BP INV3 TOPCO LTD

Group and Company

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2020

Registered number: 10705391

BP INV3 TOPCO LTD

Annual report and consolidated financial statements

for the year ended 31 December 2020

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Directors and advisors

Directors
Halle Aslaksen (appointed 11 March 2020)
Mark R Chaichian
Joseph A Connolly
Peter T Fontana (appointed 11 March 2020)
Ronald L Garrick (resigned 19 May 2020)
David S Garrick (resigned 1 October 2020)
Nicholas W Gee
Neil F Potter (resigned 31 March 2020)
Robert A Willings

Secretary
Mark J Walker

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BP INV3 TOPCO LTD

Annual report and consolidated financial statements for the year ended 31 December 2020

Strategic report

The Directors present their strategic report on the Group and the Company for the year ended 31 December 2020.

Principal activities
The principal activity of BP INV3 Topco Ltd (the "Company") is to act as a holding company for its subsidiary undertakings. The Company and its subsidiary undertakings (collectively the "Group") provide drilling waste management services to the oil and gas industry globally both at source and at onshore fixed processing sites.

Review of the business
The Directors consider Revenue and EBITDA* (before exceptional items) to be the key financial performance indicators of the Group. In addition, the equipment do require preparation for new long term contracts and therefore the timing of contract off and on hires can have an effect on the Group's short term earnings. Accordingly, equipment utilisation % is a key operational performance indicator.

	Year ended 31 December 2020	Year ended 31 December 2019	Increase
Revenue (£m)	**49.1**	70.3	-30%
EBITDA (£m) *	**10.4**	13.4	-22%
Equipment utilisation %	**68%**	70%	-2%

*EBITDA (as used throughout the strategic and Directors' reports) is a non-IFRS measure and is defined as Earnings before interest, tax, depreciation, amortisation, unrealised FX, results of discontinued operations and exceptional credits or charges. See additional information section on page 63.

The Group has seen a decrease in revenues of £21.2m and EBITDA of £3.0m mainly arising principally from a reduction in the utilisation of our assets (decreased by 2%) due to the lower demand for oil and the resultant fall in oil prices in 2020 which were a result of the impacts of the COVID-19 pandemic. The pandemic also significantly affected our operations due to additional costs for testing, quarantine measures and travel.

The Group had net assets at 31 December 2020 of £33,473,402 (2019 - £39,974,406). During the year new share capital was issued. 2,500 "A" ordinary shares were issued at £100 per share. 500 "B" ordinary shares and 14,329 "C" ordinary shares were issued and 8,014 "C" ordinary shares were repurchased by the Company during the year.

Trading for the Group in the year has been variable. Activity was high until May, but from then onwards the Covid-19 pandemic and depressed oil markets resulted in several drilling programs across the global operations being cancelled or delayed. The Group took significant actions through reduction in headcount, personnel costs, suspension of non-essential plant hire & equipment maintenance transactions, and lowered the capital spend.

In Offshore UK, the TCC Rotomill fleet was at 100% utilisation for the first half of 2020, contracted to deliver waste management services on multiple offshore locations, across several major North Sea operators. Additional contracts for skip & ship and bulk transfer technologies had also been secured. The dramatic drop in Brent Crude prices had the impact of clients seeking pricing concessions. To compound matters the pandemic added further costs and challenges throughout the year, resulting in cancellation of exploration and development wells. This resulted in the TCC Rotomill utilisation dropping to 60% in H2 2020. However, despite these headwinds, the Group was awarded an additional two new contracts for offshore processing commencing in the 4th quarter and defended its commanding position as market share leader in the UK Continental Shelf.

Strategic report (continued)

Review of the business (continued)
In Norway, the Group was the incumbent and won the re-tender for cuttings containment for a significant operator. This project restarted, which included TWMA's new 'automated containment units' in the first quarter of 2021 and allowed the client to drill at record breaking penetration rates. Norway is a key strategic market for the Group's core technology and significant and encouraging signs of a TCC Rotomill operating in country by the end of 2021 exist.

In the UAE, the market downturn resulted in the suspension of drilling operations for the main contracts from the beginning of 2nd quarter until the end of the year. Despite this, the Group achieved results close to planned budget. This was achieved through processing of legacy slops and waste rock generated from pilings drilling, combined with several cost reduction and optimisation initiatives. The Group secured a 12-month extension to the existing contracts, which now runs until March 2022. The award validates the excellent operational track record since the start of the working relationship with the client.

The acquisition, in June 2018, of Dynamic Oilfield Services, a Houston-based provider of solids control equipment to oil and gas customers in some of the most prolific onshore basins in the US, provides the Group with the capability of offering a wider range of equipment and services both in the US land market and internationally. Dynamic Oilfield Services was rebranded TWMA US in 2020. Activity was significantly impacted by the drop in oil price and reduction in the drilling rig count in 2020. The Group closed the loss-making service lines and restructured the organisation accordingly. The market bottomed out in the 3rd quarter when the business was operating on 10 solid controls jobs. Since then, the oil price increase continues to support an increase in drilling activity. Activity has trebled and by the start of Q2 2021, the US business is now supporting 30 solid control jobs and is delivering a positive EBITDA. As a result of the increased activity and closure of the loss making service lines, no impairment is recognised. This is further explained and detailed under note 13 on page 42. The Group is working closely with key operators to expand the product offering to include TCC Rotomill technology and expect the first unit to be deployed late 2021.

The Group's vision is to turn drilling waste into a valuable resource for our clients. The Group provides sustainable solutions which contribute to a good circular economy and a cleaner environment. This is achieved through on-site recycling and reuse of base oil, which contribute to a considerable reduction in the emissions of greenhouse gases. Local processing of drilling waste from the recovery of hydrocarbons eliminates the need for supply vessels to transport cuttings to shore, hence fuel consumption and associated emissions of CO2 and NOx gases are greatly reduced. On average, an oil well results in hundreds of containers with drilling waste, which need to be shipped to shore. By processing on-site, the need for this logistics is removed, and by that the risk of downtime due to weather reduced, and the overall safety of personnel involved improved.

With an increased focus on climate change, we believe that authorities around the world will be forced to introduce stricter regulations on the CO2 footprint that the oil & gas industry leaves behind. The Group introduces technologies and decades of knowledge, which help operators reduce their drilling related emissions. Over the coming years we expect that the taxation on CO2 will greatly increase, and therefore the Group's value-contribution will become even more important. The drilling waste management market will grow, as a result of the world becoming more environmentally conscious.

The Group's goal is to continue to grow over the coming years, by defending dominant markets like the UK North Sea and the Middle East, in parallel with increased focus on Norway and the US. Product development through automation and remote operations, along with the use of 'big data' will be key to secure such expansions.

Strategic report (continued)

Principal risks and uncertainties

The Board has delegated day to day management of key risks to the key senior managers of the Group. These managers meet with the board on a quarterly basis to assess current risks and review mitigating actions.

The principal economic risk to the business is loss of revenue resulting from lower than planned operator activity levels. The supply and demand ratio typically dictates oil price, which sets the activity levels for drilling operations. However, a complicating factor with the Covid-19 situation is the mobility of the work force internationally. Steps have been taken to ensure a fully vaccinated workforce. As the majority of the Group's customers are those involved in the oil & gas industry, levels of activity within the sector impact the prospects of the Group. Sustainability risks are emerging for the industry. To alleviate these, the Group has engaged a reputable, objective, third party consulting firm to accurately demonstrate the emission savings from the Group's core technology compared to traditional skip & ship, bulk transfer, and cuttings re-injection methods as a whole.

Competition remains a threat, both in terms of alternative methods of processing and directly competing technology. With regard to the former, thermal processing appears to be the primary solution of choice with regard to offshore processing and there does not appear to be any alternative gaining notable market share. Emerging trends in this area are constantly monitored in each or our key markets.

The Group has bank loans amounting to £40.7m at the year-end (2019 - £42.3m). These loans are at fixed rates above LIBOR with one being repayable in instalments. For two of these loans the exposure to movements in LIBOR is significantly hedged using interest rate swaps as detailed in Note 14. These are measured each quarter and the Board is confident that there is sufficient headroom based on current projections. The Group recently entered into an amendment and extension of its current facilities with its lenders which is described in more detail in the going concern section below.

The safety of our employees and other people involved with or near our operations is the Group's key priority. Focus on safe systems of work is an ongoing requirement for every employee which is emphasised by the maintenance and monitoring of training and competency matrices across all businesses.

As the Group increasingly works in new foreign territories political, legal and cultural risks will increase and vary. The Group has a detailed checklist of issues and considerations that are reviewed before entry into new territories. This is used to assess the overall risk in light of the economic benefits.

The Group develops solutions for the safe and efficient transfer, store and processing of drilling waste, slops and other associated materials generated from drilling operations. Our specialist teams ensure clients domestically and internationally meet and exceed the demands of local legislation whilst generating significant commercial, environmental and safety benefits. The Group continually strive for exceptional execution which, to us, means setting the highest bar for safe and ethical delivery. We believe that maintaining an uncompromising focus on HSEQ is imperative to sustainable success and that there is nothing so important that we cannot do this in a safe and ethical way. The Group will never compromise our efforts to protect our people, the environment, and the communities in which we live and work. The Group has a detailed checklist of issues and considerations that are reviewed before entry into new territories or business arrangements. This is used to assess the overall risk considering the economic benefits.

Strategic report (continued)

S(172) Statement
Section 172(1) statement
During the financial year, the Directors have complied with their duty to have regard to the matters in section 172 (1) (a)-(f) of the Companies Act 2006. The Directors believe that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

Stakeholder engagement
The Directors consider that the key stakeholders of the Group are those impacted by the inputs and outputs of the Group, specifically these are (in no particular order): customers, suppliers, employees, banks and financial institutions, government organisations and regulators. The Group, through the Directors, engages with each stakeholder at the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The Directors use a variety of methods to do this, as described below.

Principal decisions
Principal decisions are those that are material to the Group and also to the above stakeholder groups. During the financial year, the Group has taken a number of operational and strategic decisions which the Directors consider are for the benefit of the Group, with a view to promoting its long-term success and sustainability. Specific examples are the review and approval of capital investment decisions, entry into new markets and the preparation and review of the annual budget which drives the Group's long-term strategy.

Employee involvement
In order to consider the interests of employees in key decisions, regular contact and exchanges of information between Directors, managers and staff are maintained through a variety of channels. These mainly take the form of departmental meetings, the formation of project teams, internal and external training, workshops, seminars and performance appraisals.

The Group seeks to employ the best staff in each of its departments, from trading and operations through to finance and IT. Employees are integral to the success of the Company and performance is recognised accordingly.

See the employee section below in the Director's report for further employee engagement details.

Engaging with suppliers, customers and others
During the financial year, the Directors have endeavoured to foster the Group's mutually beneficial business relationships with suppliers, customers and others in a business relationship with the Group. This was achieved through positive interactions during meetings, written communication, telephone communications and site visits where necessary.

The Group's suppliers and customers are predominantly international oil and gas companies, financial institutions and other trading companies.

The Directors ensure that the Group acts responsibly, and in compliance with rules, when sourcing commodities from third-party suppliers.

The Group's supply chains include multinational, regional, national and local suppliers. Suppliers are critical partners to the Group's commitment to deliver value and to operate in a manner that is responsible, transparent and respects the human rights of all.

Strategic report (continued)

S(172) Statement (continued)

Engaging with suppliers, customers and others (continued)

The Group has set out expectations for ethical business practices, safety and health, human rights and environment in supplier standards, which apply to all of the Group's suppliers and which the Directors expect to incorporate into the Group's supplier contracts. The Group undertakes due diligence of current and potential suppliers to understand their business practices.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of foreign currency, credit, liquidity and interest rate and cash flow.

- **Foreign currency risk:** the Group is exposed to foreign currency risk on the settlement of non-sterling denominated balances and on the translation on consolidation of overseas subsidiaries. The Group manages settlement risk by transacting predominantly in sterling and US dollars which have historically been stable currencies and also matching foreign currency receipts and payments whenever possible. During 2020, the Group monitored its ongoing exposure to foreign currency translation risk from foreign currency denominated subsidiary undertakings and has taken appropriate action to mitigate the risk as required.
- **Credit risk:** the Group's policies require appropriate credit checks on potential customers before sales are made. The amount of exposure to an individual counterparty is subject to a limit, which is reassessed on a regular basis.
- **Liquidity risk:** the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for current and planned operations.
- **Interest rate and cash flow risk:** the Group actively monitors its interest rate risk exposure. All of the Group's borrowings are at variable interest rates, and the Group will use floating to fixed interest rate swaps to achieve the right mix of fixed and floating interest rate borrowings. The Directors will continue to monitor the level of hedging of this risk.

Going concern

Subsequent to the year-end, the shareholders agreed to increase its investment in the Group and on 24 May 2021, the Company raised £6,421,000 through the issue of 64,260 new A shares. This additional investment reflects the high level of confidence from the shareholders of the Group and its future prospects. The Group has subsequently repaid the £4.5m that was drawn at year-end under the Senior Revolving Credit Facility in full.

As disclosed in note 22, the Group's banking facilities contain certain covenants relating to leverage, interest and cashflow cover that are required to be met at each quarterly test date, being 31 March, 30 June, 30 September and 31 December. As a result of a forecast leverage covenant breach as at 31 December 2020, the Group sought and obtained a covenant waiver from its banks such that the Group avoided an event of default. The waiver obtained on 26 February 2021 relating to the 31 December 2020 test date allows the Group's borrowing continuing to be held as a non-current liability as at 31 December 2020.

In addition, the Group has successfully re-negotiated and agreed an amendment and extension of its loan agreements with its lenders. The expiry dates of the loan agreements have been extended to 31 March 2023. The Group has agreed a revised set of financial covenants with significant headroom for this period.

As a result of the above post balance sheet events, the Company's Directors have assessed the Group's and the Company's financial position for a period of not less than 12 months from the date of approval of the full year results.

Strategic report (continued)

Going concern (continued)
The Group had committed credit facilities in place at 31 December 2020 (see Note 22), comprising an existing Term Loan facility with a balance of GBP £35.9 million and a Senior Revolving Credit Facility (RCF) of GBP £7m, of which £2.2 million was utilised for guarantee facilities and £4.8 million was drawn down in cash for credit purposes. As explained above, the Group has used the proceeds from the equity injection to repay the RCF in full and as a the end of May 2021, zero was drawn from the RCF. As at the end of May 2021, the Group had available liquidity of £7.2m and based on it's cashflow forecasts, the Group has sufficient cash resources to trade for at least the next 12 months.

The Group had net current liabilities as at 31 December 2020 of £1,588,175 (2019: £98,171 net assets) and the Company had net current liabilities as at 31 December 2020 of £350,523 (2019: £301,370). The Directors have, at the time of approving the financial statements, reasonable expectation that the Company and the Group have adequate resources to continue in operating existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

This report was approved by the Board and signed on its behalf.

On behalf of the Board

Joseph A Connolly
Director
30 June 2021

Directors' report

The Directors present their annual report and the audited Group and Company financial statements for the year ended 31 December 2020. The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company financial statements have been prepared under Financial Reporting Standard 101 Reduced Disclosure Framework.

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Halle Aslaksen (appointed 11 March 2020)
Mark R Chaichian
Joseph A Connolly
Peter T Fontana (appointed 11 March 2020)
Ronald L Garrick (resigned 19 May 2020)
David S Garrick (resigned 1 October 2020)
Nicholas W Gee
Neil F Potter (resigned 31 March 2020)
Robert A Willings

Results
Group EBITDA for the year ended 31 December 2020 was £10.4m (2019 - £13.4m) (see additional information at back of report). The consolidated loss for the financial year, after exceptional items and taxation, amounted to £4.5m (2019 - £2.3m). Further details of the Group's performance for the year can be seen on page 2, 3 and 4 of the Strategic Report.

The Board has established an ongoing process for identifying, evaluating and managing the principal financial risks faced by the Group. These have been disclosed on page 6 in the Strategic Report.

Future Developments
In respect of 2021, the Group has worked through the restart of several operations in the first half of the year that were suspended or delayed by COVID-19 and the lower oil price including Norway, one island in the UAE and the US. The Group is ensuring that the business retains contracts, manages its cost base and wins new work where possible.

In addition to the impacts of COVID-19 and the oil price, the market is being influenced by climate change and the target of 'net carbon zero'. We believe that the Group is well placed to support and deliver improvements in both the waste that is recycled and a significant reduction in the amount of carbon dioxide produced using our TCC Rotomill Thermal Technology in the treatment of drilling waste. The Group is pursuing a number of opportunities in Norway, UK, the US, KSA and the UAE. The Group considers that with its drilling waste specialist knowledge and leading technology it is well placed to deliver profitable growth in these markets.

Exit from the European Union
The UK left the European Union on 31 January 2021. The Group has not been materially impacted by this change but the Company has prepared itself to manage the possible impact on its business. There is also potential tax consequences of the withdrawal and these will continue to be reassessed at each reporting date to ensure the tax provisions reflect the most likely outcome following the withdrawal.

Dividends
No dividends were paid during the year (2019 - £nil), and none are proposed to be paid as of the date of this report.

Directors' report (continued)

Employees
The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. To this end the Group conducts a quarterly Business Update for all employees across the world at which senior management present current issues affecting the business and employees are given the opportunity to ask any pertinent questions during, or subsequent to, the meeting, either directly or via an online Q&A forum. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in achieving its objectives.

Environment
The Group recognises the importance of its environmental responsibilities. As the principal activities of the Group are waste disposal the Directors are aware of the need to comply with environmental regulations and has strict monitoring and testing systems in place to achieve this. The Group is in the process of collating and measuring environmental data in relation to its business activities in order to meet the Streamlined Energy and Carbon Regulations (SECR) reporting requirements, where practical this information will be presented in future periods.

Research & Development
The Group is continuously looking at developing new and improved products with the aim of remaining competitive in the market place and providing clients with a high level of service. Our dedicated team is currently developing a product which will allow the processing of sludges offshore, thus reducing the amount to be brought back onshore for treatment and disposal. During the year the Group incurred £70k (2019 - £181k) in research and development expenditure in respect of various projects.

Charitable and political donations
There were no charitable or political donations paid during the current year or prior period.

Subsequent events
Ordinary Shares and Reserves
Subsequent to the year end, the shareholders agreed to increase its investment in the Group and on 24 May 2021, the Company raised £6,421,000 through the issue of 64,260 new A shares. This additional investment reflects the high level of confidence from the shareholders of the Group and its future prospects. The Group has subsequently repaid the £4.5m that was drawn at year end under the Senior Revolving Credit Facility in full.

Directors' report (continued)

Subsequent events (continued)

Borrowing

In addition, the Group has successfully renegotiated and agreed an amendment and extension of its loan agreements with its lenders. The expiry dates of the loan agreements have been extended to 31 March 2023. The Group has agreed a revised set of financial covenants with significant headroom for the period to 31 March 2023.

COVID-19 and oil price

BP Inv3 Topco Ltd continues to monitor the Coronavirus pandemic. There is still significant uncertainty with regards to the lifting of lockdowns and the progress of the vaccination implementation across the globe and as a result COVID-19 will continue to cause macro-economic risks which may impact our performance., Whilst the oil price has recovered to above $70 per barrel, there is still significant uncertainty as to the future oil price. The Group will continue to monitor the situation carefully.

There are no other material events that have occurred subsequently to the balance sheet date to the date of approval of these financial statements that affect the reported financial position at 31 December 2020.

Corporate governance

The Group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. See the 'engagement with suppliers, customers and others' section of the strategic report on page 6 for further details.

Financial risk management

A list of the Group's financial risks and policies can be found within the Strategic report on page 6.

Directors' insurance

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

Branches outside of the UK

The Group has a branch that operates in UAE, and is run through TWMA Middle East Limited.

Directors' report (continued)

Auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Deloitte LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed.

This report was approved by the Board and signed on its behalf.

On behalf of the Board

Joseph A Connolly
Director
30 June 2021

Directors' responsibilities statement

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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 parent Company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's and the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the members of BP INV3 TOPCO LTD

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of BP INV3 TOPCO LTD (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated cash flow statement;
- the summary of accounting policies; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Independent auditor's report to the members of BP INV3 TOPCO LTD (continued)

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

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

Other information
The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 auditor's report.

Independent auditor's report to the members of BP INV3 TOPCO LTD (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition – we have performed detailed testing on manual revenue postings during the year and have assessed the judgments used in unbilled and deferred revenue adjustments. We have also performed design and implementation and operating effectiveness testing of certain controls in the unbilled revenue process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of BP INV3 TOPCO LTD (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

G. Hollis

Graham Hollis ACA, Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
30 June 2021

Consolidated income statement for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	5	**49,097,927**	70,306,382
Cost of sales		**(25,537,838)**	(43,555,447)
Cost of sales - exceptional	11	**(1,565,346)**	-
Gross profit		**21,994,743**	26,750,935
Administrative expenses		**(23,526,932)**	(25,732,044)
Administrative expenses - exceptional	11	**(1,313,201)**	(899,479)
Other losses		**(24,989)**	(69,396)
Operating profit/(loss)		**(2,870,379)**	50,016
Exchange gains on revaluation of loans		**926,858**	834,678
Finance income	9	**509**	1,711
Finance costs	10	**(3,533,630)**	(4,707,505)
Loss before tax		**(5,476,642)**	(3,821,100)
Income tax	12	**988,161**	1,479,327
Loss for the financial year		**(4,488,481)**	(2,341,773)

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Loss for the financial year		**(4,488,481)**	(2,341,773)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange movements	26	**(2,129,246)**	1,149,342
Prior year adjustment	26	**(74,750)**	-
Total other comprehensive (loss)/income		**(2,203,996)**	1,149,342
Total comprehensive loss for the financial year		**(6,692,477)**	(1,192,431)

Notes on pages 23 to 62 are an integral part to these financial statements.

Consolidated balance sheet

	Note	As at 31 December 2020 £	As at 31 December 2019 £
Non-current assets			
Goodwill	13	**36,406,079**	36,491,011
Other intangible assets	15	**1,147,011**	1,328,117
Right-of-use assets	16	**2,686,969**	3,164,942
Property, plant and equipment	16	**32,604,755**	39,674,364
Total non-current assets		**72,844,814**	80,658,434
Current assets			
Inventories	18	**3,132,438**	2,690,623
Trade and other receivables	19	**8,962,471**	16,727,830
Cash and cash equivalents		**2,878,355**	3,483,660
Total current assets		**14,973,264**	22,902,113
Total assets		**87,818,078**	103,560,547
Current liabilities			
Trade and other payables	20	**9,539,872**	15,212,483
Tax liabilities	21	**-**	106,623
Lease liabilities	23	**634,395**	1,010,284
Provisions for liabilities and charges	24	**800,000**	-
Borrowings	22	**5,587,173**	6,474,552
Total current liabilities		**16,561,440**	22,803,942
Non-current liabilities			
Borrowings	22	**36,482,542**	37,351,452
Lease liabilities	23	**2,580,887**	2,858,946
Provisions for liabilities and charges	24	**-**	946,440
Derivative financial instruments	14	**177,146**	87,178
Deferred income tax liabilities	24	**(1,457,339)**	(461,817)
Total non-current liabilities		**37,783,236**	40,782,199
Total liabilities		**54,344,676**	63,586,141
NET ASSETS		**33,473,402**	39,974,406
Equity			
Ordinary shares	25	**6,440**	6,059
Share premium account	26	**48,787,595**	48,537,619
Other reserves	26	**(918,585)**	1,211,003
Accumulated losses	26	**(14,402,048)**	(9,780,275)
TOTAL EQUITY		**33,473,402**	39,974,406

The financial statements of BP INV3 TOPCO Limited (registered number 10705391) were approved by the Board and authorised for issue on 30 June 2021. They were signed on its behalf by:

Joseph A Connolly
Director

Company balance sheet

	Note	As at 31 December 2020 £	As at 31 December 2019 £
Non-current assets			
Investments	17	**51,955,221**	51,955,221
Total non-current assets		**51,955,221**	51,955,221
Current assets			
Trade and other receivables	19	**48,818**	48,818
Total current assets		**48,818**	48,818
Total assets		**52,004,039**	52,004,039
Liabilities			
Current liabilities			
Trade and other payables	20	**399,341**	350,188
Total current liabilities		**399,341**	350,188
Total liabilities		**399,341**	350,188
NET ASSETS		**51,604,698**	51,653,851
Equity			
Ordinary shares	25	**6,440**	6,059
Share premium account	26	**48,787,595**	48,537,619
Own shares	26	**27**	369
Accumulated profits	26	**2,810,636**	3,109,804
TOTAL EQUITY		**51,604,698**	51,653,851

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income statement. The loss for the year dealt with in the financial statements of the Company was £240,626 (2019 - £12,293).

The financial statements of BP INV3 TOPCO LTD (registered number 10705391) were approved by the Board and authorised for issue on 30 June 2021. They were signed on its behalf by

Joseph A Connolly
Director

Consolidated statement of changes in equity

	Ordinary shares	Share premium account	Foreign currency translation reserve	Own shares	Accumulated losses	Total equity
	£	£	£	£	£	£
Balance at 31 December 2018	5,919	48,538,119	61,292	9	(12,321,929)	36,283,410
Shares issued/(repurchased) during year (Note 25)	140	4,999,500	-	360	(116,573)	4,883,427
Share premium reduction during year (Note 25)	-	(5,000,000)	-	-	5,000,000	-
Loss for the financial year	-	-	-	-	(2,341,773)	(2,341,773)
Other comprehensive income for the year	-	-	1,149,342	-	-	1,149,342
Total comprehensive loss for the year	-	-	1,149,342	-	(2,341,773)	(1,192,431)
Balance at 31 December 2019	6,059	48,537,619	1,210,634	369	(9,780,275)	39,974,406
Shares issued/(repurchased) during year (Note 25)	381	249,976	-	(342)	(58,542)	191,473
Loss for the financial year	-	-	-	-	(4,488,481)	(4,488,481)
Other comprehensive loss for the year	-	-	(2,129,246)	-	(74,750)	(2,203,996)
Total comprehensive loss for the year	**-**	**-**	**(2,129,246)**	**-**	**(4,563,231)**	**(6,692,477)**
Balance at 31 December 2020	**6,440**	**48,787,595**	**(918,612)**	**27**	**(14,402,048)**	**33,473,402**

Company statement of changes in equity

	Ordinary shares	Share premium account	Own shares	Accumulated profits	Total equity
	£	£	£	£	£
Balance at 31 December 2018	5,919	48,538,119	9	(1,761,330)	46,782,717
Shares issued/(repurchased) during year (Note 25)	140	4,999,500	360	(116,573)	4,883,427
Share premium reduction during year (Note 25)	-	(5,000,000)	-	5,000,000	-
Loss for the financial year	-	-	-	(12,293)	(12,293)
Total comprehensive loss for the year	-	-	-	(12,293)	(12,293)
Balance at 31 December 2019	6,059	48,537,619	369	3,109,804	51,653,851
Shares issued/(repurchased) during year (Note 25)	381	249,976	(342)	(58,542)	191,473
Loss for the financial year	-	-	-	(240,626)	(240,626)
Total comprehensive loss for the year	**-**	**-**	**-**	**(240,626)**	**(240,626)**
Balance at 31 December 2020	**6,440**	**48,787,595**	**27**	**2,810,636**	**51,604,698**

The notes on pages 23 to 62 form part of these financial statements.

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)

Consolidated cash flow statement

	Note	2020 £	2019 £
Net cash inflow from operating activities	27	**10,514,474**	8,875,710
Investing activities			
Purchase of property, plant and equipment	16	**(7,114,709)**	(9,711,560)
Sale of property, plant and equipment		**688,185**	417,000
Interest paid	10	**(3,577,897)**	(4,052,001)
Interest received	9	**509**	1,711
Net cash outflow from investing activities		**(10,003,912)**	(13,344,850)
Cash flows from financing activities			
Share capital proceeds	25	**249,720**	5,000,000
Proceeds from borrowings	22	**321,352**	1,900,466
Repayment of borrowings	22	**(752,832)**	(1,437,857)
Repayment of lease liabilities	23	**(934,106)**	(419,152)
Net cash inflow/(outflow) from financing activities		**(1,115,866)**	5,043,457
Net increase/(decrease) in cash and cash equivalents		**(605,304)**	574,317
Cash and cash equivalents at beginning of year		**3,483,660**	2,909,343
Cash and cash equivalents at end of year		**2,878,356**	3,483,660
Analysis of cash and cash equivalents at end of year			
Cash at bank and in hand		**2,795,959**	3,339,959
Deposits		**106,228**	121,680
Fx movements		**(23,831)**	22,021
Cash and cash equivalents at end of year		**2,878,356**	3,483,660

The notes on pages 23 to 62 form part of these financial statements.

Notes to the Financial Statements

1. General information

BP INV3 Topco Ltd ('the Company') and its subsidiaries (together, 'the Group') provide environmental services, drilling waste management, general waste management and disposal services and fabrication services to the oil and gas industry.

The Company is a private limited company, limited by shares, and is incorporated and registered in England and Wales. The address of its registered office is International House, Holburn Viaduct, London, EC1A 2BN.

These financial statements are presented in Great British Pounds (GBPs), which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest one pound. Foreign operations are included in accordance with the policies set out in note 2.

2. Summary of significant accounting policies

Group

Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries, all of which have coterminous year ends.

The Company was incorporated on 3 April 2017 to facilitate the acquisition of TWMA Group Limited and its subsidiaries. The acquisition of TWMA Group Limited has been consolidated on the basis of acquisition accounting from the date of acquisition. The acquisition of Dynamic Oilfield Services Limited has been consolidated on the basis of acquisition accounting from the date of acquisition of 20 June 2018.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The consolidated financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed further in note 4.

Company

Basis of preparation of the Company financial statements

The accounting policies set out below have, unless otherwise stated, been applied consistently to the current year and prior period presented in these financial statements.

The Company 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 the Companies Act 2006.

The Company is a qualifying entity for the purpose of FRS 101 which sets out a reduced framework for a qualifying entity, as described in the Standard. The Standard addressed the financial reporting requirements and disclosure exemption in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS).

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

Basis of preparation of the Company financial statements (continued)
The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted IFRS in full. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRS's;
- disclosures in respect of the compensation of key management personnel;
- the disclosures required by IFRS 7 Financial Instrument disclosures.
- the requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The financial statements of the Group and the Company are presented in Pounds sterling, except where otherwise indicated.

Subsidiary audit exemption
BP INV3 TOPCO Ltd has issued parental company guarantees under s479C of the Companies Act 2006. As a result, for the year ended 31 December 2020, the following subsidiaries of the Group were entitled to exemption from audit:

BP INV3 BidCo Limited (10705096)
BP INV3 MidCo Limited (10704670)
TWMA Group Limited (SC205718)
Total Waste Management International Limited (SC212585)

Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year
In the current year, the Group and the Company have applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Going concern
Subsequent to the year end, the shareholders agreed to increase its investment in the Group and on 24 May 2021, the Company raised £6,421,000 through the issue of 64,260 new A shares. This additional investment reflects the high level of confidence from the shareholders of the Group and its future prospects. The Group has subsequently repaid the £4.5m that was drawn at year end under the Senior Revolving Credit Facility in full.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

Going concern (continued)
As disclosed in note 22, the Group's banking facilities contain certain covenants relating to leverage, interest and cashflow cover that are required to be met at each quarterly test date, being 31 March, 30 June, 30 September and 31 December. As a result of a forecast leverage covenant breach as at 31 December 2020, the Group sought and obtained a covenant waiver from its banks such that the Group avoided an event of default. The waiver obtained on 26 February 2021 relating to the 31 December 2020 test date allows the Group's borrowing continuing to be held as a non-current liability as at 31 December 2020.

In addition, the Group has successfully renegotiated and agreed an amendment and extension of its loan agreements with its lenders. The expiry dates of the loan agreements have been extended to 31 March 2023. The Group has agreed a revised set of financial covenants with significant headroom for the period to 31 March 2023. As a result of the above post balance sheet events, the Company's Directors have assessed the Group's and the Company's financial position for a period of not less than 12 months from the date of approval of the full year results.

The Group had committed credit facilities in place at 31 December 2020 (see Note 22), comprising an existing Term Loan facility with a balance of GBP £35.9 million and a Senior Revolving Credit Facility of GBP £7m, of which £2.2 million was utilised for guarantee facilities and £4.8 million was drawn down in cash for credit purposes.

The Company had net current liabilities as at 31 December 2020 of £350,523 (2019: £301,370). The Directors have, at the time of approving the financial statements, reasonable expectation that the Company and the Group have adequate resources to continue in operating existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Company's Directors have assessed the Group's financial position for a period of not less than 12 months from the date of approval of the full year results.

Basis of consolidation
The Group financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings ('subsidiaries') from the date of acquisition, or when control is transferred to the Group, up until the date of disposal, or cessation of control, as appropriate. Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies and generally accompany a shareholding of more than one half of the voting rights. Transactions between Group subsidiaries are eliminated. All Group companies apply the accounting policies of the Group and prepare financial statements to 31 December.

Foreign currencies
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

2. Summary of significant accounting policies (continued)

Foreign currencies (continued)
Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'administrative expenses'.
Group companies
The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Revenue recognition
Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

Processing at source, typically offshore on a customer's rig, platform or drillship, and revenue generated from rental of people and equipment
The Group provides a service of processing of drilling waste, slops and other associated materials generated from drilling operations by providing people and equipment to the customer at a pre-determined rate for a number of days. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the number of days on hire. Payment for these services is not due from the customer until the services are complete and therefore accrued revenue is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

Onshore processing at fixed facility of customers drilling waste, and revenue is generated by tonnage processed
Drilling waste is filled into the drill cuttings bins using various equipment configurations depending on project-specific requirements. The bins are then transferred via boat from drilling rigs to a specialist onshore processing facility. Such services are recognised as a performance obligation satisfied over time. The transaction price allocated to these services is recognised as deferred revenue at the time of the initial sales transaction and is released based on the tonnage processed.

Sale of oil resulting from the above processes
For sales of oil from the above processes, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the processing facility. At this point in time, the revenue is recognised by the Company as the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income
Interest is recognised when incurred. Interest is charged on inter-company balances based on signed agreement rates.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents
In the consolidated statement of cash flows, 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 consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Intangible assets and amortisation
Goodwill arises on the acquisition of subsidiaries 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 total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

Licences
Licences are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, and is recorded in administrative expenses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Goodwill
Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2. Summary of significant accounting policies (continued)

Business combinations (continued)
At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. Summary of significant 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. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets
Classification
The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables excluding prepayment' and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

2. Summary of significant accounting policies (continued)

Financial assets (continued)

Recognition and measurement (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. recognised.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

2. Summary of significant accounting policies (continued)

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off cost less the estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives as follows:

Freehold land and buildings	50 years straight line
Leasehold improvements	5-50 years straight line
Plant and machinery	7 - 10 years straight line
Motor vehicles	20% on reducing balance
Fixtures, fittings, tools and equipment	15% on reducing balance

Freehold land is not depreciated. Assets under construction are not depreciated until the asset is ready for use, and transferred to the appropriate asset category. The Group determines the fair value of its long-term lease building using the level 2 method of valuation under IFRS 13.

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 its 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 gains/(losses)' in the income statement.

Investments
Investments held as non-current assets are shown at cost less provision for impairment.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Research and development costs
Development costs are initially capitalised within assets under construction upon determination that such costs will enhance the economic benefits of the Group's asset base in one or more of the following areas:

- Increasing the capacity, capability or marketability of an asset;
- Extending the useful economic life of an asset;
- Improving the quality of the asset's output; or
- Significantly reducing the operating costs of an asset.

Development costs include internally generated costs, such as labour, where this cost can be directly attributed to a project which enhances the economic benefits of an asset as described above. Development costs are transferred to depreciating assets when the assets to which the costs relate become available for use.

Research costs are expensed to the income statement as they are incurred.

2. Summary of significant accounting policies (continued)

Leases
Lease identification
At inception of a contract, the Group shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use asset (ROUA)
At the commencement date, the right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the Group to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located.

The right of use asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability.

Lease liability
At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by the Group under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option. Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease, are also included.

The lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying value is re-measured when there is a change in future lease payments arising from the effective date of a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to selected leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option and where it is not reasonably certain that the lease term will be extended. It also applies the low-value assets recognition exemption to leases of assets of low value based on the value of the asset when it is new, regardless of the age of the asset being leased. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

On the balance sheet, right of use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

Financial liabilities and equity instruments
Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (continued)

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities (other than financial guarantee), including trade and other payables, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivate financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting
The Group designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents and documents causes for hedge ineffectiveness.

Note 14 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cashflow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profits or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, and gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

2. Summary of significant accounting policies (continued)

Current and deferred income 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 is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. 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 consolidated 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 initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects 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 balance sheet 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 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax losses are surrendered or claimed in the form of Group relief with consideration being received or paid accordingly. The Group relief amount is recorded separately within the receivables and payables amounts in the balance sheet as applicable, and is calculated by applying the tax rate enacted or substantially enacted at the balance sheet date to the income statement amount.

Retirement benefits
The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the funds in respect of the year. Assets are held in a separately administered scheme.

Capital instruments
The appropriate treatment of share capital as debt or equity is considered by assessing the rights attached to the shares. Where dividends are paid on equity shares, the amounts are transferred directly from reserves and disclosed only in the note to the financial statements.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised where the Directors consider a legal or constructive obligation exists, it is probable that a transfer of economic benefits will be required to settle the obligations and a reliable estimate of the obligation can be made. Where amounts provided are payable after more than one year, the estimated liability is discounted using an appropriate discount rate. Where the outcome is less than probable, but more than remote, no provision is recorded but a contingent liability is disclosed in the financial statements, if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the Group's balance sheet includes provisions for doubtful debts, warranty provisions, contract provisions (including onerous contracts) and pending legal issues.

Exceptional and non-recurring items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the underlying financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Items that are material either because of their size or nature, are presented as non-recurring items, within their relevant income statements category and disclosed separately in the notes to the financial statements. The separate reporting of non-recurring items helps in the understanding of the Group's underlying performance.

3. New and future accounting standards

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3 Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use;
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020 Cycle;Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

4. Critical accounting estimates and judgements

In the application of the Company's accounting policies, described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities and recognised amounts of income and expenses 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.

Critical judgements in applying the Group and Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Exceptional Costs
Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the underlying financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Items that are material either because of their size or nature, are presented as non-recurring items, within their relevant income statements category or disclosed separately in the notes to the financial statements. There is a level of judgment involved as to whether the expenses are classified as non-recurring due to their size or nature. See Note 11 for further details.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are consistent with the critical judgments in applying the accounting policies above.

Goodwill
The key accounting estimates and judgements used in determining goodwill and evaluating it for impairment are as detailed in note 13.

Notes to the Financial Statements (continued)

5. Revenue

The Group's revenue primarily arises from the provision of drilling waste management and disposal services to the oil and gas industry. Revenue is recognised only from the provision of services. Geographical analysis of the Group's revenue is shown below. The geographical analysis is based on revenue by destination.

	Group 2020 £	Group 2019 £
Geographical analysis		
United Kingdom	**20,593,548**	22,751,556
Europe	**1,960,347**	4,206,327
Middle East	**15,110,510**	18,833,341
USA	**9,071,762**	22,142,912
Rest of World	**2,361,760**	2,372,246
	49,097,927	70,306,382

Revenue recognised in the year that was included in the deferred revenue balance at the beginning of the year was £477,510 (2019 - £595,707).

6. Loss for the year

Loss for the year is stated after charging/(crediting):

	Notes	Group 2020 £	Group 2019 £
Employee benefit expense	7	**21,824,747**	30,616,682
Depreciation of property, plant and equipment	16	**9,362,763**	8,445,028
Depreciation of right-of-use assets	16	**522,042**	536,809
Amortisation of intangible assets	15	**181,106**	181,107
Loss on disposal of property, plant and equipment		**24,989**	69,396
Inventory expensed	18	**617,195**	1,852,953
Operating lease costs		**505,426**	3,205,872
Research and development (income)/costs		**70,173**	(22,247)
Exceptional items	11	**2,878,547**	899,479
Loss on foreign exchange		**(1,056,791)**	(611,702)

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

6. Loss for the year (continued)

Auditor's remuneration:

	2020	2019
	£	£
Services provided by the Company's auditor		
- Fees for audit of parent Company	**30,000**	30,000
- Fees for audit of subsidiaries	**179,491**	183,700
- Other taxation advisory services	**87,082**	44,526
	296,573	258,226

7. Employee benefit expense

	Group 2020	Group 2019
	£	£
Staff Costs:		
Wages and salaries	**19,184,223**	27,516,138
Social security costs	**1,746,023**	2,350,018
Other pension costs	**894,501**	750,526
	21,824,747	30,616,682

The parent company did not incur any employee staff costs for the year ending 31 December 2020 (2019: £nil). There were no employees employed by the Company during either year.

The Group operates defined contribution pension schemes for eligible employees. Pension costs charged in the year amounted to £894,501 (2019 - £750,526). Contributions payable to the fund which were outstanding as at 31 December 2020 were £93,928 (2019 – £91,949).

The monthly average number of persons employed by the Group during the period, including the Directors, was as follows:

	2020 Number	2019 Number
Marketing and sales	**15**	18
Office and administration	**59**	58
Operations	**505**	614
	579	690

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	**645,477**	660,200
Pension contributions to defined contribution schemes	**34,916**	53,040
	680,393	713,240

During the year retirement benefits were accruing to three Directors in respect of defined contribution pension schemes.

The remuneration of the highest paid Director was £373,817 (2019 - £274,928). Pension contributions of £19,166 (2019 - £23,000) were paid in respect of the highest paid Director.

9. Finance income

	Group 2020	Group 2019
	£	£
Bank interest	**509**	1,711
	509	1,711

10. Finance costs

	Group 2020	Group 2019
	£	£
Interest on bank loans and overdrafts	**3,258,518**	4,346,929
Lease costs	**185,144**	204,672
Fair value loss on interest swaps	**89,968**	155,904
	3,533,630	4,707,505

11. Exceptional items

Exceptional items are costs which the Directors feel require separate disclosure to ensure that the underlying trading position is appropriately disclosed.

	Group 2020 £	Group 2019 £
Cost of Sales		
- COVID costs (a)	**426,260**	-
- Reorganisation costs (b)	**1,031,132**	
- Other	**107,954**	-
Administrative expenses		
- COVID costs (a)	**35,541**	-
- Professional fees (c)	**95,795**	264,535
- Reorganisation costs (b)	**936,346**	484,755
- Gifted shares (d)	**224,678**	-
- Other	**20,841**	150,189
	2,878,547	899,479

a) COVID costs – costs incurred as a result of the global COVID-19 pandemic that would not have been incurred otherwise.
b) Reorganisation costs – costs incurred relating to reorganising the Group including severance and redundancy of personnel.
c) Professional fees – costs incurred relating to the purchase of Dynamic Oilfield Services (2018), TWMA Group Limited (2017) and various other proposed acquisitions, including professional advisory fees and Directors' bonuses.
d) Gifted shares – costs incurred relating to gifted shares during the year on the appointment of new directors, including tax and national insurance costs.

12. Income tax expense (continued)

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and as a result, deferred tax balances as at 31 December 2020 continue to be measured at 19%.

A deferred tax asset of £5,254,532 (2019 - £5,774,160) has not been recognised at 31 December 2020 which relates to excess interest restriction capacity, non-trade losses and overseas losses. This asset has not been recognised due to uncertainty of future profits.

13. Goodwill

	Group 2020 £	Group 2019 £
Cost and carrying amount		
At 1 January	**36,491,011**	36,875,498
Adjustments to the fair value of net assets acquired	**(84,932)**	(384,487)
At 31 December	**36,406,079**	36,491,011

During the year a correction was made to the fair value of net assets deemed to have been acquired as at 30 June 2018.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs), or group of units, that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Group 2020 £	Group 2019 £
Segment A		
CGU 1 - TWMA Group	**18,444,873**	18,444,873
CGU 2 - Dynamic Oilfield Services	**17,961,206**	18,046,138

The Group tests goodwill annually for impairment or more frequently if there are indications that it might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected future cash flows.

14. Derivative financial instruments (continued)

The fair value of interest rate swaps has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

Sterling interest rate swap
The fair value of the sterling interest rate swaps at the balance sheet date was a liability of £67,944 (2019 - £46,697). This swap is designated as a hedge on approximately 70% of the expected floating rate payments expected to arise in the period to 30 September 2021 on £12,500,000 senior sterling bank loans. The terms of these contracts are that the Company pays a fixed rate of 1.04% and receives 3 month floating LIBOR rate from HSBC (net settled quarterly) on a £8,750,000 notional sum subject to a repayment schedule in line with the bank loan.

US dollar interest rate swap
The fair value of the US dollar interest rate swaps at the balance sheet date was a liability of £109,202 (2019 – £40,481). This swap is designated as a hedge on approximately 70% of the expected floating rate payments expected to arise in the period to 30 September 2021 on $16,066,250 senior US dollar bank loans. The terms of these contracts are that the Company pays a fixed rate of 1.943% and receive 3 month floating LIBOR rate from HSBC (net settled quarterly) on a $11,250,000 (£8,252,096) notional sum subject to a repayment schedule in line with the bank loan.

15. Other intangible assets

	Licences £
Cost	
As at 1 January 2020 and 31 December 2020	**1,811,069**
Accumulated amortisation	
As at 1 January 2020	482,952
Charge for the year	181,106
As at 31 December 2020	**664,058**
Net book value	
As at 31 December 2020	**1,147,011**
As at 31 December 2019	1,328,117

Other intangible assets relate to a long term licence to enable the Group to build more 'TCC RotoMills' as required. This licence is being amortised over a period of 10 years. Amortisation is charged through administrative expenses.

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

16. Property, plant and equipment

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings, tools and equipment £	Assets under construction £	Total £
Cost						
At 1 January 2020	4,956,327	48,671,498	1,335,196	824,951	3,434,572	59,222,544
Additions	-	1,091,924	657,335	22,577	3,675,670	5,447,506
Disposals	-	(2,156,961)	(1,244,036)	(62,502)	(320,201)	(3,783,700)
Transfer between classes	674,565	4,314,504	-	1,026,748	(6,015,817)	-
Foreign currency translation	(101,559)	(5,298,082)	(244,248)	(50,158)	(2,182)	(5,696,229)
At 31 December 2020	**5,529,333**	**46,622,883**	**504,247**	**1,761,616**	**772,042**	**55,190,121**
Accumulated depreciation						
At 1 January 2020	331,530	18,501,597	451,770	263,283	-	19,548,180
Charge for the year	155,386	8,272,663	452,742	481,972	-	9,362,763
Disposals	(12,472)	(1,730,895)	(801,800)	(48,348)	-	(2,593,515)
Foreign currency translation	(16,294)	(3,691,487)	(19,950)	(4,331)	-	(3,732,062)
At 31 December 2020	**458,150**	**21,351,878**	**82,762**	**692,576**	**-**	**22,585,366**
Net book value						
At 31 December 2020	**5,071,183**	**25,271,005**	**421,485**	**1,069,040**	**772,042**	**32,604,755**
At 31 December 2019	4,624,797	30,169,901	883,426	561,668	3,434,572	39,674,364

All Property, plant & equipment has been pledged as security over the Group's borrowings as detailed in note 22.

At 31 December 2020, included within net book value of land and buildings is £1,607,829 (2019 - £1,645,698) relating to long-term leasehold land and buildings. Included in land and buildings is freehold land of £10,000 (2019 - £10,000) which is not depreciated.

No independent valuation of the Group's land and buildings was performed to determine the fair value of the land and buildings as at 31 December 2020. The Group determines the fair value of its long-term lease building using the level 2 method of valuation under IFRS 13.

Notes to the Financial Statements (continued)

16. Property, plant and equipment (continued)

Right-of-use assets	Land & buildings £
Cost	
As at 1 January 2020	**3,701,751**
Additions	**592,217**
Variations	**(356,819)**
Disposals	**(119,565)**
Foreign currency translation	**(71,764)**
As at 31 December 2020	**3,745,820**
Accumulated depreciation	
As at 1 January 2020	536,809
Charge for the year	522,042
As at 31 December 2020	**1,058,851**
Net book value	
As at 31 December 2020	**2,686,969**
As at 31 December 2019	3,164,942

Leases (Group as a lessee)

The Group leases various items of plant and equipment under non-cancellable finance lease agreements. The lease terms are between 1 and 5 years, and the Group has ownership of the assets.

Amounts recognised in profit and loss	2020 £	2019 £
Depreciation expense on right-of-use assets	**522,042**	536,809
Interest expense on lease liabilities	**185,144**	204,672
Expense relating to short-term leases	**498,412**	652,174
Expense relating to leases of low value assets	**7,014**	8,947

At 31 December 2020, the Group is committed to £12,486 (2019 - £517,183) for short-term leases.

The total cash outflow for leases amount to £661,871 (2019 - £419,152).

All leases relate to rental properties, and there is no potential exposure not reflected in the above.

17. Investments

Cost and net book value	Company 2020 £
At 1 January 2020	51,955,221
Acquired during the year	-
As at 31 December 2020	**51,955,221**

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The amount acquired during the year represents the investment in the ordinary share capital of BP INV3 HoldCo Ltd.

Details of the subsidiary undertakings are as follows:

Name of undertaking	Country of incorporation	Class of shares	Proportion of issued ordinary shares held by the Company
TWMA Group Limited	Scotland	Ordinary	100%
Total Waste Management Alliance Limited	Scotland	Ordinary	100%
TWMA Middle East Limited	Scotland	Ordinary	100%
Total Waste Management International Limited	Scotland	Ordinary	100%
TWMA Egypt for Oil Services S.A.E.	Egypt	Ordinary	100%
TWMA Norge AS	Norway	Ordinary	100%
Total Waste Management Nigeria Limited	Nigeria	Ordinary	100%
Total Waste Management Alliance Nigeria Limited	Nigeria	Ordinary	100%
Total Waste Management Alliance Inc	USA	Ordinary	100%
BP Inv3 Holdco Limited	England	Ordinary	100%
BP Inv3 Midco Limited	England	Ordinary	100%
BP Inv3 Bidco Limited	England	Ordinary	100%
BP Inv3 US Bidco LLC	USA	Ordinary	100%
Dynamic Oilfield Services	USA	Ordinary	100%

17. Investments (continued)

Name of undertaking	Registered address
TWMA Group Limited	Blackwood House, Union Grove Lane, Aberdeen, United Kingdom, AB10 6XU
Total Waste Management Alliance Limited	Blackwood House, Union Grove Lane, Aberdeen, United Kingdom, AB10 6XU
TWMA Middle East Limited	Blackwood House, Union Grove Lane, Aberdeen, United Kingdom, AB10 6XU
Total Waste Management International Limited	Blackwood House, Union Grove Lane, Aberdeen, United Kingdom, AB10 6XU
TWMA Egypt for Oil Services S.A.E.	S.A.E 64 Street 13, Port Saeid, Square Maadi, Cairo, Egypt
TWMA Norge AS	Jåttåvågveien 7B, 6th Floor, 4020, Stavanger, Norway
Total Waste Management Nigeria Limited	10 Turton Street, 4th Floor, Lagos island, Nigeria
Total Waste Management Alliance Nigeria Limited	10 Turton Street, 4th Floor, Lagos island, Nigeria
Total Waste Management Alliance Inc	N/A
BP Inv3 Holdco Limited	International House, 24 Holburn Viaduct, London, England, EC1A 2BN
BP Inv3 Midco Limited	International House, 24 Holburn Viaduct, London, England, EC1A 2BN
BP Inv3 Bidco Limited	International House, 24 Holburn Viaduct, London, England, EC1A 2BN
BP Inv3 US Bidco LLC	International House, 24 Holburn Viaduct, London, England, EC1A 2BN
Dynamic Oilfield Services	7201 Sedwick, Road, Corpus Christi, TX 78409, USA

All shares are held by subsidiary undertakings other than BP INV3 Holdco Limited. The nature of the business of all subsidiaries is waste management and disposal and the Company has invested in Ordinary shares in all cases. TWMA Group Limited, BP INV3 Holdco Limited, BP INV3 Midco Limited, BP INV3 Bidco Limited and BP Inv3 US Bidco LLC are intermediate holding companies. All the above subsidiaries are consolidated in these financial statements.

TWMA Group Limited (SC205718), Total Waste Management International Limited (SC212585), BP Inv3 Bidco Limited (10705096) and BP Inv3 Midco Limited (10704670) are exempt from the audit requirement of the UK Companies Act 2006 by virtue of s479A of that act.

18. Inventories

	Group 2020 £	Group 2019 £
Inventories	**3,132,438**	2,690,623

Inventories consist of consumables and spares parts used in the operation of the Group's equipment and for the provision of services. Inventories are not held for re-sale. Inventory of £617,194.56 (2019 - £1,852,953) was recognised as an expense during the year.

19. Trade and other receivables

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade receivables	**6,823,693**	-	13,877,618	-
Loss allowance	**(70,049)**	-	(19,411)	-
Net trade receivables	**6,753,644**	-	13,858,207	-
Amounts owed by related parties	**-**	**48,800**	-	48,800
Other receivables	**1,082,897**	**18**	1,488,027	18
Other tax	**248,871**	-	248,871	-
Prepayments	**736,956**	-	851,504	-
Accrued revenue	**140,103**	-	281,221	-
	8,962,471	**48,818**	16,727,830	48,818

Trade and other receivables that are neither past due nor impaired are expected to be fully recovered as there is no recent history of default or any indications that the debtors will not meet their payment obligations.

Trade and other receivables that are past due and not impaired are expected to be settled with no material financial risk.

Receivables are considered past due when they become older than 30 days or longer in cases where specific credit terms have been agreed. The ageing of those trade receivables past due is as follows:

Ageing of past due but not impaired	2020 £	2019 £
Up to 3 months	**2,662,438**	5,570,800
Over 3 months	**6,289**	57,366
Total	**2,668,727**	5,628,166

No receivables have been impaired during the year (2019 - £nil).

Amounts owed by related parties are repayable on demand and attract interest at market rates.

The fair values of trade and other receivables are as per the analysis in the table above.

All of these balances relate to customers for whom there is no recent history of default.

Notes to the Financial Statements (continued)

19. Trade and other receivables (continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2020	2019
	£	£
Sterling	3,294,345	5,578,229
US Dollar	5,650,061	10,050,618
Norwegian Krone	16,362	1,098,983
	8,960,768	16,727,830

The average credit period on sales of goods is 60 days (2019 – 60 days). No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

The expected credit loss allowance has increased from £19,411 in 2019 to £70,049 for the year ended 31 December 2020.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2020	2019
	£	£
Balance as at 1 January	19,411	84,514
Amounts written off	-	(65,103)
Amounts provided for as uncollectable	50,638	-
Balance as at 31 December	70,049	19,411

20. Trade and other payables

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade payables	**3,415,612**	-	5,864,390	-
Amounts owed to related parties	-	**352,835**	-	210,000
Other tax and social security	**1,628,105**	-	1,438,027	-
Other payables	**46,506**	**46,506**	140,188	140,188
Accruals	**3,004,684**	-	6,059,202	-
Deferred revenue	**216,177**	-	477,510	-
Foreign withholding tax	**1,228,788**	-	1,233,166	-
	9,539,872	**399,341**	15,212,483	350,188

Foreign withholding tax represents tax payable on intercompany services between Total Waste Management Alliance Limited and TWMA Egypt for Oilfield Services.

Trade payables represent amounts payable for the supply of goods and provision of services. The average creditors days turnover for payment for services and supplies delivered is 60 days (2019 - 50 days). No interest is charged on outstanding balances.

Amounts owed to related parties are repayable on demand and attract interest at market rates.

The Group's exposure to foreign risk and liquidity risk is disclosed in note 31 (Financial risk management).

21. Tax liabilities

	Group 2020 £	Group 2019 £
Current tax - International	-	106,623
	-	106,623

22. Borrowings

All borrowings are measured at amortised cost.

	Group 2020 £	Group 2019 £
Current		
Bank borrowings	**5,587,173**	6,474,552
	5,587,173	6,474,552
Non-current (due 1-5 years)		
Bank borrowings	**33,652,795**	34,521,706
Loan notes	**2,829,746**	2,829,746
	36,482,541	37,351,452
Total borrowings	**42,069,714**	43,826,004

Bank loans and overdrafts

The banking facilities in place at the year end are as follows:

Facility	Interest rate
£12.5m Term loan repayable in 2 years (fully drawn)	LIBOR + 7.5%
$16m Term loan repayable in 2 years (fully drawn)	LIBOR + 7.5%
$12.6m Term loan repayable in 2 years (fully drawn)	LIBOR + 6%
$3.5m Term loan repayable in instalments (fully drawn)	LIBOR + 5%
£7.0m Senior revolving credit facility	LIBOR + 4.5%

Financing fees of £678,617 (2019 - £1,179,928) incurred on the set up of the bank facilities are included in the calculation of the effective interest rate.

The lender of the £12.5m and $16m term loans is CVC Credit Partners. The Group pays floating LIBOR on top of the fixed interest rates with a minimum LIBOR rate of 1.0%. On 3 May 2017 the facility was fully drawn and remains so as at 31 December 2020. Interest rate swaps were taken out to hedge 70% of the LIBOR liability over the period of the facilities at rates of 1.04% and 1.943% respectively (see note 14 for further information). Both amounts are repayable on 31 March 2023.

The lender of the $18m term loan is HSBC Bank PLC. The Group pays floating LIBOR on top of the fixed interest rates. On 19 June 2018 the facility was fully drawn in two tranches of $12.6m and $5.4m. The $12.6m is repayable on 31 December 2022. The second tranche is repayable in instalments with the final payment due on 31 December 2022.

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

22. Borrowings (continued)

Bank loans and overdrafts (continued)

The lender of the revolving credit facility is HSBC Bank PLC. The Group pays floating LIBOR on top of the fixed interest rates. At the year end £2.2m of the facility was utilised for guarantee facilities and £4.5m was drawn down as part of the revolving credit facility.

The Group's banking facilities contain certain covenants relating to leverage, interest and cashflow cover that are required to be met at each quarterly test date, being 31 March, 30 June, 30 September and 31 December. As a result of a forecast leverage covenant breach as at 31 December 2020, the Group sought and obtained a covenant waiver from its banks such that the Group avoided an event of default. The waiver obtained on 26 February 2021 relating to the 31 December 2020 test date allows the Group's borrowing continuing to be held as a non-current liability as at 31 December 2020.

During the year, in the US, Dynamic Oilfield Services obtained a $400,000 loan through the US Government Paycheck Protection Program (PPP). It is expected that under the rules of the PPP scheme, a significant element of this loan will be forgiven. This forgiveness request and approval is expected to be received during 2021.

Bank borrowings are secured. Loan notes are unsecured.

The securities granted in favour of the banks comprise a share pledge over all shares in all Group companies, standard floating charges over all UK assets, a bond and fixed charge over the assets of the Group and a pledge over the Norwegian assets.

A cross guarantee exists between the Company and other Group companies for the bank borrowings. As at 31 December 2020, the potential liability under this arrangement amounts to £42,889,714 (2019- £42,277,967).

Loan notes

As part of the acquisition of TWMA Group Limited legacy preference shares and loan notes were purchased, including the interest accrued but not paid at that date. Subsequent to completion, the bulk of these shares and loan notes were converted into Ordinary shares in TWMA Group Limited except for interest on certain of the preference shares.

Maturity of financial obligations

Group	Loans £	Other financial liabilities £	As at 31 December 2020 £
Less than one year	5,587,173	-	**5,587,173**
Between one and two years	1,500,000	2,829,746	**4,329,746**
Between two and five years	32,152,795	-	**32,152,795**
Over five years	-	-	-
	39,239,968	2,829,746	**42,069,714**

23. Lease liabilities

As a lessee, the Group leases several assets including land and buildings and plant and machinery. The information about leases for which the Group is a lessee is presented below.

	Group 2020 £	Group 2019 £
Current		
Lease liabilities	**634,395**	1,010,285
Non-current (due 1-5 years)		
Lease liabilities	**2,580,887**	2,858,946
	2,580,887	2,858,946
Total borrowings	**3,215,282**	3,869,231

Maturity of lease liabilities

	2020 £	2019 £
Less than one year	**832,707**	1,239,838
Between one and two years	**635,554**	593,149
Between two and five years	**1,038,800**	1,280,376
Over five years	**4,100,900**	4,297,478
Total gross payments	**6,607,961**	7,410,841
Less finance charges included in above	**(3,392,679)**	(3,541,610)
Present capital value of finance lease liabilities	**3,215,282**	3,869,231

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The Group has applied the practical expedient not to restate the comparative lease liabilities under IFRS16.

24. Provisions for liabilities and charges and deferred income tax liabilities

Provisions

Group	Dilapidation provision £	Total £
At 1 January 2020	946,440	946,440
Release of provision during year	(146,440)	(146,440)
At 31 December 2020	**800,000**	**800,000**

Dilapidation provision
Under the terms of agreements for certain leasehold land and buildings the Group is obligated to return the premises to the lessor on cessation or termination of the lease, having been maintained to a certain standard. The provision represents the Group's agreed obligation to restore the leased premises to the standard specific for the lease at the end of the lease.

All provisions for liabilities and charges are now classified as current.

Deferred income tax liabilities

Group	Note	Accelerated capital allowances £	Total £
At 1 January 2020		(461,817)	(461,817)
Current year charge	12	(995,522)	(995,522)
At 31 December 2020		**(1,457,339)**	**(1,457,339)**

The deferred tax liabilities are based on a corporation tax rate of 19.00% (2019 – 17.00%).

A deferred tax asset of £5,254,532 (2019 - £5,774,160) has not been recognised at 31 December 2020 which relates to excess interest restriction capacity, non trade losses and overseas losses. This asset has not been recognised due to uncertainty of future profits.

25. Ordinary shares

Shares classified as equity	As at 31 December 2020 £	As at 31 December 2019 £
Allotted, called up and fully paid during the period:		
536,753 (2019 - 534,253) "A" ordinary shares of £0.01 each	**5,367**	5,343
1,500 (2019 - 1,000) "B" ordinary shares of £0.70 each	**1,050**	700
22,695 (2019 - 16,380) "C" ordinary shares of £0.001 each	**23**	16
	6,440	6,059

The "A" and "B" ordinary shares rank pari passu but the "B" shares have no voting rights. The ordinary "C" shares have no voting rights.

During the year new share capital was issued. 2,500 "A" ordinary shares were issued at £100 per share. 500 "B" ordinary shares and 14,329 "C" ordinary shares were issued and 8,014 "C" ordinary shares were repurchased by the Company during the year.

26. Reserves

	Other reserves				
	Own shares	Foreign currency translation reserve	Total	Share premium	Accumulated losses
Group	£	£	£	£	£
At 1 January 2020	369	1,210,634	1,211,003	48,537,619	(9,780,275)
Loss for the financial year	-	-	-	-	(4,488,481)
Shares issued/(repurchased) during year	(342)	-	(342)	249,976	(58,542)
Acquisition fair value adjustment (note 13)	-	-	-	-	(74,750)
Foreign exchange movements	-	(2,129,246)	(2,129,246)	-	-
At 31 December 2020	**27**	**(918,612)**	**(918,585)**	**48,787,595**	**(14,402,048)**

The own shares reserve represents the cost of shares in BP Inv3 TopCo Limited purchased and held by the Company.

The movement in foreign currency translation reserve relates to the revaluation of non-cash balance sheet transactions. These are stated net of tax effects.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses. There was a written resolution passed in the year to reduce share premium from the accumulated reserves.

The accumulated losses represent cumulative distributable profits or losses net of dividends paid and other adjustments. This also includes an adjustment to the fair value of assets acquired in the acquisition of Dynamic Oilfield Services in 2018.

26. Reserves (continued)

Company	Own shares £	Share premium £	Accumulated losses £
At 1 January 2020	369	48,537,619	3,109,804
Loss for the financial year	-	-	(240,626)
Shares issued/(repurchased) during year	(342)	249,976	(58,542)
At 31 December 2020	**27**	**48,787,595**	**2,810,636**

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income statement. The loss for the year dealt with in the financial statements of the Company was £240,626 (2019 - £12,293).

27. Cash generated from operations

Group	2020 £	2019 £
Operating profit/(loss)	**(2,870,379)**	884,694
Adjustments for:		
Depreciation, amortisation and impairment	**9,543,870**	8,626,135
Depreciation of right of use asset	**522,042**	536,809
Loss on disposal of property, plant and equipment	**-**	-
Exchange differences	**(100,379)**	(572,539)
Operating cash flows before working capital movements	**7,095,154**	9,476,099
Changes in working capital:		
Increase in inventories	**(441,439)**	(113,238)
Increase/(decrease) in trade and other receivables	**7,807,423**	(66,909)
Decrease in trade and other payables	**(3,875,699)**	(189,072)
Tax paid	**(70,965)**	(230,172)
Net cash inflow from operating activities	**10,514,474**	**8,875,708**

28. Subsequent events

Subsequent to the year end, the shareholders agreed to increase its investment in the Group and on 24 May 2021, the Company raised £6,421,000 through the issue of 64,260 new A shares. This additional investment reflects the high level of confidence from the shareholders of the Group and its future prospects. The Group has subsequently repaid the £4.5m that was drawn at year end under the Senior Revolving Credit Facility in full.

In addition, the Group has successfully renegotiated and agreed an amendment and extension of its loan agreements with its lenders. The expiry dates of the loan agreements have been extended to 31 March 2023. The Group has agreed a revised set of financial covenants with significant headroom for this period.

There are no other material events that have occurred subsequently to the balance sheet date to the date of approval of these financial statements that affect the reported financial position at 31 December 2020.

29. Related party transactions

Related party	Description	2020 £	Balance at year end £	2019 £	Balance at year end £
Buckthorn Partners LLP	Fees	**78,303**	**32,626**	75,803	60,032
Buckthorn Partners LLP	Expenses	**10,437**	-	59,460	51,336

Buckthorn Partners LLP are the current owners of the Group. Representatives of Buckthorn Partners LLP attend Board meetings on behalf of the Group's ultimate controlling party, BP INV3 LP.

The Company and other companies in the Group joined in cross guarantees with respect to bank loans totalling £42,889,714 (2019 - £42,277,967).

Key management compensation

Key management is defined as attendees of the Group's Board meetings, including Directors of the Company. The compensation paid to key management for employee services is shown below:

Group	2019 £	2019 £
Salaries & bonuses	**1,329,459**	1,388,903
Pension	**89,345**	107,303
Benefits-in-kind	**4,734**	10,068
TOTAL	**1,423,538**	1,506,274

30. Ultimate controlling party

At the year end the ultimate parent undertaking and controlling party of BP Inv3 Topco Limited was BP INV3 LP, a partnership incorporated in Jersey, with a registered address of 26 New Street, St Helier, Jersey, JE2 3RA. The majority of BP INV3 LP is owned by Buckthorn Partners LLP, which in turn is controlled by its general partner Buckthorn Jersey (GP) Ltd. BP Inv3 Topco Limited is the only parent company to prepare consolidated group accounts.

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks - market risk (including foreign exchange risk, interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, detailed in the table below. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The revenues and costs of entities not based in the UK are largely denominated in their own or common currencies, therefore there is an element of natural hedge on the foreign exchange risks.

For the financial year ended 31 December 2020, if Sterling had weakened/strengthened by 10% against the US dollar with all other variables held constant, EBITDA for the year would have been £808,093 higher / £987,669 lower (2019 - £1,187,937 higher / £1,451,923 lower), as a result of conversion of EBITDA generated by Group entities with a functional currency of US dollar.

The average key fx rates used for retranslation in the profit and loss account and balance sheet in 2020 were:

USD - 1.29 (2019 – 1.28)
AED - 4.73 (2019 – 4.69)
NOK - 12.12 (2019 – 11.24)
EGP – 20.30 (2019 – 21.34)

The following table presents the Sterling equivalent of the Group's key monetary assets and liabilities denominated in currencies other than Sterling as at 31 December 2020:

(£ equivalent)	Norway NOK	United States USD	Egypt EGP	Abu Dhabi AED
Trade receivables	-	3,506,872	(97,718)	291,100
Cash at bank and in hand	15,512	1,426,219	43,307	18,126
Trade payables	(13,140)	(1,382,901)	(94,437)	(45,746)
Borrowings	-	(23,717,969)	-	-
	2,372	**(20,167,779)**	**(148,848)**	**263,480**

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

31. Financial risk management (continued)

Financial risk factors (continued)

(b) *Interest rate risk*
The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

For the year ended 31 December 2020, if interest rates on the major borrowings (namely the CVC and HSBC loans) had been 100 basis points higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been £189,537 lower/higher (2019 - £134,849).

All other borrowings are subject to fixed interest rates; consequently, no interest rate risk is inherent, and, accordingly, no scenario simulation has been performed for those borrowing instruments.

(c) *Credit risk*
Credit risk is managed locally by each of the trading entities, all of whom follow similar procedures and comply with the policies of the Group. Each local entity is responsible for managing and analysing credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and credit exposure to customers, including outstanding receivables and committed transactions. Local teams assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to the majority of customers are settled using bank transfers.

(d) *Liquidity risk*
Cash flow forecasting is performed in the operating entities of the Group and aggregated and monitored at Group level. The rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that it does not breach its borrowing limits or covenants on any of those facilities.

Surplus cash held by the operating entities over and above balances required for working capital management are transferred to Group accounts.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, The Group manages liquidity risk by seeking to maintain sufficient facilities to ensure availability of funds for forecast and actual cash flow requirements.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of the Group's financial liabilities have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to assist in ensuring adequate liquidity is maintained. Refer also to Note 3 for further details of the material uncertainty in respect of Going Concern.

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)

Notes to the Financial Statements (continued)

31. Financial risk management (continued)

Financial risk factors (continued)
The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

(£ equivalent)	Less than one year £	Between one and two years £	Between two and five years £	Over five years £	Total £
Borrowings	5,587,173	1,500,000	32,152,795	-	39,239,968
Lease liabilities	634,395	475,469	728,545	1,376,873	3,215,282
Preference shares	-	2,829,746	-	-	2,829,746
	6,221,568	**4,805,215**	**32,881,340**	**1,376,873**	**45,284,996**

Capital management
The Group's principal objective when managing its capital is to safeguard its ability to continue as a going concern in order to continue to provide returns for shareholders and benefits for other stakeholders including the lenders where the Group is required to meet certain covenants at the end of each quarter

This is managed through a combination of the following:
1. Continuously monitoring cash flows and expected cash flows against expectations;
2. Regularly monitoring the Group's leverage, which is defined as the ratio of third-party borrowings (note 22) to EBITDA, against the limit set out in its banking covenants. The aim is to ensure that there is always sufficient current and projected headroom against this limit with an amount of 50% of projected EBITDA being used as a guide for this purpose.
3. Ensuring that there are sufficient committed borrowings facilities (note 22) to cover any short-term unexpected downturns in trading.

For the purposes of the Group's capital management, capital includes share capital and all other reserves. The primary objective of the Group's capital management is to continue trading as a going concern and to maximise shareholder value.

Annual report and consolidated financial statements for the year ended 31 December 2020 (continued)
Notes to the Financial Statements (continued)

31. Financial risk management (continued)

The Group's financial instruments are classified as follows:

	2020 **£** **Carrying value**	2019 £ Carrying value
Financial assets		
Financial assets held at amortised cost		
Loans and receivables		
- Trade and other receivables	8,962,471	16,727,830
- Cash and bank balances	2,878,356	3,483,660
	11,840,827	20,211,490
Financial assets held at fair value through the profit/loss		
- Derivative Financial Instrument	-	-
	11,840,827	20,211,490
Financial liabilities		
Financial liabilities held at amortised cost		
- Bank borrowings	39,239,968	40,996,258
- Finance lease agreements	3,215,282	3,869,231
- Trade and other payables	9,539,872	15,212,483
	51,995,122	60,077,972
Financial liabilities held at fair value through the profit/loss		
- Derivative Financial Instrument	177,146	87,178
	52,172,268	60,165,150

Fair value of financial statements
Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. Management consider fair value of all financial assets and financial liabilities approximates their carrying amount and determined using level 3 inputs.

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Additional information

EBITDA (before exceptionals)

Earnings before interest, taxation, depreciation and amortisation (EBITDA) is a non-IFRS measure (unaudited) that is as disclosed in the Strategic and Directors' report and is calculated as follows:

	2020	2019
	£	£
Operating profit/(loss)	**(2,870,379)**	50,016
Add back: loss on disposal of property, plant & equipment	**24,989**	69,396
Add back: depreciation, amortisation and impairment	**10,065,911**	9,162,944
Add back/(deduct): unrealised exchange losses/(gains)	**(179,433)**	261,284
Add back: exceptional items	**2,878,547**	899,479
Add back: non-recurring items	**500,348**	414,364
Add back: Saudi trial costs	**-**	2,547,840
EBITDA	**10,419,983**	13,405,323