Registration number: SC188500

Survival-One Limited

Annual Report and Financial Statements

for the year ended 31 December 2019

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Survival-One Limited

Contents

Survival-One Limited

Company Information

Directors	A G Campbell S K Devani L E McClelland
Registered office	Findon Shore Findon Portlethen Aberdeen Scotland AB12 3RL
Solicitors	Latham & Watkins 99 Bishopsgate London EC2M 3XF
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Survival-One Limited

Strategic Report
for the Year Ended 31 December 2019

The directors present their Strategic Report for the year ended 31 December 2019.

Principal activities
The Company is a world leader in design, supply, rental and servicing of survival suits and associated equipment.

Primarily servicing the oil and gas industry, the Company rents survival suits, thermal liners, life jackets and personal locator beacons, with total logistic support for use during helicopter transit by passengers offshore. Additional activities include the servicing and repair of aviation related survival equipment and the design and supply of bespoke survival suits (immersion protection garments – IPG) for use by military and emergency services around the world.

Fair review of the business
The key performance indicators for the Company are revenue, (loss)/profit before taxation and operating (loss)/profit before depreciation, impairment and amortisation (adjusted EBITDA). The trading results of the Company show revenue for the year of £19,139,540 (2018: £18,567,049) and a loss before taxation for the year of £1,735,209(2018: profit, £3,431,700. The loss before taxation for the current year was principally as a result of the impairment of goodwill of £487,832 (year ended 31 December 2018: £nil) and impairment of amounts due from group companies of £5,017,896 (year ended 31 December 2018: £nil). The Company's results show a loss after taxation for the year ended 31 December 2019 of £317,563 (year ended 31 December 2018: profit, £3,375,998.

Adjusted EBITDA for the year ended 31 December 2019 is £6,610,090 (year ended 31 December 2018: £6,137,936). Adjusted EBITDA for the year is calculated as follows:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Operating (loss)/profit	(1,622,219)	3,444,559
Add back: Depreciation and amortisation	2,726,581	2,693,377
Add back: Impairment of Goodwill	487,832	-
Add back: Impairment of amounts owed by group undertakings	5,017,896	-
Adjusted EBITDA	6,610,090	6,137,936

The Company's statement of financial position shows that the Company's Net Assets have decreased from £16,605,410 at 31 December 2018 to £16,287,847 at 31 December 2019. The Net Assets have decreased by £317,563 due to significant EBITDA (£6,610,090) netted off with an impairment in amounts owed by group undertakings resulting in a decrease in the amounts owed by group undertakings position.

Survival-One Limited

Strategic Report
for the Year Ended 31 December 2019 (continued)

Company employees
The Company employed a monthly average of 181 (Year ended 31 December 2018: 196) employees in the current year.

Principal risks and uncertainties
The Company operates in competitive markets which is a continuing risk to the Company as sales could be lost to competitors. The Company manages this risk by providing a high standard of service to its customers, investing in new and existing products, responding quickly to customer requirements and maintaining strong relationships with them.

The markets in which the Company operates react to global and industry specific macro-economic trends, such as global oil prices and regulatory requirements including the United Kingdom's decision to exit the European Union. The Company reacts to such risks through a combination of new and existing product development, a broad, highly regulated product and geographical portfolio and management of its cost base.

Most of the Company's products are of a safety critical nature where performance may be required in hazardous conditions. The Company invests in design, development and quality controls and standards to ensure that its products meet all regulatory requirements and perform reliably when required.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has not been significantly impacted by the pandemic and has continued to service the oil and gas industry with the rental of survival suits, and other survival equipment for use by emergency services around the world. Although the Company has utilised government support during the crisis, employee safety and welfare have been Management's highest priority. To maintain a consistent and reliable manufacturing output, the Company has redefined its working patterns and formed workforce "bubbles" to support the changing needs of its people.

Approved by the Board on 9 December 2020 and signed on its behalf by:

L. McClelland

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L E McClelland
Director

Directors' Report
for the Year Ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors' of the company
The directors, who held office during the year, and up to the date of signing the financial statements were as follows:

S K Devani (appointed 14 May 2019)

J E M Drummond (resigned 14 May 2019)

R C A Leclercq (appointed 28 January 2019 and resigned 14 May 2019)

J C G Stocker (resigned 30 April 2019)

L M Millar (appointed 14 May 2019 and resigned 30 April 2020)

R Wilkinson (appointed 14 May 2019 and resigned 30 June 2020)

The following directors were appointed after the year end and up to the date of signing of the financial statements:

A G Campbell (appointed 13 July 2020)

L E McClelland (appointed 3 April 2020)

Business review
The loss after tax for the year ended 31 December 2019 is £317,563 (year ended 31 December 2018: profit, £3,375,998). A review of the performance of the business is set out in the Strategic Report and is included in this report by cross-reference.

Business conduct
The Directors are committed to and responsible for ensuring that the Company conducts itself in accordance with the highest standards of integrity and transparency. The Company complies with all relevant anti-bribery and corruption legislation, including the UK Bribery Act 2010 and all relevant trade sanctions and export controls. The larger Group to which the Company is a member, has an International Compliance Policy that takes account of relevant anti-bribery, corruption, sanctions and export legislation. The Directors recognise that they are responsible for overseeing this policy and ensuring its implementation throughout all Survitec Group entities.

Dividends
The directors do not recommend a dividend on the ordinary shares for the year ended 31 December 2019 (31 December 2018: £Nil).

Financial instruments

Objectives and policies

The Company's activities expose it to a number of financial risks including foreign exchange rate risk, credit risk, liquidity risk, price risk and going concern. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors. The Company does not use derivative instruments for speculative purposes.

Foreign exchange rate risk

The Company, whilst headquartered in the UK, operates in geographically diverse locations, with 40.8% (year-ended 31 December 2018: 34.9%) of its sales being made outside the UK. It is therefore exposed to movements in exchange rates. The Company seeks to minimise this impact on its local operations by the use of multi-sourcing of its key materials.

Financial instruments (continued)

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The Company has adopted a policy of only holding cash with creditworthy counterparties. Credit risk for the Company is primarily attributed to trade receivables. The amount presented in the financial statements is net of expected credit loss provisions. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made, and at times new customers will be required to make advance payments where credit-worthiness cannot be established. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company generates more than sufficient funds to finance its ongoing operations and expansion. In the unlikely event of needing extra funds, the Company has access to sufficient available funds from Group undertakings for operations and planned expansion.

Price risk

The Company is not exposed to equity securities price risk as it holds no listed or other equity investments.

Political donations

During the year the Company made no political donations (year ended 31 December 2018: £Nil).

Employment of disabled persons

The Company's policy in relation to the employment of disabled persons is, where practicable, to continue to employ employees who become temporarily or permanently disabled. Full regard is given to their training needs, career development and potential for promotion. Full and fair consideration is also given to the employment of applicants who are disabled persons, taking into account their aptitudes and abilities.

Employee involvement

The Company has continued its practice of keeping employees informed of matters affecting them as employees, and the financial and economic factors affecting the performance of the Company.

Directors and Management consider the interests of employees when taking principle decisions. Employees are kept informed of any relevant information through regular management and employee review meetings, and through Group-wide briefings. Regular consultation is encouraged between Management and employees at each of the Company's operating locations.

Future developments

In the latter part of 2019, there were a number of new products launched to market, and therefore there are strong opportunities for revenue growth from increased industry demand for these products. There are also cost reduction opportunities for the business to pursue both organically, inorganically and through further new and existing product development. The Company will also continue to work on minimising any disruption from the United Kingdom's decision to leave the European Union.

Please refer to the Important non adjusting events after the financial period section below for details on the impact of the COVID-19 pandemic.

Branches outside the United Kingdom

The Company has servicing facilities in the UK and branches in Italy, Azerbaijan and the Republic of Ireland.

Going concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate based on the considerations set out below.

The Company is a wholly owned subsidiary of Survitec Acquisition Company Limited (together with its subsidiaries, the "Group"). The Group has a net liability position as at 31 December 2019 (31 December 2018: net liability position).

As at 31 December 2019, the Company had net current assets of £7,712,331. The assets of the Company and the shares that the parent company owns in the Company, are pledged as collateral under Survitec Group's external bank loan and overdraft facilities ("the facilities"). This collateral would be at risk if a member of the Survitec Group defaults on obligations contained in the facilities agreement and liquidity and guarantees provided by the Group Treasury function, if and/or when required, would not be available. The Company has received a letter of support from Survitec Acquisition Company Limited which states the Directors' intention to provide sufficient funding to the Company for a period of at least 12 months from the date these financial statements are signed, to allow the company to settle its liabilities as they fall due. Below, the Directors' have considered the ability of the Group to provide this support.

In 2019, the Group required a restructuring review and discussion with its owners and lenders following the continued operational challenges from the prior year that have resulted in a continued impact on sales, delayed customer order fulfilment, duplication of costs and processes, and continued difficulty of the integration of the Wilhelmsen business into the Survitec business. Following this review, it was decided that a restructuring of the Group was required, and a process was begun in 2019.

As at 28 August 2020, the Group had successfully completed all aspects of its negotiated Restructuring, the terms of which were agreed in principle with all of the lenders under the Facilities (the "Lenders") on 6 December 2019 (the "Restructuring"). In accordance with the terms of the Restructuring, the Facilities were amended and restated and a committed new money facility amounting to £35,000,000 (the "New Money Facility") was made available to the Survitec Group by the Lenders, completing the first phase of the implementation of the Restructuring. This provides the Group with sufficient liquidity to meet its financial obligations over the next twelve months and, in particular, is being used to fund the business plan prepared by the Survitec Group's management team. A further £40,000,000 was made available on completion of the Restructuring and is available, if required, until February 2021.

The second phase of the Restructuring saw a portion of the amended and restated Facilities cancelled in exchange for newly issued shares in a Lender-owned newco structure, which acquired the entire issued share capital in Survitec Acquisition Company Limited (and therefore, indirectly, the Group) on 28 August 2020.

The COVID-19 epidemic had been an evolving situation since late 2019 and has developed rapidly during 2020 resulting in the pandemic. At 31 December 2019, the COVID-19 epidemic, is considered a non-adjusting event as it was still in relative infancy. Furthermore, given the information available at 31 December 2019, management determine that COVID-19 would not have had a material effect on the measurement of assets and liabilities at that date.

The resulting impact of the virus globally, and measures taken by various governments to contain the virus, have had a mixed impact on the Group's operations during 2020. Although certain industries in which the Group operates, specifically the cruise ship sector which has seen a decline in activity, other opportunities have been realised across the Group's diverse range of capabilities. Furthermore, the Group worked closely with its customers to manage the effects of the downturn in their respective markets and assist in a recovery.

Going concern (continued)

Due to the global reach of the Group, it was given early insight into how governments around the world were responding to the pandemic and were able to work collaboratively with its customers in Q1 2020 to reforecast revenue and plan spending accordingly. Through the revision and rephasing of spending plans and additional cost savings the Group has been able to mitigate any material adverse impact on its operations and thus achieving these revised forecasts year to date for 2020. Additionally, whilst not material, to increase liquidity, the Group availed of COVID-19 government backed schemes where available in the regions. These proactive measures along with strong credit control has led to cash headroom increasing significantly throughout 2020. Although the future impact of COVID-19 globally is uncertain, management has determined that the actions that it has taken are sufficient to mitigate the impact throughout 2020 and beyond.

Group management have produced forecasts to December 2021 that have also been sensitised to reflect severe but plausible downside scenarios as a result of the COVID-19 pandemic and its impact on the global economy, which have been reviewed by the directors. Forecast Group revenue would need to decrease by 15% and savings not achieved leading to forecast costs increasing by 15% over the forecast period, before the Group would reach its minimum cash holding of £17,500,000 required by our facility agreement. Through both treasury and financial quarterly forecasting there is continuous focus on our cash and profitability position, mitigations would be implemented immediately to manage to maintain our minimum cash requirements.

The forecasts demonstrate that the Group is forecast to generate profits and cash in the year ending 31 December 2020 and beyond and that the Group and as a result, the Company, has sufficient cash reserves to enable the Group and Survival-One Limited to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

Having given consideration to the matters outlined above, the Directors' conclude that the Group has both intention and ability to provide support as required to enable Survival-One Limited to continue as a going concern for a period of at least 12 months from the date of signing these financial statements.

Important non adjusting events after the financial period

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Directors have taken a number of measures within the Company to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (including social distancing and working from home) and securing the supply of materials that are essential to the production process. Under IAS 10, the impacts of the COVID-19 pandemic are a non-adjusting event, however the impacts of the pandemic have been considered in the assessment of going concern, details of which are set out above and included within note 2.

At this stage, the impact on the Company and its results has not been significant and based on Management's experience to date, this is expected to remain the case. Management have actively worked to protect the health of the Company by managing the loss in contribution by rapidly instigating cost saving exercises. Management will continue to follow the various government policies and advice and, in parallel, will do their upmost to continue operations in the best and safest way possible without jeopardising the health of the Company's people.

Directors' liabilities

The Company has made a qualifying third party indemnity provision for the benefit of its directors during the year and it remained in force at the date of this report.

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.

Reappointment of auditors

The Company has elected to dispense with the holding of annual general meetings, the laying of financial statements before the Company in general meetings and the annual appointment of auditors. PricewaterhouseCoopers LLP has expressed their willingness to continue in office.

Approved by the Board on 9 December 2020 and signed on its behalf by:

L. McClelland

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L E McClelland
Director

Survival-One Limited

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 regulation.

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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the Board on 9 December 2020 and signed on its behalf by:

L. McClelland

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L E McClelland
Director

Independent auditors' report to the members of Survival-One Limited

Report on the audit of the financial statements

Opinion

In our opinion, Survival-One Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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, comprising 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 2019; the Income Statement, 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

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

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

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Survival-One Limited (continued)

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 2019 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 set out on page 9, 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.

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.

Independent auditors' report to the members of Survival-One Limited (continued)

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 received 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
- 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.

Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 December 2020

Survival-One Limited

Income Statement
for the Year Ended 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Revenue from contracts with customers	4	19,139,540	18,567,049
Changes in inventories of finished goods and work in progress		(77,077)	(216,885)
Other operating income		19,194	-
Raw materials and consumables used		(6,081,924)	(4,680,033)
Employee benefits expense	5	(4,828,713)	(4,901,110)
Depreciation and amortisation expense	8	(2,726,581)	(2,693,377)
Impairment on goodwill		(487,832)	-
Impairment of amounts owed by group undertakings	8	(5,017,896)	-
Other operating expenses		(1,560,930)	(2,631,085)
Operating (loss)/profit	8	**(1,622,219)**	**3,444,559**
Finance income	9	100	-
Finance costs	10	(113,090)	(12,859)
Net finance cost		(112,990)	(12,859)
(Loss)/profit before tax		**(1,735,209)**	**3,431,700**
Income tax credit/(expense)	11	1,417,646	(55,702)
(Loss)/profit for the financial year		**(317,563)**	**3,375,998**

The Company has no other comprehensive income other than that included above and therefore no separate statement of comprehensive income has been presented. All results are derived from continuing operations.

Survival-One Limited

(Registration number: SC188500)
Statement of Financial Position
as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Assets			
Fixed assets			
Goodwill	12	-	487,832
Intangible assets	13	13,507	22,977
Property, plant and equipment	14	6,163,804	6,827,460
Right of use assets	15	843,158	-
Investment in subsidiary	16	600,000	600,000
Deferred tax assets	11	2,566,323	1,068,403
		10,186,792	9,006,672
Current assets			
Inventories	17	1,706,042	1,793,372
Trade and other receivables	18	6,642,285	9,659,864
Contract assets	18	-	49,520
Cash and cash equivalents	19	2,631,593	2,047,375
		10,979,920	13,550,131
Total assets		21,166,712	22,556,803
Equity and liabilities			
Equity			
Share capital	20	1,554,000	1,554,000
Capital redemption reserve		550,000	550,000
Retained earnings		14,183,847	14,501,410
		16,287,847	16,605,410
Current liabilities			
Lease liabilities	21	234,164	-
Trade and other payables	23	3,033,425	2,849,812
Loans and borrowings	24	-	1,605,999
Provisions	25	-	328,327
		3,267,589	4,784,138
Non-current liabilities			
Lease liabilities	21	962,197	-
Provisions	25	649,079	1,167,255
		1,611,276	1,167,255
Total liabilities		4,878,865	5,951,393
Total equity and liabilities		21,166,712	22,556,803

The notes on pages 17 to 50 form an integral part of these financial statements.

Survival-One Limited

(Registration number: SC188500)
Statement of Financial Position
as at 31 December 2019 (continued)

Approved by the Board on 9 December 2020 and signed on its behalf by:

L. McClelland

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L E McClelland
Director

Survival-One Limited

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2019	1,554,000	550,000	14,501,410	16,605,410
Loss for the year	-	-	(317,563)	(317,563)
Total comprehensive income	-	-	(317,563)	(317,563)
At 31 December 2019	1,554,000	550,000	14,183,847	16,287,847

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2018	1,554,000	550,000	11,125,412	13,229,412
Profit for the year	-	-	3,375,998	3,375,998
Total comprehensive income	-	-	3,375,998	3,375,998
At 31 December 2018	1,554,000	550,000	14,501,410	16,605,410

The notes on pages 17 to 50 form an integral part of these financial statements.

Survival-One Limited

Notes to the Financial Statements
for the Year Ended 31 December 2019

1 General information

The company is a private limited company, incorporated and domiciled in United Kingdom.

The address of its registered office is:
Findon Shore
Findon
Portlethen
Aberdeen
Scotland
AB12 3RL

The principal activity of the Company is the design, supply, rental and servicing of survival suits and associated equipment.

These financial statements were authorised for issue by the Board on 9 December 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The key accounting estimates applied in the preparation of these financial statements are set out in note 3.

These financial statements contain information about the company as an individual company, and do not contain consolidated financial statements as part of a group. Consolidated financial statements have not been prepared as allowed by section 400 of the Companies act 2006. The largest group in which results of this company are consolidated and disclosed is in note 28.

The Company's financial statements are presented in their functional currency 'Pounds Sterling' (£).

2 Accounting policies (continued)

Summary of disclosure exemptions
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38A, 38S & 40A-D of IAS 1 'Presentation of financial statements' comparative information requirements in respect of;
i) Paragraph 79(a)(iv) of IAS 1;
ii) Paragraph 73(e) of IAS 16 Property, plant and equipment;
iii) Paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
i) 10(d), (statement of cash flows);
ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
iii) 16 (statement of compliance with all IFRS);
iv) 111 (cash flow statement information), and;
v) 134 – 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- The following paragraphs IFRS 15, 'Revenue from Contracts with Customers':
i) 110(b) (Disclosure about the significant judgements, and changes in the judgements, made in applying the standard to contracts with customers);
ii) 113(a) (Separate disclosure of revenue recognised from contracts with customers);
iii) 114 -115 (Disclosure of contracts with customers – disaggregation of revenue);
iv) 118 (a-e) (Explanation of the significant changes in the contract assets and the contract liability balances);
v) 119 (a-c) (Disclosure of information about performance obligations in contracts with customers);
vi) 120 - 122 (Disclosure of contracts with customers and the transaction price allocated to the remaining performance obligations);
vii) 123 - 126 (Disclosure of significant judgements in application of the standard)
viii) 127 (Disclosure of the judgements made in determining the amounts of costs incurred to obtain or fulfil a contract with a customer and the methods used to determine the amortisation for each reporting period);
ix) 129 (Disclosure of practical expedient).
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

2 Accounting policies (continued)

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate based on the considerations set out below.

The Company is a wholly owned subsidiary of Survitec Acquisition Company Limited (together with its subsidiaries, the "Group"). The Group has a net liability position as at 31 December 2019 (31 December 2018: net liability position).

As at 31 December 2019, the Company had net current assets of £7,712,331. The assets of the Company and the shares that the parent company owns in the Company, are pledged as collateral under Survitec Group's external bank loan and overdraft facilities ("the facilities"). This collateral would be at risk if a member of the Survitec Group defaults on obligations contained in the facilities agreement and liquidity and guarantees provided by the Group Treasury function, if and/or when required, would not be available. The Company has received a letter of support from Survitec Acquisition Company Limited which states the Directors' intention to provide sufficient funding to the Company for a period of at least 12 months from the date these financial statements are signed, to allow the company to settle its liabilities as they fall due. Below, the Directors' have considered the ability of the Group to provide this support.

In 2019, the Group required a restructuring review and discussion with its owners and lenders following the continued operational challenges from the prior year that have resulted in a continued impact on sales, delayed customer order fulfilment, duplication of costs and processes, and continued difficulty of the integration of the Wilhelmsen business into the Survitec business. Following this review, it was decided that a restructuring of the Group was required, and a process was begun in 2019.

As at 28 August 2020, the Group had successfully completed all aspects of its negotiated Restructuring, the terms of which were agreed in principle with all of the lenders under the Facilities (the "Lenders") on 6 December 2019 (the "Restructuring"). In accordance with the terms of the Restructuring, the Facilities were amended and restated and a committed new money facility amounting to £35,000,000 (the "New Money Facility") was made available to the Survitec Group by the Lenders, completing the first phase of the implementation of the Restructuring. This provides the Group with sufficient liquidity to meet its financial obligations over the next twelve months and, in particular, is being used to fund the business plan prepared by the Survitec Group's management team. A further £40,000,000 was made available on completion of the Restructuring and is available, if required, until February 2021.

The second phase of the Restructuring saw a portion of the amended and restated Facilities cancelled in exchange for newly issued shares in a Lender-owned newco structure, which acquired the entire issued share capital in Survitec Acquisition Company Limited (and therefore, indirectly, the Group) on 28 August 2020.

The COVID-19 epidemic had been an evolving situation since late 2019 and has developed rapidly during 2020 resulting in the pandemic. At 31 December 2019, the COVID-19 epidemic, is considered a non-adjusting event as it was still in relative infancy. Furthermore, given the information available at 31 December 2019, management determine that COVID-19 would not have had a material effect on the measurement of assets and liabilities at that date.

2 Accounting policies (continued)

Going concern (continued)

The resulting impact of the virus globally, and measures taken by various governments to contain the virus, have had a mixed impact on the Group's operations during 2020. Although certain industries in which the Group operates, specifically the cruise ship sector which has seen a decline in activity, other opportunities have been realised across the Group's diverse range of capabilities. Furthermore, the Group worked closely with its customers to manage the effects of the downturn in their respective markets and assist in a recovery.

Due to the global reach of the Group, it was given early insight into how governments around the world were responding to the pandemic and were able to work collaboratively with its customers in Q1 2020 to reforecast revenue and plan spending accordingly. Through the revision and rephasing of spending plans and additional cost savings the Group has been able to mitigate any material adverse impact on its operations and thus achieving these revised forecasts year to date for 2020. Additionally, whilst not material, to increase liquidity, the Group availed of COVID-19 government backed schemes where available in the regions. These proactive measures along with strong credit control has led to cash headroom increasing significantly throughout 2020. Although the future impact of COVID-19 globally is uncertain, management has determined that the actions that it has taken are sufficient to mitigate the impact throughout 2020 and beyond.

Group management have produced forecasts to December 2021 that have also been sensitised to reflect severe but plausible downside scenarios as a result of the COVID-19 pandemic and its impact on the global economy, which have been reviewed by the directors. Forecast Group revenue would need to decrease by 15% and savings not achieved leading to forecast costs increasing by 15% over the forecast period, before the Group would reach its minimum cash holding of £17,500,000 required by our facility agreement. Through both treasury and financial quarterly forecasting there is continuous focus on our cash and profitability position, mitigations would be implemented immediately to manage to maintain our minimum cash requirements.

The forecasts demonstrate that the Group is forecast to generate profits and cash in the year ending 31 December 2020 and beyond and that the Group and as a result, the Company, has sufficient cash reserves to enable the Group and Survival-One Limited to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

Having given consideration to the matters outlined above, the Directors' conclude that the Group has both intention and ability to provide support as required to enable Survival-One Limited to continue as a going concern for a period of at least 12 months from the date of signing these financial statements.

2 Accounting policies (continued)

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The Company transitioned to IFRS 16 using the modified retrospective approach and as a result the right-of use assets were equal to the lease liability, adjusted for any prepaid or accrued lease payments, less provision for impairment at 1 January 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contacts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 January 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

• Applied a single discount rate to a portfolio of leases with similar characteristics
• Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
• Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application

No adjustments are required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

2 Accounting policies (continued)

Changes resulting from adoption of IFRS 16 (continued)

The Company has revised the presentation of operating leases at 31 December 2018 to include operating leases that have been identified during the transition to IFRS 16 as having previously been omitted from the disclosure of operating lease commitments. This resulted in an increase for the year ended 31 December 2018 from £1,689,448 to £2,235,805.

On transition, £542,224 of right-of-use assets and £1,388,728 of lease liabilities were recognised.

	£
Operating lease commitments as originally reported in the financial statements at 31 December 2018	1,689,448
Operating lease commitments omitted in error in the financial statements at 31 December 2018	546,357
Operating lease commitments restated at 31 December 2018 (Note 27)	2,235,805
Operating lease commitments discounted at the incremental borrowing rate	(842,660)
Recognition exemption for short-term leases	(4,417)
Lease liabilities recognised at 1 January 2019	1,388,728

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average rate applied was 7.2%.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax. The Company has four key revenue streams, sales of goods, sale of goods with installation and/or training, servicing of safety equipment and hire of survival suits. The Company's performance obligations and revenue recognition policy for each revenue stream is noted below.

Sale of goods

For contracts for the sale of an individual item, the performance obligation is the acceptance or delivery of the item. For contracts with more than one item, the performance obligation is either:

- The acceptance or delivery of each individual item where each item is considered distinct; or
- The acceptance or delivery of the final item where the goods are not distinct.

Revenue is recognised at the point in time when the customer obtains control of the goods which is based on the delivery terms of the contract.

2 Accounting policies (continued)

Revenue recognition (continued)

Sale of good with installation and/or training

Delivery of goods, installation services and training services are treated as separate performance obligations as the customer can benefit from each separately and they are separate promises within the contracts. The performance obligations are in line with revenue recognition policy for 'Sales of goods'.

Revenue in respect of goods is in line with 'Sales of goods' revenue recognition policy. Revenue in respect of installation is recognised over the year of the installation service and revenue in respect of training is recognised over the year of the training as installation services enhance customer assets, whilst training & services are simultaneously received and consumed by the customer.

Servicing of safety equipment

The company carries out services on survival suits to meet the periodic service requirements under maritime law. The performance obligation is the completion of these services. These services do not meet the criteria to be recognised over time as:
i) the company only has the right to payment on completion of the service;
ii) the company is not enhancing or creating an asset; and
iii) the customer does not simultaneously receive and consume the benefits as performance progressed as the service has to be fully completed by the company and performance to date could not be re-performed by another party.

Rendering of services (Hire of Survival Suits)

The performance obligation is the hire of the suit and the provision of servicing work as specified in the agreement with the customer. Revenue is recognised over time as customer simultaneously receives and consumes the benefits provided by the Company's performance as the service is performed.

Interest income

Interest income is recognised using the effective interest rate method. Interest income is included in financing income in the income statement.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Defined contribution pension obligation

The Company operates a defined contribution pension scheme. The amount charged to the income statement in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Accounting policies (continued)

Interest Expense
Interest on financial liabilities is calculated using the effective interest method and is recognised in the income statement as part of finance costs.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Foreign currency transactions and balances
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing as at that date.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge, including UK corporation tax and foreign tax is calculated on the basis of the tax laws enacted or substantively enacted by the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transactions affect neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is measured on a non-discounted basis.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2 Accounting policies (continued)

Intangible Assets

Goodwill

Goodwill arises on the acquisition of trade and assets, and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill is not amortised but is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

• management intends to complete the software product and use or sell it;
• there is an ability to use or sell the software product;
• it can be demonstrated how the software product will generate probable future economic benefits;
• adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
• the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

Internally generated intangible assets are reviewed for impairment annually when the asset is not yet in use or when events or changes in circumstances indicated that the carrying amount may not be recoverable and the asset is in use.

2 Accounting policies (continued)

Property plant and equipment
Property, plant and equipment is shown at historical cost less subsequent depreciation for and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount of recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating (expenses)/income' in the income statement.

Depreciation
Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long-term Leasehold	7 - 16% per annum
Plant and machinery	12.5 - 33% per annum
Computers - subcategory of Plant and machinery	20 - 33% per annum
Motor vehicles - subcategory of Plant and machinery	25% per annum
Survival suits - subcategory of Plant and machinery	12.5 - 20% per annum

Right of use assets
Right of use assets are stated in the statement of financial position at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received, and minus any provision for impairment.

The depreciation period for the right of use asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful economic life of the asset. Where it is reasonably certain that the Company will exercise an option to purchase the asset, the depreciation period is through the end of the asset's useful economic life.

Investments
Investment in a subsidiary is shown at cost less accumulated impairment losses. Provisions for impairments are made when the recoverable amount of the Company's investment falls below the carrying value of the investment.

2 Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions against inventories are charged (credited if released) to the income statement within the category 'Other operating expenses'.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company assesses impairments based on the lifetime expected credit loss. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the transaction. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Leases

Accounting policy applied until 31 December 2018 (IAS 17)

Leases as the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the full lease period, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Accounting policies (continued)

Leases (continued)

Accounting policy applied from 1 January 2019 (IFRS 16)

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

The Company predominantly engages in leases for land and buildings, or commercial and motor vehicles.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

2 Accounting policies (continued)

Leases (continued)

Accounting policy applied from 1 January 2019 (IFRS 16) (Continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases) or lease assets,when new, that have a value of less than £4,375 (i.e. low-value leases).

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

Trade payables

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions
Provisions for liabilities are recognised when: i) the Company has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

a) Dilapidations
Within the Company there are a number of properties under repairing lease arrangements requiring the properties to be reinstated to their original state when vacating the property. A provision is recognised for the full value of the reparation to the buildings' original configuration. The provision is estimated using third party valuations from prior periods, updated for any changes, if any, in building condition and configuration.

2 Accounting policies (continued)

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

In assessing fair value, the Company gives consideration to the likely terminal value using a discounted cashflow. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the Company include cash and cash equivalents, trade and other receivables and contract assets. Financial liabilities of the Company include trade and other payables, amounts due to group undertakings, obligations under leases and borrowings.

Initial recognition

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual obligations of the instrument.

2 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement
The Company classifies its financial assets in the following measurement categories:
i) Those to be measured at amortised costs; and
ii) Those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit and loss).
The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies its financial assets when, and only when its business model for managing those assets changes.

At initial recognition, the company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost or as derivatives.

Financial liabilities are recognised at fair value plus, in the case of financial instruments not at fair value through profit and loss (i.e. loans and receivables and other financial liabilities), transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs directly attributable to financial liabilities which are measured at fair value (i.e. fair value through profit and loss or derivatives) are recognised in the income statement as incurred.

Subsequent measurement

Subsequent to recognition, financial assets and liabilities are measured according to the category to which they are classified.

Financial assets at amortised cost
Subsequent measurement of financial assets depends on the Company's business model for managing those financial assets and the cash flow characteristics of those financial assets. The Company only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss.

Financial liabilities at fair value through the profit or loss
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities
Trade and other payables and borrowings (including amounts due to group undertakings) are classified as other financial liabilities and are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method.

2 Accounting policies (continued)

Financial instruments (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets
The Company assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For the majority of trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The Company also reviews the expected credit loss associated with trade receivables by considering Stages 2 and 3 of IFRS 9, whereby the Company calculates expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the transaction. For other receivables the Company applies the three stage model to determine expected credit losses.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill (estimate)
The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of the Company to which goodwill is allocated involves the use of estimates by Management. The carrying amount of the Company is compared to its recoverable amount, being the higher of value in use and fair value less costs to sell, to determine if an impairment exists. In assessing fair value, the Company gives consideration to the likely terminal value using a discounted cashflow.

These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

In 2019, the Survitec Group required a refinancing review and discussion with its owners and lenders following the continued operational challenges from the prior year. This subsequent review concluded that a refinancing of the Survitec Group was required, and a process was begun in 2019. Part of this review included the annual impairment review of goodwill, which was impaired to £nil.

Provisions - Dilapidation (estimate)
There are a number of properties under repairing lease arrangements requiring the properties to be reinstated to their original state when vacating the property. Provision has been made for the full value of reparation to the buildings' original configuration. The key sources of estimation uncertainty arise from the estimation of the normal wear and tear in a building together with the estimate of the amount of work required to restore the building to its original condition in situations where the company has changed the original configuration. The Company's estimates make use of third party valuations from prior periods, updated for changes in building condition and configuration.

Recognition of deferred tax asset (judgement)
Due to the forecast profitability profile of the Company, it now seems more likely than not that sufficient taxable profits will arise from which temporary differences can be deducted. For this reason these temporary differences have been recognised in full in the current year.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of amounts due by group undertakings (estimate)
The Company reviews amounts due from group companies regularly for any indication of an expected credit loss under IFRS 9.

The determination of the recoverable amount of the amounts due from group companies involves the use of estimates by management. The Company has reviewed amounts due from group companies as one balance as opposed to reviewing individual balances and have concluded that the entities in the Group do not have sufficient liquid resources to pay all liabilities from group companies due on demand. When reviewing the amounts owed from group undertakings, the Company considered the expected credit loss using both a value in use model and a fair value on sale of the businesses by the Company's parent company, Survitec Group Limited. The Company has determined that the most likely scenario for recovery of a portion of this balance is to seek to sell the Group's trade and assets considering significant deficits and bank loans within the Group. Survitec Group Limited owns all trade entities within the Survitec Group and would sell the trade and assets of those entities.

Post-tax cash flow projections were completed by the Group for year ended 31 December 2019 which indicated an EBITDA multiple for the Group of 4.4x. Survitec Group Limited has therefore used this multiple, discounted for the period to disposal (estimated at 2 years and at a 3% discount rate) and used this to calculate the potential credit loss. It is expected that Survitec Group Limited will then take the proceeds earned from the sale of the trade and assets and pro-rata the proceeds across all remaining related party balances. The Company can therefore determine the loss on default of amounts owed by Survitec Group Limited and the loss on default of the remaining amounts owed from group companies is expected to be 100%.

On this basis, an impairment of £5,017,896 (Year ended 31 December 2018: £Nil) against amounts owed from group companies has been recognised.

The key estimate is the calculation is the EBITDA multiple which derives from the post-tax cash flow projections as noted above. Key sensitives within the post-tax cash flow projections are EBITDA growth rate and WACC. If the EBITDA growth rate percentage and WACC percentage increased or decreased by 0.5%, the implied change in the EBITDA multiple would be +/- 0.3.

If the EBITDA multiple moved by +/-0.3 the level of total impairment would increase by £254,187 or decrease by £287,907.

4 Revenue

The analysis of the company's turnover for the year by time is as follows:

	31 December 2019 £	31 December 2018 £
Revenue from contracts with customers	19,139,540	18,567,049

The analysis of the company's turnover for the year by market is as follows:

	31 December 2019 £	31 December 2018 £
UK	11,339,063	12,092,279
Rest of world	7,800,477	6,474,770
	19,139,540	18,567,049

5 Employee benefits expense

The aggregate payroll costs (including directors' remuneration) were as follows:

	31 December 2019 £	31 December 2018 £
Wages and salaries	4,225,994	4,292,707
Social security costs	441,243	455,015
Other pension costs	161,476	153,388
	4,828,713	4,901,110

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	31 December 2019 No.	31 December 2018 No.
Management and Administration	7	12
Sales and distribution	9	7
Servicing and repair	165	177
	181	196

6 Directors' remuneration

A number of the directors are paid their remuneration by both the parent company and other related Group undertakings. This remuneration is not recharged to the Company. The Company's Directors (2018: 3 of the Company's Directors) are also directors of a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above remuneration details (Note 5) do not include remuneration in respect of the directors, directors are paid by both the parent company and other related Group undertakings.

7 Auditors' remuneration

	31 December 2019 £	31 December 2018 £
Audit of the financial statements	49,773	20,608

8 Operating profit

Arrived at after charging/(crediting)

	31 December 2019 £	31 December 2018 £
Depreciation of tangible fixed assets	2,440,930	2,664,174
Depreciation on right of use assets - Property	216,914	-
Depreciation on right of use assets - Other	54,392	-
Amortisation of intangible assets	14,345	29,203
Impairment of goodwill	487,832	-
Impairment of amounts owed by group undertakings	5,017,896	-
Foreign exchange gains	(52,282)	(10,888)
Operating lease payments	-	139,845
Gain on disposal of property, plant and equipment	(45,661)	-
Expense of variable lease payments not included in lease liabilities	47,752	-
Expense on short term leases (over one month)	4,417	-
Fees payable to the Company's auditors: For the audit of the Company's financial statements	49,773	20,608
Repairs and maintenance costs	297,670	495,402

9 Finance income

	31 December 2019 £	31 December 2018 £
Interest income on bank deposits	100	-

10 Finance costs

	31 December 2019 £	31 December 2018 £
Interest paid to group undertakings	23,589	12,859
Interest expense on leases	89,501	-
	113,090	12,859

11 Income tax credit/(expense)

Tax (credited)/charged in the income statement

	31 December 2019 £	31 December 2018 £
Current taxation		
Overseas tax on profits for the year	80,274	43,324
Deferred taxation		
Deferred tax - temporary differences	(474,185)	28,923
Arising from changes in tax rates and laws	49,914	-
Adjustment in respect of prior years	(1,073,649)	(16,545)
Total deferred taxation	(1,497,920)	12,378
Tax (credit)/expense in the income statement	(1,417,646)	55,702

11 Income tax credit/(expense) (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	31 December 2019 £	31 December 2018 £
(Loss)/profit before tax	(1,735,209)	3,431,700
Corporation tax at standard rate	329,690	652,023
Adjustment in respect of prior years	(1,073,649)	(16,545)
Changes in tax rate	49,914	(3,405)
Income not taxable	-	(9,228)
Increase from effect of expenses not deductible in determining taxable profit	93,055	3,541
Group relief claimed for nil consideration	(1,190,950)	(614,008)
Overseas tax on profits for the year	80,274	43,324
Effects of impairment of amounts owed by group undertakings	294,020	-
Total tax (credit)/charge	(1,417,646)	55,702

The average tax rate for the current period is 19% (year end 31 December 2018: 19%). The Corporation Tax rate decreased to 19% from April 2017. A further reduction to the UK Corporation Tax rate (to 17%) was announced as part of the Finance Act 2016 (substantively enacted on 6 September 2016 and fully enacted on 15 September 2016). The reduced 17% tax rate was expected to apply from 1 April 2020.

However, as part of the March 2020 Budget, it was confirmed that the main rate of Corporation Tax would remain at 19%. This was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020 and is therefore a non-adjusting event after the reporting period for the purposes of these financial statements and is therefore a non-adjusting event after the reporting period for the purposes of these financial statements.

11 Income tax credit/(expense) (continued)

Deferred tax
Deferred tax assets

2019	**Asset £**
Short term timing differences	19,418
Fixed asset timing differences	2,546,905
	2,566,323

2018	**Asset £**
Short term timing differences	4,869
Fixed asset timing differences	1,063,534
	1,068,403

Deferred tax movement during the year:

	At 1 January 2019 £	Recognised in income £	At 31 December 2019 £
Short term timing differences	4,869	14,549	19,418
Fixed asset timing differences	1,063,534	1,483,371	2,546,905
Net tax assets/(liabilities)	1,068,403	1,497,920	2,566,323

Deferred tax movement during the prior year:

	At 1 January 2018 £	Recognised in income £	At 31 December 2018 £
Short term timing differences	4,036	833	4,869
Fixed asset timing differences	1,076,745	(13,211)	1,063,534
Net tax assets/(liabilities)	1,080,781	(12,378)	1,068,403

12 Goodwill

	Goodwill £
Cost	
At 1 January 2019	487,832
At 31 December 2019	487,832
Impairment	
At 1 January 2019	-
Impairment charge	487,832
At 31 December 2019	487,832
Carrying amount	
At 31 December 2019	-
At 31 December 2018	487,832

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Fair values are estimated based on level 3 inputs within the IFRS 13 fair value hierarchy. The carrying amount of the CGU is compared to the fair value less costs to sell of the CGU. A discounted cashflow model has been used to determine the carrying value of the CGU. There is one CGU for the year ended 31 December 2019 (year ended 31 December 2018: one).

The recoverable amount of the CGU has been determined based on fair value less costs to sell calculations. The calculation uses post-tax cash flow projections based on financial forecasts approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a terminal value. The growth rate does not exceed the long-term average growth rate for the sector in which the CGU operates.

The key assumptions were growth rates within the five-year financial budgets (long term growth rate at 8% and averaging at 5.1% and weighted average cost of capital (10.5%). The carrying amount of the CGU has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss has been included in the income statement. The impact of the impairment has reduced the carrying value of Goodwill to £Nil.

13 Intangible assets

	Computer software £
Cost	
At 1 January 2019	311,771
Additions	4,875
At 31 December 2019	316,646
Amortisation	
At 1 January 2019	288,794
Amortisation charge for the year	14,345
At 31 December 2019	303,139
Carrying amount	
At 31 December 2019	13,507
At 31 December 2018	22,977

Under the terms of the Company's facilities agreement, the Company has granted a fixed and floating charge over the assets held by group companies that are subject to the finance recourse group. As at 31 December 2019, the total value of intangible assets subject to such charge was £13,507 (31 December 2018: £22,977).

14 Property, plant and equipment

	Long leasehold £	Plant and machinery £	Total £
Cost			
At 1 January 2019	603,212	22,602,138	23,205,350
Additions	-	1,802,349	1,802,349
Disposals	-	(4,429,971)	(4,429,971)
At 31 December 2019	603,212	19,974,516	20,577,728
Depreciation			
At 1 January 2019	469,317	15,908,573	16,377,890
Charge for the year	60,682	2,380,248	2,440,930
Eliminated on disposal	-	(4,404,896)	(4,404,896)
At 31 December 2019	529,999	13,883,925	14,413,924
Carrying amount			
At 31 December 2019	73,213	6,090,591	6,163,804
At 31 December 2018	133,895	6,693,565	6,827,460

Plant and machinery includes computer equipment, motor vehicles and survival suits.

Under the terms of the Company's facilities agreement, the Company has granted a fixed and floating charge over the assets held by the Company As at 31 December 2019, the total value of property, plant and equipment subject to such charge was £6,163,804 (31 December 2018: £6,827,460).

15 Right of use assets

	Property £	Other £	Total £
Cost			
Upon first time adoption of IFRS 16 at 1 January 2019	435,315	106,909	542,224
Additions	530,389	41,851	572,240
At 31 December 2019	965,704	148,760	1,114,464
Depreciation			
Charge for the year	216,914	54,392	271,306
At 31 December 2019	216,914	54,392	271,306
Carrying amount			
At 31 December 2019	748,790	94,368	843,158

'Other' right of use assets include motor vehicles and computer equipment.

On transition to IFRS 16, a provision for an onerous lease with a value of £846,530 has been credited against the right of use asset.

16 Investments

Subsidiaries	£
Cost	
At 1 January 2019	600,000
At 31 December 2019	600,000
Carrying amount	
At 31 December 2019	600,000
At 31 December 2018	600,000

The directors have considered the carrying value of the investment. The carrying value reflects the balance sheet value of the subsidiary.

16 Investments (continued)

Details of the subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held 2019	2018
Kirkhill (Dormant) Limited	Dormant	The Aspect, Fourth Floor 12 Finsbury Square London England	Ordinary shares	100%	100%

17 Inventories

	31 December 2019 £	31 December 2018 £
Raw materials and consumables	1,416,790	1,427,043
Work in progress	28,189	179,533
Finished goods and goods for resale	261,063	186,796
	1,706,042	1,793,372

Provisions against inventory at the start of the year totalling £182,842 (year ended 31 December 2018 £Nil) were released to raw materials and consumables during the year. Provisions against inventory as at 31 December 2019 are £186,592 (Year ended 31 December 2018: £182,842).

18 Trade and other receivables

	31 December 2019 £	31 December 2018 £
Trade receivables	2,125,274	3,033,464
Provision for impairment of trade receivables	(91,031)	(27,537)
Net trade receivables	2,034,243	3,005,927
Amounts owed by group undertakings	4,210,022	6,250,827
Prepayments	164,907	158,336
Other receivables	233,113	244,774
	6,642,285	9,659,864

Amounts owed by group undertakings are non interest bearing and are receivable on demand.

The Company applies IFRS 9 when measuring expected credit losses for all trade receivables and contract assets. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 (on adoption of IFRS) was deemed to be not materially different to that provision carried under IAS 39. The default rate on receivables during the period is <1% (2018: <1%).

The Company has considered the expected credit loss of amounts due from group undertakings in accordance with IFRS 9. These amounts are due on demand and the company has assessed as to whether the group undertakings have sufficient liquid resources to pay this balance immediately.

The company has recognised the following assets relating to contracts with customers:

	Year-ended 31 December 2019 £	Year-ended 31 December 2018 £
Contract assets recognised at start of the period	49,520	69,870
Revenue recognised that was included in contract assets at the beginning of the period	(49,520)	(69,870)
Amounts recognised in revenue in the current period that will be invoiced in future periods	-	49,520
Balance at the end of the period	**-**	**49,520**

19 Cash and cash equivalents

	31 December 2019 £	31 December 2018 £
Cash at bank	2,631,593	2,047,375
Bank overdrafts (see Note 24)	-	(1,605,999)
Cash at bank and in hand	2,631,593	441,376

20 Share capital

Allotted, called up and fully paid shares

	31 December 2019 No.	£	31 December 2018 No.	£
Ordinary shares of £1 each	1,554,000	1,554,000	1,554,000	1,554,000

21 Lease liabilities

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on discounted gross cash flow is reported in the table below:

	31 December 2019 £
Within one year	234,164
Later than one year and not later than five years	664,082
Later than five years	298,115
Total lease liabilities	1,196,361

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

Payment	31 December 2019 £
Payment of capital element of lease liabilities	312,928
Interest	25,639
Short term leases	4,417
Total cash outflow	342,984

22 Operating leases (Accounting policy applied until 31 December 2018 (IAS 17))

Future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	(As restated) 31 December 2018 £
Within one year	273,068
Later than one year and not later than five years	872,093
Later than five years	544,287
Operating lease commitments as originally reported in the financial statements at 31 December 2018	1,689,448
Operating lease commitments omitted in error from the financial statements at 31 December 2018	546,357
Operating lease commitments as restated at 31 December 2018 (note 27)	2,235,805

23 Trade and other payables

	31 December 2019 £	31 December 2018 £
Trade payables	1,196,715	1,065,087
Amounts owed to group undertakings	1,303,915	1,332,980
Social security and other taxes	41,220	37,988
Other Payables	186,324	77,404
Accrued expenses	305,251	336,353
	3,033,425	2,849,812

Amounts owed to Group undertakings bear interest between 0% - 6% and are repayable on demand.

24 Loans and borrowings

	31 December 2019 £	31 December 2018 £
Current loans and borrowings		
Bank overdrafts	-	1,605,999

25 Provisions

	Onerous lease £	Dilapidations £	Total £
At 1 January 2019	846,503	649,079	1,495,582
Reclassification on adoption of IFRS 16	(846,503)	-	(846,503)
At 31 December 2019	-	649,079	649,079
Non-current liabilities	-	649,079	649,079

	Onerous lease £	Dilapidations £	Total £
At 1 January 2018	872,630	649,079	1,521,709
Additional provisions charged to the income statement	206,600	-	206,600
Provisions released to income statement	(232,727)	-	(232,727)
At 31 December 2018	846,503	649,079	1,495,582
Non-current liabilities	518,176	649,079	1,167,255
Current liabilities	328,327	-	328,327

The dilapidations provisions are expected to be utilised at the end of the lease terms between 2021 - 2026.

26 Contingent liabilities

The Company has cross-guaranteed the repayment of bank loans of certain entities in the Survitec Acquisition Company Limited group amounting to £463,245,000 (year ended 31 December 2018 (as restated, note 27): £436,499,000).

27 Prior year adjustments

Contingent liabilities
In the prior year, contingent liabilities were disclosed as £448,772,000 in error. This has been corrected to £436,499,000 at 31 December 2018. There is no impact on the reported results or equity as a result of this adjustment.

Operating lease commitments
The future commitments disclosure in relation to operating leases where a company is the lessee was understated in the prior year due to omission of various leases. There is no impact on the reported results or equity as a result of this adjustment. The restated disclosure is as follows:

	As previously stated	Adjustment	As restated
Financial period	**£**	**£**	**£**
31 December 2018	1,689,448	546,357	2,235,805

28 Parent and ultimate parent undertaking

The company's immediate parent is Survitec Group Limited.

At 31 December, the ultimate parent was Survitec Acquisition Company Limited. These financial statements are available upon request from the Company Secretary, c/o Survitec Group Limited, The Aspect, Fourth Floor, 12 Finsbury Square, London, EC2A 1AS. This is the smallest and largest parent undertaking that consolidates the results of this Company.

The ultimate controlling party is The Board of Directors of Survitec Acquisition Company Limited.

29 Non adjusting events after the financial period

The COVID-19 pandemic
The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (including social distancing and working from home). Under IAS 10, the impacts of the COVID-19 pandemic are a non-adjusting event, however the impacts of the pandemic have been considered in the assessment of going concern, details of which are included within note 2. At this stage, the impact on the Company and their results has been effectively managed and mitigated and based on Management's experience to date, this is expected to remain the case. Group-wide, operating in a global industry has allowed the Survitec Group to prepare operating regions who were impacted later by the pandemic including the UK. In addition, Management have actively worked to protect the health of the Company by managing the loss in contribution by rapidly instigating cost saving exercises. Management will continue to follow the various government policies and advice and, in parallel, will do their upmost to continue operations in the best and safest way possible without jeopardising the health of the Group's people.

Change in control
Post year end, following restructuring of the Survitec Group, the ultimate controlling party became Ark Topco Limited. Please refer to note 2 for further detail.