

Modus Subsea swung to loss as Covid caused key Indonesian customer to collapse

Modus Subsea Services swung to an operating loss in 2021 as a significant customer in Indonesia collapsed into insolvency during the pandemic.

Accounts filed at Companies House show the Darlington-based firm reported an operating loss of £932,000 in the year to the end of March 2021, from an operating profit of £1.2m the year before.

The firm recorded exceptional costs of £1.09m in relation to the fall out from the Indonesian contract, including bad debt and legal and recovery costs associated with getting its equipment back.

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Turnover during the period fell from £16.78m in the previous year to £13.7m as the firm said Covid brought about project cancellations and deferrals, and effected its ability to move people and equipment quickly across borders.

Modus' turnover came predominantly from work in the UK and Europe totalling roughly £11.7m, with the remainder coming from the rest of the world.

Writing in a report accompanying the accounts, Modus director Nicholas Tompkins said: "Modus was quick to react to Covid-19 by applying new ways of working in partnership with its customers. Onshore personnel were able to perform their roles remotely, alongside revised working procedures at our marine facilities to safely maintain our equipment between projects.

“In consultation with our client base, offshore personnel adopted quarantine procedures prior to mobilising, reducing the risk of positive Covid cases offshore.

“Covid-19 affected our industries on a macro level through project deferrals and cancellations. However, the ability to move people and equipment quickly across borders was at times also adversely impacted by frequently changing local regulations, along with the availability and cost of those movements.

“For our European work, Brexit also had a negative impact on the movement of personnel and equipment, however, with the assistance of our supplier base, this has been minimal on performance and project delivery. Modus’s strategy of obtaining long term arrangements for a substantial part of its fleet protected revenue performance for much of the period.”

Mr Tompkins went on to say that while the year under review had posed difficulties, the business remained well placed for the future.

He said: “Significant investment has been made in equipment and personnel to further develop hybrid autonomous underwater vehicle technology, with a campaign of trials in late 2021 providing a showcase of the equipment’s abilities and highlighting Modus as the industry leader in hybrid autonomous underwater vehicle technology capability.

“Further hybrid autonomous underwater vehicle systems will be delivered in 2022 and 2023 through the strategic group alliance with Kawasaki to further supplement Modus’s fleet of hybrid autonomous underwater vehicles.”

During the year Modus – which employs about 68 people – made use of the Government’s Coronavirus Business Interruption Loan Scheme drawing £1.5m, and its Job Retention Scheme to retain some onshore and offshore roles that were at risk due to project deferrals.

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