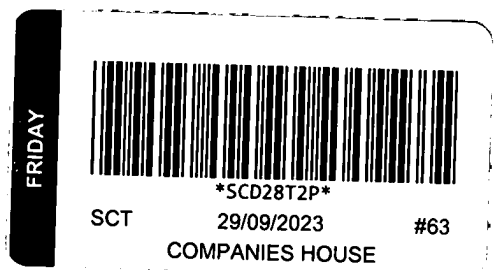


ASCO UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Registered No: SC029934



ASCO UK Limited
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ASCO UK Limited
Officers and professional advisers

Directors	T M R Pettigrew (appointed 29 August 2023) S Mitchell A R W Wright (appointed 3 July 2023) P I France (resigned 29 August 2023) G N Paver (resigned 30 June 2023)
Company Secretary	F N McIntyre
Registered Office	ASCO Group Headquarters Unit A, 11 Harvest Avenue D2 Business Park Dyce Aberdeen AB21 0BQ
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol, 431 Union Street, Aberdeen AB11 6DA
Solicitors	Burness Paul LLP 1 Union Wynd Aberdeen AB10 1SL
Bankers	HSBC Bank plc 95-99 Union Street Aberdeen AB11 6BD

ASCO UK Limited
Strategic report

Introduction

The directors present their Strategic Report on the Company for the year ended 31 December 2022.

Principal activities

The Company is a wholly owned subsidiary of ASCO Holdings Limited. The Company's principal activities are the provision of logistics and materials management services supporting projects in the renewables, new energy oil and gas and decommissioning sectors. These include quayside logistics, materials management, environmental and bunkering services. We have three main offshore supply bases in Peterhead, Aberdeen and Great Yarmouth. The bases offer a comprehensive service to the oil related North Sea operators from extensive quay and back-up facilities.

Decision making and section 172 of the Companies Act

The Board of Zander Topco Limited (Project Advance Topco Limited from 11 August 2023) manages the overall governance and strategy of the ASCO Group.

The directors and the Board of Zander Topco Limited consider that in the decisions taken during the financial year they have both individually and collectively acted in a way they consider in good faith and most likely to promote the success of the Company, having regard to matters defined in section 172(1)(a) to (f) of the Companies Act.

Particular care and regard is given to the impact of the Company's activities on the interests of employees, the promotion of good relations with customers and suppliers and the wellbeing of the environment and communities in which the Company operates. Decisions are taken with full consideration of their consequences for the long-term and the maintenance of the Company's reputation for high standards of business conduct.

The directors and the Board of Zander Topco Limited approved the yearly update to the 2019 -2024 strategy that is detailed below in the Strategic Report and that sets out the interests of employees, the promotion of good relations with customers and suppliers and the wellbeing of the environment and communities in which ASCO operates. Decisions are taken with full consideration of their consequences for the long-term and the maintenance of ASCO's reputation for high standards of business conduct and ethics.

The directors and the Board of Zander Topco Limited believes that the long-term success of the business will be achieved if we behave responsibly and ethically at all times, in line with our values and culture. To achieve this, we must continually strengthen corporate governance and embed this within the management teams so that they operate to the highest standards.

The directors and the Board of Zander Topco Limited also recognises our shareholders and lenders as an important stakeholder group and engages with them regularly to share business performance metrics and provide clarity on the future direction of the business.

The sustainability of the business is for the benefit of all stakeholders including the shareholders, lenders, staff, supply chain, customers and the communities where we operate.

Business Review

The Company's sales increased by 76% over the prior year from £297.1m to £523.6m with fuels revenues accounting for £210.3m of the £225.6m increase. The fuels revenue varies with the price of marine gas oil and these movements, both up and down, often have little effect on actual activity levels or profitability but can distort the margin percentage.

The Company's net assets, in the statement of financial position, at the end of the year amounted to £86.1m (2021: £90.0m).

ASCO UK Limited
Strategic report

KPIs

ASCO Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company other than revenue and operating (loss) / profit are not necessary or appropriate for an understanding of the development, performance or position of the business.

The key performance indicators of the Group are discussed in the Group's financial statements, and do not form part of this report.

Principal risks and uncertainties

The Company operates in the oil and gas sector which is a market driven, cyclical industry where activity is closely correlated with the market price for oil and gas. Changes in such prices may lead to an increase or decrease in activity levels. Volatility in the commodity price of oil and gas remains a primary uncertainty. Geopolitical matters continue to cause fluctuations that we need to be prepared to respond to e.g. where exploration activity is accelerated we need to be positioned to deliver on rapidly increased service requirements, some that may be in new markets. As a business we are also working to spread the breadth of our services and markets to diversify our portfolio and reduce our exposure to commodity price fluctuations.

We mitigate the impact of this risk through endeavouring to secure longer term contracts with our clients where possible. Where appropriate we employ a flexible cost model such that we are able to change manning levels as activity changes.

We operate a governance structure which should help to ensure that potential risks on contracts and projects are identified through review and challenge prior to execution. Our internal commercial and legal processes ensure that deviation to standard contracting principles must have the appropriate review and approval.

Although many of our customers have historically been blue chip international oil companies, we also work for independent operators, and, for ships agency services, vessel owners. Because of the significant capital expenditure requirements for our clients to develop oil and gas assets, and the cyclical nature of commodity prices, some of our clients can become financially distressed, particularly in a sustained downturn.

We seek to mitigate these risks through continuous monitoring of exposures to individual clients. Where possible we will seek payments in advance of services. We have robust escalation processes to chase overdue accounts with regular reviews with our senior management team.

Approved by the Board and signed on its behalf by:



A R W Wright

Director

27 September 2023

ASCO UK Limited
Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2022.

Results and dividends

The result for the year was a loss of £3,906,000 (2021: profit of £1,573,000). The Directors recommend that no dividend be paid (2021: £nil) and the loss for the year will be transferred to the retained earnings reserve.

A more detailed review of the business is given in the Strategic Report.

Post balance sheet events

Events since the balance sheet date have been disclosed at note 27.

Future developments

The future results of the Company have been considered in the context of the wider group as set out below and addressed in the operating review in the Zander Topco Limited financial statements.

The current economic and geopolitical challenges being experienced in the market are likely to positively impact investment in our traditional oil and gas market in the short to medium term. We also are likely to see increased investment in new markets such as carbon capture and offshore wind that will support our long-term objective of transitioning from a service industry for the oil and gas industry to one servicing all aspects of the energy supply chain.

The Group's strategy for growth is embedded in the business and we anticipate further opportunities as we expand our international operations and as we continue to diversify our service offering to new sectors, alongside building expanded relationships with our core customers by increasing the breadth of our service offering.

Based on the market opportunities and operational improvements underway the Board remain confident in making further progress in 2023.

Going concern

The financial statements have been prepared on a going concern basis because ASCO Group Limited has agreed to provide or procure sufficient funds as necessary to allow ASCO UK Limited to continue its operations for at least 12 months from the date of issuing these financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

The Company's principal financial assets are bank balances and cash, and trade and other receivables, including amounts owed by group undertakings. The Company's credit risk is primarily attributable to its trade receivables. This is mitigated to some extent by performing credit checks. The amounts presented in the statement of financial position are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is party to group funding arrangements and uses a mixture of long-term and short-term finance.

Environmental policy

The Company recognises the importance of its environmental responsibilities. The directors are aware of the need to comply with environmental regulations and are subject to regular visits by the Scottish Environment Protection Agency in Scotland and the Environment Agency in England.

As detailed energy and carbon reporting disclosures are included within the financial statements of ASCO Group Limited, the Company is exempt from reporting in these financial statements.

Employee involvement

Internal communication systems have been developed to inform all managers and staff throughout the group of significant events, including major financial and economic factors that affect the performance of the Company.

Employees are provided with information on matters of concern to them, principally through the operation of regular team briefings to every employee.

In the field of consultation, the group has well-developed procedures with the appropriate trade unions, where they are recognised, and it is through such procedures and the union representation involved that the views of the employees are taken into account in making decisions which are likely to affect their interests. Elsewhere, views of employees are sought as appropriate through the management structure, encouraging involvement in the Company's performance.

The Company strives to attract, develop and retain talented and engaged employees who are key to achieving objectives of the business.

Although much of the Company's work is unsuitable for disabled persons, positive efforts are made to recruit and train disabled persons for appropriate work and promote their career development. Arrangements are made, whenever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are set out on page 1.

ASCO UK Limited
Directors' report

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Approved by the Board and signed on its behalf by:



A R W Wright
Director

27 September 2023

Independent auditors' report to the members of ASCO UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, ASCO UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

ASCO UK Limited
Independent auditors' report to the members of ASCO UK Limited

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health, safety and environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase revenue and profitability and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries made of the Board of Directors, certain key management personnel, the Health, Safety, Environment & Quality team and in-house legal team in relation to their awareness of any instances of actual or potential litigation and claims or non-compliance with laws and regulations;
- Review of minutes of meetings of the Board of Directors;
- Identifying and testing journal entries with specific focus on entries with unusual account combinations in response to the risk of management override; and
- Challenging the directors in respect of the key judgements made in respect of accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

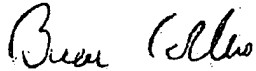
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

ASCO UK Limited
Independent auditors' report to the members of ASCO UK Limited

- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
28 September 2023

ASCO UK Limited
Income statement
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	523,594	297,094
Cost of sales		(499,378)	(283,388)
GROSS PROFIT		<u>24,216</u>	<u>13,706</u>
Administrative expenses		(11,015)	(11,073)
Exceptional items	5	(10)	2,120
Net impairment loss on financial assets	6	(13,600)	-
Other income		-	68
OPERATING (LOSS)/PROFIT	7	<u>(409)</u>	<u>4,821</u>
Interest receivable and similar income	10	291	100
Interest payable and similar expenses	11	(3,336)	(3,145)
(LOSS)/PROFIT BEFORE TAXATION		<u>(3,454)</u>	<u>1,776</u>
Tax on (loss)/profit	12	(452)	(203)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(3,906)</u></u>	<u><u>1,573</u></u>

All of the Company's activities relate to continuing operations and the income statement has been prepared on that basis. The Company has no other comprehensive income (2021: nil), therefore no separate statement of comprehensive income has been presented.

Notes on pages 14 to 36 are an integral part of these financial statements.


ASCO UK Limited
Statement of financial position
As at 31 December 2022

	Note	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Intangible assets	15	3,953	5,520
Tangible assets	14a	13,204	12,181
Right-of-use assets *	14b	28,493	28,995
Investments in finance subleases	14c	2,900	2,046
		<u>48,550</u>	<u>48,742</u>
CURRENT ASSETS			
Stocks	16	3,752	1,910
Debtors	17	135,961	131,413
Cash at bank and in hand		8,580	2,787
		<u>148,293</u>	<u>136,110</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	<u>(75,768)</u>	<u>(60,960)</u>
NET CURRENT ASSETS		<u>72,525</u>	<u>75,150</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>121,075</u>	<u>123,892</u>
NON-CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year *	19	(32,530)	(31,747)
Deferred tax liabilities	12	(374)	(189)
Provisions for liabilities	20	(2,051)	(1,930)
		<u>(34,955)</u>	<u>(33,866)</u>
NET ASSETS		<u>86,120</u>	<u>90,026</u>
CAPITAL AND RESERVES			
Called up share capital	24	750	750
Retained earnings		85,370	89,276
TOTAL SHAREHOLDERS' FUNDS		<u>86,120</u>	<u>90,026</u>

* See note 26 for details of the restatement of Right-of-use assets and Financial liabilities, and note 2.14 for details of the corrected presentation of finance leases as non current assets as a result of identified errors.

Notes on pages 14 to 36 are an integral part of these financial statements.

The financial statements on pages 11 to 36 were approved by the board of directors and signed on its behalf by:


A R W Wright
Director
27 September 2023

ASCO UK Limited
Statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2021	750	87,703	88,453
Profit for the financial year	-	1,573	1,573
At 31 December 2021	750	89,276	90,026
Loss for the financial year	-	(3,906)	(3,906)
At 31 December 2022	750	85,370	86,120

ASCO UK Limited
Notes to the financial statements
Year ended 31 December 2022

1. GENERAL INFORMATION

1.1 Company information

The financial statements of ASCO UK Limited for the year ended 31 December 2022 were authorised for issue by the Board of Directors and the statement of financial position was signed on the Board's behalf by A R W Wright on 27 September 2023.

ASCO UK Limited ("the Company") is a private limited company limited by shares and is incorporated and registered in Scotland and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements are prepared on a going concern basis under the historical cost convention.

The specific accounting policies adopted which are consistently applied in preparing the financial statements are described below. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000) unless otherwise indicated.

The following standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16;
- Onerous contracts - Cost of Fulfilling a Contract - Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework - Amendments to IFRS 3.

All standards and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2 Going concern

The Company is part of the ASCO Group ("the Group") ultimately owned by Zander Topco Limited. As such the Company is a party to the group funding arrangements and reliant on continued financial support from the Group. The Company has received a letter of support confirming that the Group will provide or procure sufficient funds as necessary to allow ASCO UK Limited to continue its operations for at least 12 months after these financial statements are signed.

Details of the ultimate parent and controlling parties are set out at note 25.

As part of its normal annual budgeting process, and in accordance with the terms of the Group's financing agreement of which the Company is a party, the Directors of the Group have prepared detailed trading and cash flow projections for 2023 and 2024. On the basis of these projections, the Group's Directors believe the Group has adequate cash resources to continue operationally for the foreseeable future, and furthermore that the Group will be in compliance with the covenant requirements set out in its financing agreements. When considering the Group's detailed trading and cash flow projections, the Directors and Group's management have considered the Group's funding requirements and contract (current and potential) back-log.

1. GENERAL INFORMATION (CONTINUED)

1.2 Going concern (continued)

Group management have also applied a severe but plausible downside to its base projections. This includes adjusting for downside risk around key contract assumptions. These downsides were then partly offset by items under the control of management, including the ability to manage items such as capital expenditure and business overheads in the event of market conditions being lower than anticipated. Based on this severe but plausible downside, the Directors believe that the Group would still have adequate cash resources and would meet the covenant requirements as set out in its financing agreements for the going concern period. Accordingly, the Directors consider the Group can provide support if required by the Company during the going concern assessment period and so the Company's financial statements are prepared on the going concern basis.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), and in accordance with the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity'. The Company is a 'qualifying entity' as it is included in the consolidated financial statements of ASCO Group Limited. Note 25 gives details of the Company's controlling entities. The Company's shareholders have confirmed their agreement to the presentation of reduced disclosures.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full.

In particular, the Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d), 16, and 134-136 of IAS 1 Presentation of Financial Statements, to include a statement of compliance with IFRS and capital management policies;
- the requirements of IAS 7 Statement of Cash Flows to include a statement of cash flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose the potential impact of new standards and interpretations issued but not yet effective;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose transactions with key management personnel;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of IAS 8 paragraph 42 to restate the comparative amounts for the prior period presented in which prior period errors occurred and no third balance sheet is presented;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 1 Presentation of Financial Statements to disclose comparatives for movements in tangible assets.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Group financial statements

The Company is exempt from preparing consolidated financial statements in accordance with section 400 of the Companies Act 2006. The financial statements of the Company are included within the consolidated financial statements of ASCO Group Limited, a company registered in England.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods or services have transferred to the customer and the customer has control of these.

2.3a Sale of services

The Company provides logistics, materials and waste management services. Revenue is recognised over time because the customer receives and uses the benefits simultaneously. The company has adopted the practical expedient permitted by IFRS 15 and recognises revenue in the amount at which the company has a right to invoice, as the amount corresponds directly with the value to the customer of the Company's performance to date.

2.3b Sale of goods

Sales are recognised when control of the goods has transferred, being when the products are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Goods and services may be sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely amount method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice. The value of discounts is not material to the Company's sales.

2.4 Foreign currencies

The Company's financial statements are presented in Pounds Sterling, which is also the functional currency.

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate ruling at the dates of the transaction. Monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. All exchange differences arising are reported as part of the results for the year.

2.5 Exceptional items

Exceptional items are those significant items which are non-recurring in nature and are separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial performance. See note 5 on full details of exceptional items.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of fixed assets is their purchase cost together with any directly related costs of acquisition.

The Company performs impairment reviews in respect of tangible assets whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less cost of disposal and its value in use, is less than its carrying amount.

On the occurrence of new events, or changes in existing circumstances, which indicate that an impairment loss associated with tangible assets recognised on a prior date could have reversed, a new estimate of the recoverable value of the corresponding assets is determined. In the event of a reversal of an impairment previously recorded, the carrying amount of the asset is increased to the revised estimate of its recoverable value, so that the increased carrying amount does not exceed the carrying amount that would have been determined in case no impairment loss had been recognised for the asset in prior years.

Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets. There is no depreciation charged on assets when construction is in progress. The rates of depreciation are as follows:

Land & buildings:	
Freehold buildings	25 to 50 years
Leasehold property	over the period of the lease
Plant & equipment:	
Base Infrastructure	10 to 25 years
Fuel Infrastructure	10 to 20 years
Cranes	10 to 15 years
Forklifts	10 years
Vehicles	5 to 7 years
Software applications	5 to 10 years
Computer equipment	3 to 5 years
Office furniture	5 years

2.7 Intangible assets

Intangible assets are recognised at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated amortisation losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The rates of amortisation are as follows:

Software	5 to 10 years
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2. ACCOUNTING POLICIES (CONTINUED)

2.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease term includes options to extend if reasonably certain to be exercised.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the Company's incremental borrowing rate is used.

To determine the incremental borrowing rate, the Company where possible uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Alternatively, where this is not possible, the Company uses a build-up approach that starts with a risk-free interest rate, adjusted for credit risk for leases held by the Company, and makes adjustments specific to the lease, such as term, country, currency and security.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in creditors.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases in which the Company does transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. On inception of the lease, the Company recognises an asset in the Statement of Financial Position presented as an Investment in Finance Sublease at an amount equal to the net investment in the lease. Subsequent recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease. Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks where possible.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving inventories. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Cost for marine gas oil is determined using a weighted average cost of the most recent inventory purchased. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell.

2.10 Taxation

The tax expense for the current year comprises current tax and deferred tax.

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable income differs from the profit/loss as reported in the statement of comprehensive income because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company is part of a group that obtains the benefits of tax losses from other group companies in the form of group relief. Group relief is provided for nil consideration between group companies.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Taxation (continued)

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, tax losses carried forward.

Tax rates enacted, or substantially enacted, at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities, and the deferred tax balances relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.11 Financial instruments

2.11a Financial assets

The Company's financial assets are classified as trade and other receivables and cash. Management determines the identification of financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the Statement of Financial Position date.

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For financial assets, excluding intercompany receivables, the allowance for expected credit losses (ECLs) is calculated on a 12-month basis and is based on the portion of ECLs expected to result from default events possible within 12 months of the financial asset. The Company monitors for significant changes in credit risk and where this is materially different to credit losses calculated, changes the allowance to reflect the risk of expected default in the contractual lifetime of the financial asset. Unless there is a valid mitigating factor, the Group considers there to have been an increase in credit risk when contractual payments are more than 30 days past due.

The allowance for expected credit losses (ECLs) for intercompany receivables, is calculated on a lifetime basis and is based on the portion of ECLs expected to result from default events possible.

2. ACCOUNTING POLICIES (CONTINUED)

2.11a Financial assets (continued)

The Company assesses at each reporting date whether any indicators exist that a financial asset or group of financial assets has become credit impaired. Where an asset is considered to be credit impaired a specific allowance is recognised based on the actual cash flows that the Company expects to receive and is determined using historical credit loss experience and forward-looking factors specific to the counterparty and the economic environment. Any shortfall is discounted at the original effective interest rate for the relevant asset.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

2.11b Financial liabilities

The Company's financial liabilities are classified as trade and other payables, loans and borrowings. Management determines the identification of financial liabilities at initial recognition. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of that obligation.

2.13 Pensions

The Company participates in a group defined contribution scheme. The charge to the income statement is the amount of contributions payable to the scheme in the year.

2.14 Change in accounting policy

In the prior year the company erroneously presented its investment in finance sublease as fixed assets. Subsequently the company has changed the presentation of the Statement of financial position to an IAS 1 presentation as it is considered to provide the most clarity for users of the Financial statements which has resulted in representing 'fixed assets' as 'noncurrent assets'.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Significant judgements and estimates in these financial statements have been made with regard to depreciation on right of use assets, determination of incremental borrowing rate to measure lease liabilities (note 14b), recovery of trade receivables (note 17) and dilapidations provision (note 20). An explanation of key uncertainties or assumptions used by the management in accounting for these items is explained, where material, in the respective notes.

Recoverability of amounts owed by group undertakings

The Company assesses the recoverability of intercompany debtors on an annual basis, as well as assessing the need to raise expected credit losses on these financial assets. A comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable. The forecast future cash flows are based on various recovery scenarios available to the parent and subsidiaries, were the debt called at year end.

4. REVENUE

Revenue recognised in the income statement arises from continuing activities in the UK and is analysed as follows:

	2022 £'000	2021 £'000
Provision of services	114,000	97,764
Supply of goods	409,594	199,330
	<u>523,594</u>	<u>297,094</u>

5. EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. During the year, exceptional items detailed below have been included separately in the income statement.

	2022 £'000	2021 £'000
Gain on recognition of finance sublease	-	(2,134)
Redundancy costs	10	14
	<u>10</u>	<u>(2,120)</u>

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6. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

During the year, an expected credit loss allowance for amounts owed by group undertakings of £13,600,000 (2021: loss of £nil) was recognised in the income statement in relation to impaired financial assets. The impairment is calculated as described in note 3, Significant Accounting Estimates and Judgements, and represents the Company's assessment of the group undertakings' ability to repay the amounts owed to the Company on a number of probability weighted scenarios.

7. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Amortisation of intangible assets	1,591	1,575
Depreciation - owned assets	1,854	2,152
Depreciation - right of use assets	5,490	6,909
Expense relating to short term leases	3,774	1,788
Loss/(gain) on foreign exchange	41	(23)
Gain on disposal of fixed assets	(58)	(22)
	<u> </u>	<u> </u>

Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022 £'000	2021 £'000
Audit services	137	125
	<u> </u>	<u> </u>

8. STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries	32,637	28,755
Social security costs	3,383	2,786
Other pension costs	1,395	1,182
	<u> </u>	<u> </u>
	<u>37,415</u>	<u>32,723</u>

ASCO UK Limited
Notes to the financial statements
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8. STAFF COSTS (CONTINUED)

Average monthly number of persons employed

	2022 No.	2021 No.
By activity:		
Administration	111	118
Operations	718	653
	<u>829</u>	<u>771</u>

9. DIRECTORS' EMOLUMENTS

	2022 £'000	2021 £'000
Executive directors' remuneration	340	335
	<u>340</u>	<u>335</u>
	2022 £'000	2021 £'000
Highest paid director		
Aggregated emoluments, excluding pension contributions	340	335
	<u>340</u>	<u>335</u>

Certain of the directors were also directors of other group companies. They do not consider it possible to determine the proportion of their remuneration that is specifically related to their services as directors of the Company.

The number of directors for whom retirement benefits are accruing under a defined contribution scheme amounted to 0 (2021: 0).

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000	2021 £'000
Interest income from sublease of property classified as finance lease	291	100

ASCO UK Limited
Notes to the financial statements
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11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £'000	2021 £'000
Interest payable on lease liabilities (note 14b)	2,772	2,812
Interest payable on bank facilities	564	333
	<u>3,336</u>	<u>3,145</u>

12. TAX ON (LOSS)/PROFIT

(a) Income tax expense

	2022 £'000	2021 £'000
Current tax		
UK Corporation tax on (losses)/profits for the year	267	11
Adjustments in respect of previous years	-	3
Current tax on (loss)/profit	<u>267</u>	<u>14</u>
Deferred tax		
Origination and reversal of timing differences	559	189
Effect of changes in tax rate	177	-
Adjustments in respect of previous years	(551)	-
	<u>185</u>	<u>189</u>
Tax on (loss)/profit	<u>452</u>	<u>203</u>

ASCO UK Limited
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12. TAX ON (LOSS)/PROFIT (CONTINUED)

(b) Reconciliation of total tax charge

The total tax charge for the financial year is higher (2021: lower) than that obtained by applying the standard rate of corporation tax in the UK of 19% (2021: 19%) to the loss (2021: profit) before taxation. The difference is explained below:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(3,454)	1,776
UK Corporation tax at standard rate 19% (2021: 19%)	(656)	337
Effects of:		
Expenses not deductible for tax purposes	2,613	8
Income not taxable	(98)	(97)
Adjustment to brought forward values	13	-
Fixed asset differences	-	150
Tax rate changes	177	45
Foreign tax charge	-	5
Adjustments in respect of previous years	(551)	3
Group relief claimed	(1,129)	(289)
Deferred tax not recognised	-	(142)
Other timing differences	83	183
Total tax charge	452	203

(c) Deferred tax

The analysis of deferred tax balances is as follows:

	2022 £'000	2021 £'000
Deferred tax assets	1,019	1,148
Deferred tax liabilities	(1,393)	(1,337)
Deferred tax liabilities (net)	(374)	(189)

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12. TAX ON (LOSS)/PROFIT (CONTINUED)

(c) Deferred tax (continued)

The movement on the deferred tax assets is as follows:

	2022 £'000	2021 £'000
At 1 January	1,148	855
Income Statement charge (note 12a)	(129)	293
At 31 December	1,019	1,148

The movement on the provision for deferred tax liabilities is as follows:

	2022 £'000	2021 £'000
At 1 January	1,337	855
Income statement charge (note 12a)	56	482
At 31 December	1,393	1,337

Deferred tax assets

The analysis of deferred tax assets is as follows:

	2022 £'000	2021 £'000
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	1,019	1,148

Deferred tax liabilities

The analysis of deferred tax liabilities is as follows:

	2022 £'000	2021 £'000
Deferred tax liabilities		
- Deferred tax liability due after more than 12 months	1,393	1,337
Deferred tax liabilities (net)	1,393	1,337

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12. TAX ON (LOSS)/PROFIT (CONTINUED)

(c) Deferred tax (continued)

The deferred tax assets can be further analysed as follows:

	Losses and other deductions £'000
Deferred tax assets	
At 1 January 2022	1,148
Charged to the Income Statement	(129)
At 31 December 2022	<u>1,019</u>

The deferred tax liabilities can be further analysed as follows:

	Accelerated tax depreciation £'000	Other timing differences £'000	Total £'000
Deferred tax liabilities			
At 1 January 2022	1,337	-	1,337
Charged to the Income Statement	26	30	56
At 31 December 2022	<u>1,363</u>	<u>30</u>	<u>1,393</u>

The Company did not recognise deferred income tax assets of £nil (2021: £nil) in respect of losses and other deductions that will reverse in future periods.

During the year, the UK corporation tax rate remained unchanged at 19% (2021: 19%).

The deferred tax rate of 25% reflects changes to the UK corporation tax rate substantively enacted on 11 March 2021 due to take effect from 1 April 2023.

13. INVESTMENTS

The company has a 100% interest in the ordinary share capital of Enviroco Limited, a dormant company registered in Scotland. The registered office of Enviroco Limited is Great Yarmouth Offshore Supply Base, South Denes Road, Great Yarmouth, Norfolk, United Kingdom, NR30 3LX.

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14a. TANGIBLE ASSETS

	Land & Buildings £'000	Plant & Equipment £'000	Total £'000
Cost			
At 1 January 2022	15,090	18,667	33,757
Additions	42	2,835	2,877
Disposals	-	(37)	(37)
Reclassification	(1,614)	1,614	-
At 31 December 2022	13,518	23,079	36,597
Accumulated Depreciation			
At 1 January 2022	8,626	12,950	21,576
Charge for the year	602	1,252	1,854
Disposals	-	(37)	(37)
Reclassification	(573)	573	-
At 31 December 2022	8,655	14,738	23,393
Net Book Value			
At 31 December 2022	4,863	8,341	13,204
At 31 December 2021	6,464	5,717	12,181

Reclassification relates to incorrect classification of disposals in 2021.

Land and buildings comprise:

	2022 £'000	2021 £'000
Heritable	534	541
Long Leasehold	2,229	3,356
Short Leasehold	2,100	2,567
	4,863	6,464

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14b. RIGHT-OF-USE ASSETS

Amounts recognised in the statement of financial position:

Right-of-use assets	2022 £'000	2021 (Restated) £'000
Property (restated)	20,810	22,939
Large plant, vehicles and equipment	4,240	2,819
Small plant, vehicles and equipment	3,443	3,237
	<u>28,493</u>	<u>28,995</u>

Additions to the right-of-use assets during 2022 were £5,933,000 (2021: £3,898,000).

Lease liabilities	2022 £'000	2021 (Restated) £'000
Current	5,162	5,452
Non-current	32,530	31,747
	<u>37,692</u>	<u>37,199</u>

See note 26 for details of the restatement of Right-of-use assets and Financial liabilities as a result of an error. Included within additions to the right-of-use assets are increases to the provision for dilapidations of £170,000 (2021 £160,000), (note 20).

Amounts recognised in the income statement relating to leases:

Depreciation charge of right-of-use assets:	2022 £'000	2021 £'000
Property	3,046	3,966
Large plant, vehicles and equipment	1,354	1,788
Small plant, vehicles and equipment	1,090	1,155
	<u>5,490</u>	<u>6,909</u>

Finance expenses relating to lease liabilities	2022 £'000	2021 £'000
Interest expense (included in interest payable and similar expenses)	2,772	2,812
Expense relating to short-term leases (included in cost of sales and administrative expenses)	3,774	1,788

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14c. INVESTMENTS IN FINANCE SUBLEASES

Where the company is a lessor

	2022 Current receivables £'000	2022 Non-current receivables £'000	2021 Current receivables £'000	2021 Non-current receivables £'000
Finance leases - gross receivables	678	9,303	548	7,544
Unearned finance income	(248)	(6,403)	(180)	(5,498)
	<u>430</u>	<u>2,900</u>	<u>368</u>	<u>2,046</u>

	2022 £'000	2021 £'000
Gross receivables from finance leases		
- No later than 1 year	678	548
- Later than 1 year and no later than 5 years	1,243	1,040
- Later than 5 years	8,060	6,504
	<u>9,981</u>	<u>8,092</u>
Unearned future finance income on finance leases	(6,651)	(5,678)
	<u>3,330</u>	<u>2,414</u>

	2022 £'000	2021 £'000
The net investment in finance leases may be analysed as follows		
- No later than 1 year	430	368
- Later than 1 year and no later than 5 years	324	539
- Later than 5 years	2,576	1,507
	<u>3,330</u>	<u>2,414</u>
Net investment in finance leases	<u>3,330</u>	<u>2,414</u>

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15. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1 January 2022	13,351
Additions	24
At 31 December 2022	<u>13,375</u>
Accumulated Amortisation	
At 1 January 2022	7,831
Charge for the year	1,591
At 31 December 2022	<u>9,422</u>
Net Book Value	
At 31 December 2022	<u><u>3,953</u></u>
At 31 December 2021	<u><u>5,520</u></u>

Amortisation charge included in 'administrative expenses'.

16. STOCKS

	2022 £'000	2021 £'000
Raw materials and consumables	<u>3,752</u>	<u>1,910</u>

The difference between the purchase price of stocks and their replacement cost is not material.

The cost of inventories recognised as an expense and included in "cost of sales" amounted to £390,512,000 (2021: £189,411,000).

There were no provisions for impairment of stocks in the current or prior financial year.

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17. DEBTORS

	2022 £'000	2021 £'000
Trade debtors	25,500	23,594
Amounts owed by group undertakings	95,782	97,659
Prepayments and accrued income	11,982	9,750
Investments in subleases (note 14c)	430	368
Other debtors	2,267	42
	<u>135,961</u>	<u>131,413</u>

The carrying value of trade and other receivables are approximate to fair value. There are no non-current receivables included in the above figures. The company has no significant concentration of credit risk, with exposure spread over a number of customers.

Amounts owed by group undertakings are stated after allowance for expected credit losses of £13,600,000 (2021: £nil). The impairment is calculated as described in note 3, Significant Accounting Estimates and Judgements, and represents the Company's assessment of the group undertakings' ability to repay the amounts owed to the Company on a number of probability weighted scenarios.

Amounts owed by group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	22,065	13,720
Amounts owed to group undertakings	24,797	24,975
Corporation tax	266	10
Other taxation and social security	1,333	1,249
Other creditors	711	1,411
Lease liabilities	5,162	5,452
Accruals and deferred income	21,434	14,143
	<u>75,768</u>	<u>60,960</u>

The group bank loans and overdraft are secured by standard securities over certain properties of the group and bonds and floating charges over the assets of a number of group companies.

Amounts owed to group undertakings at 2022 and 2021 are unsecured, interest free, repayable on demand and have no fixed repayment date.

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19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £'000	2021 £'000
Lease liabilities (note 14b)	<u>32,530</u>	<u>31,747</u>

20. PROVISIONS FOR LIABILITIES

	2022 £'000	Dilapidations 2021 £'000
At 1 January	1,930	1,770
Additional provision added to Right of Use Asset	170	160
Credited to income statement	(49)	-
At 31 December	<u>2,051</u>	<u>1,930</u>

Analysis of total provisions:

	2022 £'000	2021 £'000
Non-current	1,772	1,600
Current	279	330
Total	<u>2,051</u>	<u>1,930</u>

A discounted provision of £2,051,000 (2021: £1,930,000) has been recorded in respect of the estimated cost for dilapidations on certain leased properties, which the Company is obliged to remediate prior to returning. During the year, £nil was spent on leasehold repairs (2021: £nil).

In accordance with IFRS 16, Leases, provisions for dilapidations are added to the right of use asset arising on the related lease contract. The provision is subsequently recognised as a charge to the income statement through depreciation of the right of use asset. Any future adjustments to the provision are recorded as an adjustment to the right of use asset.

21. COMMITMENTS

There were no capital commitments in the current or prior financial year.

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22. CONTINGENT LIABILITIES

The group bank loans and overdraft are secured by standard securities over certain properties of the group and bonds and floating charges over the assets of a number of group companies. Cross guarantees also exist with other group companies. The contingent liability of the Company under these arrangements at 31 December 2022 amounted to £84,436,000 (2021: £94,267,000).

23. PENSION COMMITMENTS

The Company participates in the group defined contribution scheme. The pension charge shown in note 8 represents contributions payable by the Company to the defined contribution scheme and amounted to £1,395,000 (2021: £1,182,000). The amount outstanding at 31 December 2022 was £128,000 (2021: £128,000).

24. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

	2022 £'000	2021 £'000
Authorised		
1,500,000 (2021: 1,500,000) ordinary shares of £1 each	1,500	1,500
	<hr/>	<hr/>
	2022 £'000	2021 £'000
Allotted, called up and fully paid		
750,000 (2021: 750,000) ordinary shares of £1 each	750	750
	<hr/>	<hr/>

25. CONTROLLING PARTIES

The Company is a subsidiary undertaking of ASCO Holdings Limited, a company registered in Scotland. Copies of its financial statements can be obtained from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

The financial statements of ASCO Group Limited, which reflect the consolidation of the Company, are available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ. ASCO Group Limited is the smallest group for which group financial statements are drawn up.

Period to 10 August 2023

The ultimate parent company is Zander Topco Limited, a company registered in England which is ultimately owned by a consortium of investors who are also lenders to the Group. Zander Topco Limited is the largest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

From 11 August 2023

The ultimate parent undertaking is Project Advance Topco Limited, a company registered in England, whilst the ultimate controlling party is limited partnerships constituting Endless Fund V, a fund managed by Endless LLP. Project Advance Topco Limited was incorporated on 26 May 2023.

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26. CORRECTION OF ERROR

The comparative figures for 2021 have been restated to correct for errors in the balance sheet relating to right-of-use assets and their related lease liabilities. These resulted from lease variations which were concluded at the end of the financial year ended 31 December 2021 but were not reflected in the prior year financial statements. There is no impact on profit or capital and reserves.

Restatement has been reflected through the following accounts:

	Original Balance £'000	Restatement £'000	Restated Balance £'000
Right-of-use Assets - Property	22,175	764	22,939
Right-of-use Assets - Large plant, vehicles and equipment	2,819	-	2,819
Right-of-use Assets - Small plant, vehicles and equipment	3,237	-	3,237
Right-of-use Assets - Total	28,231	764	28,995
Financial liabilities - current lease liabilities	5,452	-	5,452
Financial liabilities - non-current lease liabilities	30,983	764	31,747
	36,435	764	37,199

27. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end on 11 August 2023 the previous owners of Zander Topco Limited, the former ultimate parent company, sold their ownership of that company to Project Advance Bidco Limited. As a result of this transaction, the ultimate parent undertaking has changed as described at note 25. The change of ownership was completed in conjunction with a restructuring of the Group's debt facilities, with previous bank loans extinguished and new debt facilities, comprising loan notes totalling £100m and revolving credit facilities of £15m, put in place.

There have been no further material events between 31 December 2022 and the date of authorising of the financial statements that would require adjustment to the financial statements or disclosure.