amounted to £0.1m (2019: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.5m (2019: £0.5m).

JFD Domeyer

The Group has a 50% stake in JFD Domeyer, an entity which provides in-service support and aftermarket services to customers in Germany.

Pleat Mud Coolers AS

The Group has a 50.1% stake in Pleat Mud Coolers AS, an entity which supplies mud cooling systems to the offshore oil and gas market.

Wuhu Divex Diving Systems

The Group has a 49% stake in Wuhu Divex Diving Systems Ltd, an entity which manufactures advanced diving systems for the Chinese market.

JF Technologies LLC

The Group has a 49% stake in James Fisher Technologies LLC, an entity which provides specialist design and engineering services including the provision of remote control equipment to the North American nuclear decommissioning market.

Details of the transactions carried out with related parties are shown in the table below:

		Services to related parties £m	Sales to related parties £m	Purchases from related parties £m	Amounts owed by parties £m	Amounts owed to parties £m
FCM businesses	2020	–	1.2	1.2	0.1	0.7
	2019	–	0.5	1.2	0.4	0.8
First Response Marine	2020	3.6	–	–	1.0	–
	2019	6.3	–	–	2.0	–
JFD Domeyer	2020	–	0.6	–	2.1	–
	2019	–	0.5	–	2.1	–
Pleat Mud Coolers	2020	–	0.5	–	0.6	–
	2019	–	–	–	–	–
Wuhu Divex Diving Systems	2020	–	0.2	–	0.3	–
	2019	–	1.8	–	0.1	–
JF Technologies LLC	2020	–	–	0.1	–	–
	2019	–	–	–	–	–

Purchases from Murjan Al Sharq for Marine Contracting LLC were £nil (2019: £3.0m) and as set out in Note 16, this business was the subject of a share exchange during 2020 and is no longer an associated company.

No allowance for expected credit losses (ECL) for bad debts has been made in respect of these balances (2019: £nil). No bad debts arose during the period relating to these transactions (2019: £nil). All transactions with related parties are priced on an arms length basis on terms equivalent to those provided to wholly external parties.

Company

The Company has entered into transactions with its subsidiary undertakings primarily in respect of the provision of accounting services, finance and the provision of share options to employees of subsidiaries.

The amount outstanding from subsidiary undertakings to the Company at 31 December 2020 was £369.0m (2019: £352.0m). Amounts owed to subsidiary undertakings by the Company at 31 December 2020 totalled £3.6m (2019: £5.0m).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2019: £nil).

32 Significant accounting policies

The principal accounting policies, which have been applied consistently throughout the year and the preceding year, are set out below.

32.1 Basis of preparation of the consolidated financial statements

The results of subsidiaries are consolidated for the periods from or to the date on which control has passed. Control exists when the Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Acquisitions are accounted for under the purchase method of accounting from the acquisition date, which is the date on which control is passed to the Group. The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in the consolidated financial statements.

Payment for the future services from employees or former owners are expensed. Any payments to employees or former owners in respect of the acquisition of the business are capitalised. This is carefully managed during the acquisition process so that former owners and/or employees do not receive any incentive payments during an earn-out period.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Any investment in joint ventures is carried in the balance sheet at cost plus the Group's post acquisition share in the change in net assets of the joint ventures, less any impairment provision. The income statement reflects the Group's share of the post-tax result of the joint ventures. The Group's share of any changes recognised by the joint venture in other comprehensive income are also recognised in other comprehensive income.

Non-controlling interests

Non-controlling interests represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and in the consolidated statement of financial position. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Put options upon non-controlling interests are sometimes recognised arising from business combinations. An initial option price estimate is recorded within payables and a corresponding entry made to other reserves.

On the acquisition of non-controlling interests, the difference between the consideration paid and the fair value of the share of net assets acquired is recognised in equity. Changes to the carrying value of the Put option are similarly recorded within equity.

Company investments in subsidiaries and joint ventures

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

32.2 Foreign currency

Group

The financial statements of subsidiary undertakings are prepared in their functional currency which is the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK Sterling, which is the Group's presentational currency.

(i) Foreign currency transactions in functional currency

Transactions in currencies other than the entities functional currency are initially recorded at rates of exchange prevailing on the date of the transaction. At each subsequent balance sheet date:

- Foreign currency monetary items are retranslated at rates prevailing on the balance sheet date and any exchange differences recognised in the income statement;
- Non-monetary items measured at historical cost are not retranslated; and
- Non-monetary items measured at fair value are retranslated using exchange rates at the date the fair value was determined. Where a gain or loss is recognised directly in equity, any exchange component is also recognised in equity and conversely where a gain or loss is recognised in the income statement, any exchange component is recognised in the income statement.

32 Significant accounting policies continued

(ii) Net investment in foreign operations

Exchange differences arising on monetary items forming part of the Group's net investment in overseas subsidiary undertakings which are denominated in the functional currency of the subsidiary undertaking are taken directly to the translation reserve and subsequently recognised in the consolidated income statement on disposal of the net investment. Exchange differences on foreign currency borrowings to the extent that they are used to provide an effective hedge against Group equity investments in foreign currency are taken directly to the translation reserve.

(iii) Translation from functional currency to presentational currency

The assets and liabilities of operations, where the functional currency is different from the Group's presentational currency are translated at the period end exchange rates. Income and expenses are translated at the average exchange rate for the reporting period. All other exchange differences on transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Resulting exchange differences are recognised in the consolidated statement of other comprehensive income. Tax charges and credits attributable to exchange differences included in the reserve are also dealt with in the translation reserve.

Company

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

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement, other than investments in foreign operations and foreign currency borrowings used to hedge those investments, where exchange differences are taken to the translation reserve.

32.3 Financial instruments

IFRS 9 Financial instruments became effective on 1 January 2018. This standard replaces IAS39 and introduced new requirements for classifying and measuring financial instruments and put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. IFRS 9 has been implemented prospectively from 1 January 2018 and the impact on the Group has not been material. The key areas of focus for the Group under IFRS 9 are:

- Expected credit losses being recognised on trade debtors and contract assets recognised under IFRS 15;
- Hedge accounting and related hedge documentation; and
- Reclassification of assets held for sale as Other Investments, with these being fair valued at each reporting period.

(a) Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, other than a trade receivable without a significant financing component, or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Policy applicable from 1 January 2018

A financial asset is measured at amortised cost if it is not designated as fair value through the profit and loss account (FVTPL) and it is held to collect contractual cash flows with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is not designated as at FVTPL, and it is held with the objective of collecting contractual cash flows and selling financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment not held for trading, the Group can irrevocably elect, on an investment by investment basis, to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, including derivative financial instruments are measured at fair value through profit and loss.

Financial assets at fair value through profit and loss, including any interest or dividend income, are recognised in the profit and loss.

Financial assets at amortised cost are valued using the effective interest method with the amortised cost reduced by any impairment losses, with interest income, foreign exchange gains or losses, impairment and de-recognition gains or losses recognised in profit or loss.

32 Significant accounting policies continued

Debt investments are measured at fair value with interest income calculated using the effective interest method with any foreign exchange gains and losses, or impairments, taken through the profit and loss. Other net gains or losses, and those on de-recognition accumulated through the OCI, are re-classified in the profit or loss.

Equity investments are measured at fair value with dividends recognised through the profit and loss. Other net gains or losses, are recognised in the OCI, and are never re-classified in the profit or loss.

(b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Contingent consideration is considered to be a financial liability measured at FVTPL.

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

(c) De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from that asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(d) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge and the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The appropriate level of hedging is monitored by Group Treasury and the Group Board. As part of this review process the following are assessed:

- the hedging effectiveness to determine that there is an economic relationship between the hedged item and the hedging instrument;
- the hedge ratio; and
- that the hedged item and instrument are not intentionally weighted to create hedge ineffectiveness.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

For all hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Cash and short-term deposits included in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the original acquisition date. Cash and cash equivalents included in the cash flow statement comprise cash and short-term deposits, net of bank overdrafts.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity.

Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

32 Significant accounting policies continued

(e) Expected credit losses

IFRS 9 introduced a new model for the recognition of impairment losses - the Expected Credit Loss (ECL) model. ECL is the expected value decrease in an asset. The expected credit loss model constitutes a change from the previous IAS 39 incurred loss model. The key difference between incurred and expected is the requirement to consider forward looking scenarios. Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

32.4 Intangible assets

Intangible assets, excluding goodwill arising on a business combination, are stated at cost or fair value less any provision for impairment.

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

Development costs	5 years or over the expected period of product sales, if less
Intellectual property	3 to 20 years
Patents and licences	5 years or over the period of the licence, if less
Other intangibles	5 years

(a) Goodwill arising on a business combination

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

Costs related to an acquisition, other than those associated with the issue of debt or equity securities incurred in connection with a business combination, are expensed to the income statement. The carrying value of goodwill is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it may be impaired. When an impairment loss is recognised it is not reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

(b) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination including but not limited to customer relationships, supplier lists, patents and technology and that can be separately measured at fair value on a reliable basis are recorded initially at fair value and amortised over their expected useful life. Amortisation is expensed to the consolidated income statement.

32.5 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment losses. Refit costs relating to vessels are capitalised when incurred and amortised over their estimated useful economic life of 30 months. Cost comprises expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring an asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset.

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

Freehold property	40 years
Leasehold improvements	25 years or the period of the lease, if shorter
Plant and equipment	Between 5 and 20 years
Vessels	Between 10 and 25 years

No depreciation is charged on assets under construction.

Residual values of vessels are set initially at 20% of purchase cost or fair value at acquisition, which the Directors believe to be an approximation of current residual values. Residual values and estimated remaining lives are reviewed annually by the Directors and adjusted if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

32 Significant accounting policies continued

32.6 Impairment of tangible and intangible assets

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

(a) Impairment of goodwill

Goodwill acquired in a business combination is allocated against the appropriate combination of business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGU). Impairment is then assessed by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement. An impairment loss for goodwill is not reversed in a subsequent period.

(b) Impairment of tangible and other intangible assets

If any indication of a potential impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. Assets are grouped together for this purpose at the lowest level for which there are separately identifiable cash flows.

(c) Research and development costs

Research expenditure is expensed in the income statement as incurred.

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

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

32.7 Inventories

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

32.8 Taxation

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

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

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

- No provision is made where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit; and
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is expected to be realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

32 Significant accounting policies continued

Deferred tax arising on actuarial gains and losses relating to defined benefit pension funds is recorded in other comprehensive income. Where the cash contributions made to the schemes exceed the service costs recognised in the income statement the current tax arising is recorded in other comprehensive income.

32.9 Leases

The Group leases land and buildings for some of its offices, warehouses and factory facilities. The length of these leases can typically run for up to 25 years, with most less than 10 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

Some of the buildings contain extension options that are exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group includes extension options in new leases to provide operational flexibility, that are exercisable by the Group but not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option, and then reassesses this in the event that there is a significant event or change in circumstances within its control.

The Group also leases vessels, with lease terms typically of up to five years and IT equipment and machinery, typically for a duration of less than 10 years. The Group has applied IFRS 16 using the modified retrospective approach.

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

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or it is recorded in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Group presents right-of-use assets and lease liabilities (within 'borrowings') in the statement of financial position.

Short-term leases and leases of low-value assets

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

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease, making an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is treated as a finance lease, otherwise as an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately, assessing the classification of the sub-lease with reference to the right-of-use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

32 Significant accounting policies continued

32.10 Pension plans

(i) Defined contribution schemes

Pre-determined contributions paid to a separate privately administered pension plan are recognised as an expense in the income statement in the period in which they arise. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

(ii) Defined benefit schemes

A defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation. The schemes are funded by payments determined by periodic actuarial calculations agreed between the Group and the trustees of trustee-administered funds.

The cost of providing benefits is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (current service cost) and to current and prior periods (to determine the present value of the defined benefit obligation). Current service costs are recognised in the income statement in the current year. Past service costs are recognised in the income statement immediately. When a settlement (which eliminates all obligations for benefits already accrued) or a curtailment (which reduces future obligations as a result of a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and any gain or loss is recognised in the income statement.

The interest element of the defined benefit charge is determined by applying the discount rate to the net defined benefit liability at the start of the period and is recognised in the income statement. A liability is recognised in the statement of financial position which represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets and is calculated separately for each scheme.

The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations, and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available from any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses on experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

32.11 Share based payments

Executive savings related share option schemes are operated under which options are granted to employees of the Group. An expense is recognised in the income statement with a corresponding credit to equity in respect of the fair value of employee services rendered in exchange for options granted, which is determined by the fair value of the option at the date of grant. The amount is expensed over a specified period until the options can be exercised (the vesting period).

The fair value of an option is determined by the use of mathematical modelling techniques, including the Black-Scholes option pricing model and the Binomial model. Non-market vesting conditions (such as profitability and growth targets) are excluded from the fair value calculation but included in assumptions about the number of options that are expected to become exercisable.

An estimate is made of the number of options that are expected to become exercisable at each balance sheet date. Any adjustments to the original estimates are recognised in the income statement (and equity) over the remaining vesting period with any element of any adjustments relating to prior periods recognised in the current period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition (such as total shareholder return of the Group relative to an index). These are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In addition to failure by the employee to exercise an option in accordance with the exercise period allowed by the scheme, an award made to an employee under a share option scheme is deemed to lapse when either the scheme is cancelled by the Company, or when an employee, who continues to qualify for membership of a scheme, ceases to pay contributions to that scheme. In these circumstances the full remaining unexpired cost of the award is expensed in the period in which the option lapses.

Where the exercise of options is satisfied by the issue of shares by the Company the nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

32.12 Short-term employee benefits

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

32 Significant accounting policies continued

32.13 Share capital and reserves

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

(a) Treasury shares

Shares issued by the Company which are held by the Company or its subsidiary entities (including the Employee Share Ownership Trust (ESOT)), are designated as treasury shares. The cost of these shares is deducted from equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares. Consideration paid or received is recognised directly in equity.

(b) Employee Share Ownership Plan (ESOP)

Company shares are held in an ESOP. The finance costs and administration costs relating to the ESOP are charged to the income statement. Dividend income arising on own shares is excluded in arriving at profit before taxation and deducted from aggregate dividends paid.

The Group maintains the following reserves:

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of operations whose financial statements are denominated in foreign currencies as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

32.14 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's activities.

Performance obligations

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

Transaction price

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

Revenue and profit recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

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

Point in time revenue includes services provided over periods of up to seven days.

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

32 Significant accounting policies continued

For each performance obligation to be recognised over time, the Group typically recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred.

If the over time criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Bid costs

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

Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product by product basis. Provisions for warranty costs are set out in note 21.

Revenue – operating lease rental income. Revenue is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised in the income statement on a straight-line basis over the period of the hire.

32.15 Other investments

Other investments which are in unquoted entities are held at fair value and subject to an annual review. The Group elects on an asset by asset basis whether fair value movements are posted to the income statement or directly to reserves.

32.16 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

31.17 Government grants

During 2020, some employees across the Group were placed on furlough under the Coronavirus Jobs Retention Scheme. Furlough income of £2.3m in relation to a maximum of 400 employees was recognised during the year and as such the Group has adopted IAS 20 in accounting for this government income. The grant has been recognised as income and matched with the associated payroll costs over the same period.

33 Significant accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. The outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an on-going basis.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below:

Revenue

Revenue is set out in notes 3 and 32.14. Revenue is recognised as performance obligations are satisfied as control of the goods and services are transferred to the customer. The timing of the performance obligations will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract. Areas of judgement relate to construction contract accounting and specifically estimating the stage of completion and forecast outturn of the contract which are reliant on the knowledge and expertise of project managers, engineers and other professionals.

Operating in overseas jurisdictions

The Group operates in emerging markets which increases contractual, operational and financial risk with potentially uncertain or changing regulatory and political environments. This is referred to in the Group's principal risks and uncertainties on page 45 and in note 28. In preparing the consolidated financial statements the management form a judgement about the risk of exchange control regulations, political stability, potential changes to tax regimes and operating environments.

33 Significant accounting judgements and estimates continued

(b) Estimates

Impairment of goodwill

Goodwill, which is set out in note 12, of £166.5m (2019: £185.5m) is tested annually for any permanent impairment in accordance with the accounting policy in note 32.6. The value in use of the Group's cash generating units (CGU) requires assumptions about future levels of demand, gross margins and cost inflation. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of judgement. If indicators of impairment exist the carrying value of goodwill is compared to its recoverable amount which represents the higher of the net present value of the CGU's forecast cash flow and its carrying value. The assessment also includes sensitivity analysis to identify the range of outcomes and the validity of underlying assumptions. In the current year it is not expected that there is a risk of material misstatement based on these assessments.

Business combinations

Business combinations are set out in note 24 and the Group makes an assessment of the fair values of the assets and liabilities arising in a business combination and of any related contingent consideration. Judgement is applied in assessing appropriate fair values of the assets and liabilities required, identifying any intangible assets of the acquired business and in estimating the likelihood of contingent targets being achieved during the relevant period. The outcome of contingent consideration arrangements depends on a number of factors outside the control of the business including, but not limited to competition, general economic conditions and the availability of resources within the business to meet its obligations to its customers. The Group regularly assesses the likelihood of the targets being achieved during the performance period and makes appropriate adjustments to the provision for contingent consideration through the income statement. The Group uses a discounted cash flow analysis to assess the value of contingent consideration.

Income taxes

Taxation is set out in notes 8, 9 and 32.8. The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax risk issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has entered the UK tonnage tax regime under which tax on its ship owning and operating activities is based on the net tonnage of vessels operated. Income and profits outside this regime are taxed under normal tax rules. This means that it is necessary to make estimates of the allocation of some income and expenses between tonnage and non-tonnage tax activities. These estimates are subject to agreement with the relevant tax authorities and may be revised in future periods.

Tax provisions as at 31 December 2020 totalled £2.9m (2019: £3.1m). Of this amount, £0.6m relates to tax risks in overseas jurisdictions. The risks do not relate to any individually material tax uncertainty instead a collection of risks around the Group. Whilst a range of outcomes is reasonably possible, the extent of this range is difficult to define due to the nature of the risks and the numerous Tax Authorities involved.

Provision for impairment of trade receivables

As detailed in Note 28, the Group has made doubtful debt provisions of £19.5m (2019: £5.4m) for certain of its receivables that are overdue for more than 90 days, which at 31 December 2020 amounted to £20.7m (2019: £21.3m). Due to the period of time elapsed full recovery is uncertain. In addition, some of these issues are subject to a contractual process of arbitration or standard legal process and may take some time to resolve. Provisions reflect current best estimates of the likely net proceeds that will be received but are subject to uncertainty where the outcome may differ materially from current best estimates.

Insurance claims

At any point in time, the Group has a number of insurance claims awaiting resolution and make appropriate best estimates of recoverable amounts. In April 2018, two vessels collided off the coast of Singapore which resulted in a gas splash which enveloped a vessel owned and operated by the Group and resulted in severe engine damage. Whilst the Group's financial position reflects a best estimate of the insurance claim, the overall outcome is awaiting resolution between the two vessel owners and a 10% change in estimate would impact the income statement by £0.2m.

Impairment of vessels

During the year, an impairment of £31.6m has been charged in respect of two vessels based on the recoverable amount which is the fair market value of these assets. The fair market valuation was made with reference to third party valuations and management experience. This fair market valuation is based on an orderly transaction between market participants. Due to current market conditions, there is little external evidence of recent similar vessel sales and there is therefore a high degree of estimation in the valuation, with a change in valuation of 10% increasing the impairment by £2.1m.

33 Significant accounting judgements and estimates continued

(c) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2020 is included in the following notes:

- Note 9 - recognition of deferred tax assets, and the availability of future taxable profit against which tax losses carried forward can be used;
- Notes 12 and 13 - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs; and
- Note 24 - Business combinations.

Subsidiaries and associated undertakings

Subsidiary undertakings

The Group holds 100% of the share capital in the following undertakings unless otherwise stated.

Name of company	Address	Group percentage of equity capital	Name of company	Address	Group percentage of equity capital
Marine Support			Specialist Technical		
Fender Care Limited	1		JFD Limited	JFD, Westhill Industrial Estate, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ	
Fender Care Marine Ltd	1		James Fisher Defence Limited	1	
Fendercare Servicos Marinheiros do Brasil Ltda	Avenida Feliciano Sodre 325, Centro, Niteroi, Rio De Janeiro, CEP: 24030-012, Brazil		JFD Australia Pty Ltd	BDO, 38 Station Street, Subiaco WA 6008, Australia	
Fendercare Australia Pty Ltd	8D Sparks Road, Henderson WA 6166, Australia		James Fisher Singapore Pte Ltd	19 Loyang Lane, Singapore 508929	
Fender Care Marine (Asia Pacific) Pte Ltd	6 Pioneer Place, 627705, Singapore		JFD Singapore Pte Ltd	19 Loyang Lane, Singapore, 508929	
Fender Care Marine Products (Asia Pacific) Pte Limited	6 Pioneer Place, 627705, Singapore		JFD Sweden AB	Rindovagen, Rindo Vastra, 185 41 Vaxholm, Sweden	
Fender Care (Changshu) Limited	Room 1211, Building 4, Huifeng Times Plaza, No 22 Huanghe Road, Changshu City, Jiangsu, 215500, China		JFD Ortega B.V.	Vliegveldstraat 100, B515, Technology Base, Enschede, Netherlands	
Fender Care Marine (Gibraltar) Limited	28 Irish Town, Gibraltar		JFD South Africa (Pty) Limited	c/o Mazars, Mazars House, Rialto Road, Grand Moorings Precinct, Century City, Cape Town, SA 7441, South Africa	
Fender Care Marine Sohar LLC	Al Batinah Region, PO Box 37, Sohar, 327	70%	Cowan Manufacturing Pty Limited	BDO Tax (WA) Pty Ltd, 'BDO', 38 Station Street, Subiaco, WA6008, Australia	
James Fisher Marine Services Limited	1		James Fisher Defence Italy	Via Giulio Caccini, 100198, Rome, Italy	
James Fisher Maritime Deutschland GmbH	Stadthausbrücke 8, 20355 Hamburg, Germany		James Fisher Defence North America Limited	Suite 808, 1220 North Market Street, Wilmington DE 19801, United States	
Electricity Distribution Services Limited	1		James Fisher Nuclear Limited	2	
EDS HV Management Limited	1		JF Nuclear Limited	1	
James Fisher Testing Services Limited	1		High Technology Sources Limited	1	
James Fisher NDT Limited	1		Divex Asia Pacific Pty Ltd	54 Bushland Ridge, Bibra Lake WA 6163, Australia	
James Fisher Rumic Limited	1	*	Divex FZE	PO Box 261749, Jebel Ali Free Zone, Dubai, United Arab Emirates	
James Fisher Testing Services (Ireland) Limited	Unit D, Zone 5, Clonminam Business Park, Portlaoise, County Laois, Ireland		Divex Limited	JFD, Westhill Industrial Estate, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ	
Strainstall UK Limited	1		Fathom Systems Limited	2	
Strainstall Middle East Limited	Vistra (Cayman), Grand Pavilion, Hibiscus Way, 802 West Bay Road, PO Box 31119, Grand Cayman, KY1-1205, Cayman Islands		Offshore Oil		
Strainstall Malaysia Sdn Bhd	Ground Floor, 8, Lorong Universiti B, Section 16, 46350 Petaling Jaya Selangor Darul Ehsan, Malaysia		RMS Pumptools Limited	1	
Strainstall Singapore Pte Ltd	50 Raffles Place, #06-00 Singapore Land Tower, Singapore, 048623		RMS Pumptools FZE	1-153, THUB, Dubai Silicon Oasis, Dubai, United Arab Emirates	
Subtech (Pty) Ltd	Warehouse 1, 20 Rustic Close, Briardene, Durban, 4051, South Africa		Scan Tech AS	Finnestadsvingen 23, 4029 Stavanger, Norway	
Subtech Norte Lda	Rua de Se no 114, Distrito Urbano 1, Bairro Central, Maputo City, Mozambique		Scan Tech Personell AS	Finnestadsvingen 23, 4029 Stavanger, Norway	
Subtech Middle East Saudi Company	Office 102, Al Jazira Building, Al Khobar, Saudi Arabia		Scan Tech Productt Personell AS	Finnestadsvingen 23, 4029 Stavanger, Norway	
Subtech South Africa (Pty) Ltd	Warehouse 1, 20 Rustic Close, Briardene, Durban, 4051, South Africa	90%	Scantech Offshore Limited	1	*
Subtech Marine (Pty) Limited	PO Box 90757, Shop 48, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	70%	Scantech Offshore Pty Ltd	23 Sparks Road, Henderson WA 6166, Australia	
Subtech Diving & Marine Tanzania Limited	The Slipway Road, Msasani Peninsula, Dar Es Salaam, United Republic of Tanzania		Scantech Offshore do Brasil Comercio E Servicos Ltda	R 01 223, Lote 146 Quadra 02, Balneario das Garcas, Rio das Ostras, 28.898-268, Brazil	
Subtech Offshore	Ocra (Mauritius) Limited, Level 2, Max City Building, Remy Ollier Street, Port Louis, Mauritius		James Fisher Offshore Limited	2	
Namibia Subtech Diving and Marine (Proprietary) Limited	Shop 48, Second Floor, Old Power Station Complex, Armstrong Street, Windhoek, Namibia		James Fisher Offshore Malaysia Sdn Bhd	Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	
Martek Marine Limited	1		James Fisher Marine Services Malaysia Ltd	Level 1, Lot 7, Block F, Sanguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	
Martek-Marine (Asia Pacific) Pte Ltd	3 Church Street, #08-00, Samsung Hub, Singapore, 049483		JF Singapore Holdings PTE Ltd	9 Raffles Place, #27-00 Republic Plaza, Singapore 048619	
Continental Participacao E Administracao Ltda	Rua Tenente Celio, No.150, Bairro Granja Caveleiros, Macae, State of Rio de Janeiro, 27.930-120, Brazil	60%	James Fisher Marine Services Middle East Limited FZCO	PO Box 371072, Dubai, United Arab Emirates	
Servicos Maritimos Continental S.A.	Rua Tenente Celio, No.150, Bairro Granja Caveleiros, Macae, State of Rio de Janeiro, 27.930-120, Brazil	60%	James Fisher MFE Limited	1	
James Fisher MIMIC Limited	1		James Fisher Subsea Excavation Mexico S.A. de C.V.	Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico	
James Fisher Asset Information Services Limited	1		James Fisher Personnel S.A. de C.V.	Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico	
Prolec Limited	1		James Fisher Subsea Excavation Pte Limited	133 Cecil Street, #16-01, Keck Seng Tower, Singapore, 069535	
Rotos 360 Limited	1		James Fisher Subsea Excavation Incorporated	21559 Provincial Boulevard, Katy TX 77450, United States	
Maritime Engineers Pty Ltd	23 Sparks Road, Henderson, WA 6166, Australia		James Fisher Ocean Team Limited	Suites 4404-10, 44/F, One Island East, 18 Westlands Road, Taikoo Place, Hong Kong	60%
Maritime Engineers (Asia Pacific) Pte Ltd	1 North Bridge Road, #06-15, High Street Centre, Singapore 179094		Buchan Technical Services Limited	1	
Mojo Maritime France	3 rue de France Comte, CS50311, Hauts de Quimperanpoix, 5103, Cherbourg, France				
JF STS (Guernsey) Ltd	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	***			
Hughes Marine Engineering Limited	1				
Hughes Sub Surface Engineering Limited	1				
JCM Scotload Ltd	1				
Osiiris Marine Services Limited	1				
Testconsult Limited	1				
Deep Sea Operation & Maintenance Co. Ltd	Al Khobar City, PO Box 2716, Al Olaya, 34447, Saudi Arabia				

- 1 Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR
 2 North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GQ
 * held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary)
 ** consolidated as subsidiary undertakings
 *** held by nominee shareholders

Subsidiary undertakings – continued

Name of company	Address	Group percentage of equity capital
Tankships		
James Fisher Everard Limited	1	
F.T.Everard & Sons Limited	1	*
James Fisher (Shipping Services) Limited	1	*
F.T. Everard Shipping Limited	1	
James Fisher Crewing (CY) Limited	115 Griva Digeni, Trident Centre, Limassol, 3101, Cyprus	
James Fisher (Crewing Services) Limited	1	*
Cattedown Wharves Limited	1	
James Fisher (Guernsey) Limited	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	***
Everard (Guernsey) Ltd	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	
Scottish Navigation Company Limited	2	
Onesimus Dorey (Shipowners) Ltd	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	*
Holding Companies		
EDS HV Group Limited	1	
Fender Care Marine Solutions Limited	1	
James Fisher (Aberdeen) Limited	1	*
James Fisher and Sons Nigeria Limited	7th Floor, 1 Kingsway Road, Falomo, Ikoyi, Lagos, Lagos State, Nigeria	99%*
James Fisher Holdings UK Limited	1	*
James Fisher Hong Kong Limited	Level 17, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	
James Fisher Norway AS	Finnestadsvingen 23, 4029 Stavanger, Norway	*
James Fisher Nuclear Holdings Limited	1	*
James Fisher Properties Limited	2	
James Fisher Servicos Empresariais Ltda	Rua 01 No 223, Quadra 02, Lote 146-part, Balneario das Garcas, Brazil	
James Fisher Subtech Group Limited	1	*
James Fisher Tankships Holdings Limited	1	*
JF Australia Holding Pty Ltd	54 Bushland Ridge, Bibra Lake, WA 6163	
JF Overseas Ghana Limited	The Octagon Building, 7th Floor Suite B701, Accra Central, Accra, Ghana	
JF Overseas Limited	1	*
Martek Holdings Limited	1	
Strainstall Group Limited	1	*
Subtech Group Holdings (Pty) Ltd	20 Rustic Close, Briardene, KwaZulu-Natal, 4051, South Africa	

Associated undertakings

Name of company	Address	Group percentage of equity capital
Marine Support		
Fendercare Marine Ghana Limited	11 Aduemi Close, North Kaneshie, Accra, Ghana	50%**
Fender Care Omega (Middle East) FZC	E-LOB Office No. E-69G-20, PO Box 51602, Hamriyah Free Zone - Sharjah, United Arab Emirates	50%**
Fender Care Marine Services LLC	G013, GH-1, Industrial City of Abu Dhabi (ICAD-1), Mussafeh, PO Box 45628, Abu Dhabi, United Arab Emirates	49%**
Fender Care Marine LLC	Fujairah Port, PO Box 5198, Fujairah, United Arab Emirates	49%**
Fender Care Middle East LLC	Plot 146/16, Emirates Industrial City, Sajja Industrial Area, PO Box 25896, Sharjah, United Arab Emirates	49%**
Fender Care Benelux B.V.	Torontostraat 20, 3197 KN, Rotterdam Botlek, Netherlands	50%
FC Viking Sdn.Bhd	Suite 6.01, 6th Floor, Plaza See Hoy Chan Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia	49%
Fendercare Marine Omega India Private Limited	JA 1104 - 1106, DLF Tower - A, Jasole District Centre, New Delhi, 11044, India	50%
Fender Care Marine SA (Pty) Ltd	Unit 4, Thembanani House, 41 Brand Road, Glenwood, Durban, 4001, South Africa	49%**
Subtech Offshore Services Nigeria Limited	Plot 15, Block 110, Henry Ojogho Crescent, Off Road 69, Lekki Phase 1, Lagos, Nigeria	49%**
Subtech Core Innovation (Pty) Ltd	20 Rustic Close, Briardene, KwaZulu-Natal, 4014, South Africa	49%
Nuclear Decommissioning Limited	3 Sovereign Square, Sovereign Street, Leeds, LS1 4ER	25%
Strainstall Middle East LLC	PO Box 111007, Jebel Ali Industrial Area 1, Dubai, United Arab Emirates	49%**
Strainstall Saudi Arabia Limited	PO Box 30124, Riyadh 11372, Saudi Arabia	49%**
Strainstall Testing Lab LLC	PO Box 62579, Abu Dhabi, United Arab Emirates	49%
Strainstall Laboratories WLL	PO Box 2255, Office #2, Property No.25, Tariq Bin Ziyad Street, Al Ghanim, Doha, Qatar	49%**
James Fisher Nigeria Limited	34 Awolowo Road, Ikoyi, Lagos, Nigeria	49%**
Eurotestconsult UK Limited	Ruby House, 40A Hardwick Grange, Woolston, Warrington, Cheshire, WA1 4RF	50%
Eurotestconsult Limited	Unit D, Zone 5, Clonminan Industrial Estate, Portlaoise, County Laois, Ireland	50%
James Fisher Angola UK Limited	1	50%**
James Fisher (Angola) Limitada	67 Rua Damiao de Gois, Alvalade, Borough, District of Maianga, Ingombota Municipality, Angola	49%*, **
Specialist Technical		
First Response Marine Pte Ltd	16 Benoi Road, 629889, Singapore	50%
James Fisher Technologies LLC	Units 1 and 2, 1234 Sherman Drive, Longmont CO 80501, Colorado	49%
JFD Domeyer GmbH	Konsul-Smidt-Str. 15, 28217, Bremen, Germany	50%
Wuhu Divex Diving System Limited	No.58 Yongchang Road, Jiujiang District, Wuhu City, Anhui Province, PR China	49%

- 1 Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR
 2 North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GQ
 * held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary)
 ** consolidated as subsidiary undertakings
 *** held by nominee shareholders

Group financial record

For the five years ended 31 December

	2020 £m	2019 restated* £m	2018 restated* £m	2017 restated* £m	2016 restated* £m
Revenue					
Marine Support	249.4	311.6	274.3	235.6	200.8
Specialist Technical	130.4	149.4	156.5	146.0	148.1
Offshore Oil	78.0	88.2	70.0	60.7	61.6
Tankships	60.4	67.9	60.7	57.0	55.5
	518.2	617.1	561.5	499.3	466.0
Underlying operating profit					
Marine Support	10.1	24.5	26.8	25.3	19.8
Specialist Technical	14.0	18.4	21.4	19.2	20.3
Offshore Oil	11.2	14.2	6.8	3.2	5.0
Tankships	8.0	12.0	9.9	8.8	8.2
Common costs	(2.8)	(2.8)	(2.8)	(2.4)	(2.5)
	40.5	66.3	62.1	54.1	50.8
Net finance costs	(9.0)	(7.8)	(6.0)	(5.5)	(5.0)
Underlying profit before taxation	31.5	58.5	56.1	48.6	45.8
Separately disclosed items	(84.0)	(10.7)	(0.7)	(1.3)	(0.9)
(Loss)/profit before taxation	(52.5)	47.8	55.4	47.3	44.9
Taxation	(4.8)	(11.1)	(10.1)	(7.9)	(6.8)
(Loss)/profit after taxation	(57.3)	36.7	45.3	39.4	38.1
Intangible assets	186.6	215.2	197.5	199.2	180.5
Property, plant and equipment	158.2	210.6	145.4	132.5	131.0
Right-of-use assets	30.7	27.1	–	–	–
Investment in associates and joint ventures	8.9	9.9	9.6	9.4	7.8
Working capital	65.8	106.3	96.3	109.5	86.3
Contingent consideration	(1.7)	(8.2)	(6.0)	(12.8)	(9.2)
Pension obligations	(10.3)	(5.8)	(16.1)	(19.8)	(26.8)
Taxation	(4.2)	(10.7)	(6.7)	(6.5)	(5.6)
Capital employed	434.0	544.4	420.0	411.5	364.0
Net borrowings	175.0	203.0	113.6	132.5	105.7
Lease liabilities	23.1	27.4	–	–	–
Equity	235.9	314.0	306.4	279.0	258.3
	434.0	544.4	420.0	411.5	364.0
Earnings per share	pence	pence	pence	pence	pence
Basic	(114.2)	73.1	89.5	77.5	79.4
Diluted	(114.2)	72.7	88.9	76.9	78.7
Underlying basic	48.0	93.2	90.0	79.3	76.9
Underlying diluted	47.9	92.8	89.5	78.7	76.3
Dividends declared per share	8.0	11.3	31.6	28.7	26.2
Other key performance indicators					
Operating margin (%)	7.8%	10.7%	11.0%	10.8%	10.9%
Return on capital employed (post tax) (%)	6.7%	11.3%	12.2%	12.0%	13.0%
Underlying net gearing (%)	74.4%	64.8%	37.2%	47.7%	41.0%
Dividend cover (times)	6.0	8.2	2.5	2.7	2.9

* Segmental revenue and underlying operating profit is restated for changes to segmental reporting as detailed in note 3.

Investor information

Company Secretary

Jim Marsh

Registered office

James Fisher and Sons plc
Fisher House, PO Box 4
Barrow-in-Furness
Cumbria LA14 1HR

Incorporated in England under
Company no. 211475

www.james-fisher.com

Registrar

Link Group

10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Auditor

KPMG LLP

1 St Peters Square
Manchester M2 3AE

Bankers

Bank of Ireland

4th Floor
Bow Bells House
1 Bread Street
London EC4M 9BE

Barclays Bank PLC

1st Floor
3 Hardman Street
Spinningfields
Manchester M3 3HF

DBS Bank Ltd

London Branch
4th Floor
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

Handelsbanken

First Floor East
Bridge Mills
Stramongate
Kendal LA9 4UB

HSBC UK Bank PLC

2nd Floor
4 Hardman Square
Spinningfields
Manchester M3 3EB

Lloyds Bank PLC

Lovell Park
1 Lovell Park Road
Leeds LS7 1DZ

Santander UK PLC

7th Floor
No 4 St Paul's Square
Liverpool L3 9SJ

Merchant bankers

E C Hambro Rabben and Partners Ltd

32-33 St James's Place
London SW1A 1NR

Brokers

Investec Bank (UK) Limited

30 Gresham Street
London EC2V 7QP

Jefferies International Limited

100 Bishopsgate
London EC2N 4JL

Financial Calendar

29 April 2021

Annual General Meeting

7 September 2021*

Announcement of 2021 Half Year results

Disclaimer

This Annual Report has been prepared for the members of the Company only. The Company, its Directors, employees and agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. This Annual Report contains certain forward-looking statements that are subject to future events including, amongst other matters, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates and the availability of financing to the Group. As such the forward-looking statements involve risk and uncertainty. Accordingly, whilst it is believed the expectations reflected in these statements are reasonable at the date of publication of this Annual Report they may be affected by a wide range of matters which could cause actual results to differ materially from those anticipated. The forward-looking statements will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

* provisional



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