

Registration number: 11963946

OLIVE STORAGE MIDCO LTD
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

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Olive Storage Midco Ltd

Consolidated Financial Statements for the year ended 31 December 2020

Table of Contents	Page
Corporate Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 - 13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Company Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Company Statement of Cash Flows	20
Notes to the Consolidated Financial Statements	21 - 51

Important Note

The contents of this report do not constitute advice and no person should make any investment decisions in reliance on the contents of this report.

Corporate Information

**Principal Place of Business and
Registered Address**

Bow Bells House
1 Bread Street,
London, EC4M 9HH
U.K. (from 26 April 2019 to 26 May 2021)

4th Floor, 3 More London Riverside
London, SE1 2AQ
U.K. (from 27 May 2021)

Shareholder

Olive Storage Holdings Ltd
4th Floor, 3 More London Riverside
London, SE1 2AQ
U.K.

Legal Advisors

Clifford Chance LLP
10 Upper Bank Street,
London, E14 5JJ
U.K.

Tax Advisors

Deloitte LLP
2 New Street Square,
London, EC4A 3BZ
U.K.

Independent Auditor

Ernst & Young LLP
1 More London Riverside,
London, SE1 2AF
U.K.

Administrator

IQ EQ Administration Services (UK) Ltd
4th Floor, 3 More London Riverside
London, SE1 2AQ
U.K.

Strategic Report

The Directors present their strategic report for Olive Storage Midco Ltd, and its subsidiaries, Olive Storage Ltd and Oikos Storage Limited (together "the Group"), for the year ended 31 December 2020.

Principal activities and business review

The principal activity of the Group during the year was the storage and distribution of bulk liquids. The principal activity of Olive Storage Midco Ltd is to hold an investment for its Shareholder.

The strategy of the Group is to safely provide flexible storage services to its customers and develop its infrastructure to support the evolving needs of the market. The available storage has been fully utilised throughout the year between two key customers, and is expected to continue to remain fully utilised.

The Group benefits from a potential development opportunity, comprising 15 hectares of surplus land, able to accommodate additional tank capacity. The business is currently exploring the potential, attractive options that this brings.

Results

The Group's loss after tax for the 12-month period amounted to £13,563,908 (2019: £9,262,777).

Principal risks and uncertainties

The Group's activities involve the management and control of inherent health, safety and environmental risks. The Group's commercial activities are subject to market and counterparty risks, noted further below. The Group operates in a sector which is subject to a high degree of government regulation which may drive costs higher.

The Group is exposed to the following principal risks and the Group has in place risk mitigation measures that seek to identify and mitigate the adverse effects of these risks:

Health, safety, security and environmental risks

Through its operations, the Group manages quantities of hazardous materials in accordance with applicable laws and standards overseen by the relevant authorities. High performance in managing HSSE risks is critical to its success. The Group endeavours to minimise its HSSE risks through high standards of engineering design, plant operations and maintenance. A comprehensive HSSE management system is in place with dedicated and qualified resource and regular auditing inspections are carried out.

Operational risk

The Group has designed its facilities and systems to meet its contractual obligations and has in place appropriate risk management protocols and procedures to mitigate operational risks.

Counterparty risk

Customers have entered into long term take-or-pay contracts and therefore the Group is exposed to the credit quality of these customers. Under the contracts the customers are required to demonstrate the minimum credit quality or put in place financial guarantees to meet these requirements.

Market risk

The Group has in place long term take-or-pay contracts that underpin its financial position. A relatively small proportion of the Group's revenue is dependent on operational throughput which is determined by market economics. The level of revenues arising from market-based activities remains relatively low ensuring that the Group overall, has low revenue volatility.

Liquidity risk

Since commencement of commercial operations in mid-2019, following the completion of the refurbishment of its facilities, the Group is in a cash generative position able to meet its financial obligations. The Group regularly prepares forecast cash flow analysis which shows that there will be sufficient funds for its operations for the foreseeable future. The Group could also choose not to repatriate excess cashflow up the holding structure to SL Capital Infrastructure I LP if liquidity was low. This is the main reason why the cash balance declines over time.

Strategic Report (continued)

Principal risks and uncertainties (continued)

COVID-19 risk

Revenue

The Group has in place long term take-or-pay contracts with the large majority of revenue fixed. The counterparty risks are set out above which are considered adequate to underpin the Group's revenue. A relatively small element of income is dependent on operational throughput, see Market risk above. The Group has remained in close contact with its customers throughout the period.

Suppliers

The Group has long standing agreements for the supply of support services with core activities managed under direct control by its own staff. The Group has continued to meet its payment obligations and is working closely with suppliers to ensure continuity of service within a risk assessed and controlled work environment.

Staff

The Group is ensuring continuity of service and support to its staff throughout the pandemic. The Group's employees are considered to be 'keyworkers' and 24-hour attendance at the terminal has been maintained through risk assessed and flexible working patterns. Non-operational staff have been supported through home working with adapted arrangements in place.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Interest rate derivatives are required by the terms of the bank loan to cover 35% of the outstanding loan amount, this mitigates the Group's exposure to interest rate risk.



D J Helmsley
Director
23 August 2021

Directors' Report

The Directors present the audited consolidated financial statements for Olive Storage Midco Ltd and its subsidiaries ("the Group") and the audited parent company financial statements ("the Company") for the year ended 31 December 2020.

Dividend

No dividends were declared during the year ended 31 December 2020 (2019: £Nil).

Directors

The Directors who served during the year and up to the date of this report were as follows:

Mr D J Helmsley
 Mr J M Kearney
 Mr A S Anderson (appointed on 23 September 2020)

The Group incurred no Directors' fees and remuneration in respect of services provided by the above Directors during the year. The ultimate parent of the Company is SL Capital Infrastructure I LP and the General Partner and Investment Manager of the ultimate parent is abrdn plc (formerly known as Standard Life Aberdeen plc). The Directors of the Company are employees of abrdn plc. Their role as employees includes providing directorship services to various legal entities within the abrdn plc group and related entities, as well as fulfilling a number of other duties. The Directors do not believe that it is practicable to disclose the remuneration amount for their services as Directors of the Company.

Results, activities and future developments

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 14. The principal activity of the Group during the year was the storage and distribution of bulk liquids. The principal activity of the Company is to hold an investment for its Shareholder.

The Group benefits from a potential development opportunity, comprising 15 hectares of surplus land able to accommodate additional tank capacity. The business is currently exploring the potential, attractive options that this brings.

The separate notes to the consolidated financial statements contains detailed analysis of the Group's Investment and the risks associated with future developments or other events that affect the entire market.

Going concern assessment

The Group's and Company's Directors have made an assessment of the Group's and Company's ability to continue as a going concern and are satisfied that the Group and the Company have the resources to continue in business from the date of signing of the consolidated financial statements through to 31 December 2022. Accordingly, the consolidated and parent company financial statements have been prepared on a going concern basis. Please refer to note 2.4 for further details, including specific COVID-19 considerations, which are also outlined in the COVID-19 section below.

Events during the year

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, continues to impact many aspects of daily life and the global economy. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19, including the development and roll out of vaccines globally, continue to affect economies and public equity markets globally. The success of vaccine programs are expected to have a major impact on the speed and nature of economic recovery but the timing and form of the recovery remains uncertain, particularly with the emergence of new strains of COVID-19.

Directors' Report (continued)

Events during the year (continued)

COVID-19 (continued)

The outbreak of COVID-19 and the resulting financial and economic market uncertainty has been considered by the Directors, including determining the going concern status of the Group and of the Company. The liquidity and solvency position of the Group and of the Company at the date of signing remains good, and is expected to do so for the 12 months following the date of signing. The Group could choose not to repatriate excess cashflow up the holding structure to SL Capital Infrastructure I LP if liquidity was low, as outlined in note 2.4. The Directors have also considered whether there has been a significant adverse impact on the carrying value of goodwill and other intangible assets. A key factor is that the majority of revenue is derived from fixed long-term take-or-pay contracts. During the year ended 31 December 2020, an impairment loss was identified amounting to £1,493,634 (2019: £Nil) which impacted the carrying value of goodwill, as outlined in note 10. The primary reason for the impairment has been a change in Oxford Economics forecast inflation rates following a UK Government announcement on 25 November 2020 that the retail price index (RPI) methodology will be reformed from 2030.

Brexit

The U.K. voted to leave the EU in 2016 and officially left the trading bloc on 31 January 2020 with an agreement to keep the majority of the existing relationship in place until 31 December 2020. On 24 December 2020, a deal was reached between the U.K. and the EU that confirmed the new rules for how the parties would work and trade with each other in the future. On 1 January 2021, the free movement of people and goods and services between the EU and U.K. ended with new rules coming into effect. The avoidance of a no-deal Brexit is seen as a positive development for both parties but some uncertainty remains and further clarification is required on certain aspects of the deal including, but not limited to, the Northern Ireland protocol, application to financial services and customs documentation requirements.

There are no significant issues impacting the Group and the Company that have arisen as a result of Brexit. The Directors expect the impact to be minimal and will continue to closely analyse and review the impact of Brexit on the Group and the Company and will take appropriate action as required.

Events after reporting date

There were no events that occurred between the end of the reporting period and the date when the consolidated financial statements were authorised for issue that affect the consolidated financial statements as at 31 December 2020.

Disclosure of information to auditor

At the date of this report, the Directors confirm that:

- As far as the Directors are aware, there is no relevant information of which the Group's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Data protection

The Group has implemented measures that it believes are necessary in order to comply with the General Data Protection Regulation.



D J Helmsley
Director
23 August 2021

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law, the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd

Opinion

In our opinion:

- Olive Storage Midco Ltd's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Olive Storage Midco Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise:

Group	Parent company
Consolidated Statement of Financial Position as at 31 December 2020	Company Statement of Financial Position as at 31 December 2020
Consolidated Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Company Statement of Cash Flows for the year then ended
Consolidated Statement of Cash Flows for the year then ended	Related notes 1 to 27 to the financial statements including a summary of significant accounting policies
Related notes 1 to 27 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is the applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of management's going concern assessment process and the key factors and assumptions that were considered in their assessment;

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd (continued)

Conclusions relating to going concern (continued)

- Obtaining management's going concern assessment, including the cash flow forecasts and covenant calculations for the going concern period, from when the financial statements are authorised for issue through to 31 December 2022. The directors have modelled various downside scenarios in order to incorporate unexpected changes to the forecast liquidity of the Group. We evaluated the sufficiency of those downside scenarios as stress tests of the Group's forecast liquidity and ability to meet covenant requirements;
- Testing the key assumptions (such as revenue and operating costs) included within the cash flow forecast through comparison to customer contracts, approved budgets and business plans. We have recalculated management's forecast covenant compliance calculations for each scenario to confirm that there is no breach of covenant forecast throughout the going concern period;
- Checking the consistency of the factors and assumptions adopted in the going concern assessment with other areas of our audit, including the oil and gas asset impairment test;
- We considered whether there was any evidence to suggest management had exercised any bias in selecting their assumptions;
- Checking the consistency of the factors and assumptions adopted in management's going concern assessment with other areas of our audit, including asset impairment reviews;
- Considering management's reverse stress test in order to identify which factors would lead to the Group utilising all liquidity or breaching a financial covenant during the going concern period. We assessed the likelihood of these factors in the context of the current macroeconomic environment as well as our understanding of the business;
- Considered any mitigating factors included in the cash flow forecasts and covenant calculations that are within the control of the Group. This included understanding the cash available in the Group which can be used to mitigate the risk of breach of loan covenant, and evaluating the Company's ability to control these outflows as mitigating actions if required; and
- Evaluating the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

We observed that the Group has had limited operational disruptions as a result of COVID19. The Group has total available liquidity as at 31 December 2020 of £5.1 million in cash as well as access to an undrawn revolving credit facility amounting to £5.0 million. In all plausible scenarios modelled, the Group has sufficient forecast liquidity and headroom over the going concern period.

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 and parent company's ability to continue as a going concern from when the financial statements are authorised for issue through to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> • We performed an audit of the complete financial information for Olive Storage Midco Ltd and its subsidiaries. • All audit work was performed directly by the group audit team.
Key audit matters	<ul style="list-style-type: none"> • Impairment of goodwill • Estimation of environmental provision
Materiality	<ul style="list-style-type: none"> • Overall group materiality of £1.8 million which represents 1% of the Group's total assets. • Overall parent company of £1.1 million which represents 1% of parent company's total assets.

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd (continued)

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of the work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to those charged with governance
<p>Impairment of goodwill</p> <p><i>Refer to the Accounting policies (pages 29-30); and Note 10 of the financial statements (pages 37 - 39)</i></p> <p>In the current period, the Group recorded an impairment loss on goodwill amounting to £1.5 million (2019: nil). As a result, the carrying amount of goodwill amounted to £20.5 million as at 31 December 2020 (2019: £22.0 million)</p> <p>Determining the recoverable amount of goodwill requires significant judgment and estimation around key assumptions used in the Fair Value less cost of Disposal (FVLCD) model. These include the inputs (such as revenue, operating costs and capital expenditures) used in future cash flows forecasts, inflation and retail price index, discount rates, terminal values and cost of disposal used within the valuation model.</p>	<p>We performed the following audit procedures with respect to the Group's impairment assessment:</p> <ul style="list-style-type: none"> assessed that the carrying value determined by the management is on a basis consistent with the way the recoverable amount of the cash-generating unit is determined; assessed the consistency of the valuation methodology applied with IAS 36: Impairment of assets and whether the value in use or the FVLCD is the higher recoverable amount; tested the integrity of models with the assistance of our internal specialists; utilised our valuation specialists to perform independent estimates of appropriate discount rate and terminal value to assess the key assumptions used by management, particularly on discount rates and terminal value; benchmarked the cost of disposal used by management to the costs of comparable transactions; tested key inputs (such as revenue, operating costs and capital expenditure) used in future cash flows forecasts through comparison to customer contracts, approved budgets, business plans and other evidence of management's future intentions. compared the inflation and retail price index used to external market data; performed sensitivity analysis in order to assess the potential impact of a range of reasonably possible outcomes, including adjustments to the discount rate; and evaluated the appropriateness of the financial statement disclosures. 	<p>In our view the Group's forecast revenue, costs, terminal value, cost of disposal and other assumptions are appropriate and within reasonable ranges.</p> <p>We ensured that the discount rate used by management was within our reasonable range and performed sensitivity analysis to validate the resultant impairment loss on goodwill of £1.5 million.</p> <p>Based on the results of audit procedures performed over impairment assessment, we conclude that the carrying amount of goodwill is fairly stated and that the related disclosures provided in the Group's consolidated financial statements are appropriate.</p>

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd (continued)

Key audit matters (continued)

<p>Estimation of environmental provision</p> <p><i>Refer to the Accounting policies (page 31); and Note 17 of the financial statements (page 43)</i></p> <p>As of 31 December 2020, the Group has recognised an environmental provision amounting to £4.6 million (2019: £4.9 million).</p> <p>We have assessed the estimation of the environmental provision to be a key audit matter because it requires significant management judgement due to the inherently complex process of estimating the amount and timing of future remediation costs as well as the appropriate discount rate to be used in computing the present value of the provision.</p>	<p>In addressing the risks in estimating the environmental provision, we have:</p> <ul style="list-style-type: none"> • obtained an understanding of the nature and extent of the obligation through inquiries of management; • assessed the completeness and appropriateness of the estimated remediation costs by reviewing the reports of management's external specialists containing studies performed on the site and the estimated remediation costs; • evaluated the competence, capabilities and objectivity of the external specialists who performed the remediation studies; • engaged our internal valuation experts to assist us assessing the appropriateness of the discount rates applied by management; • assessed the appropriateness of inflation rates used in management's provisioning relative to external market data; • verified that the timing used in management's provisioning was consistent with the date of cessation of activities; and • evaluated the appropriateness of the financial statement disclosures. 	<p>Based on the results of audit procedures performed, we conclude that the environmental provision as of 31 December 2020 is appropriately stated.</p>
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In the prior year, our auditor's report included the following key audit matters, which have not been included as key audit matters for the current year audit:

- The risk of inappropriate recognition and measurement of the identifiable assets assumed liabilities and goodwill from the acquisition of Oikos Storage Ltd – this key audit matter was related to the purchase price allocation exercise for this acquisition which was concluded during the prior year audit.
- Revenue recognition: the risk of management override of controls – this was a key audit matter in the prior year since it was our first year as auditor of the Group and this risk is explicitly presumed under the auditing standards. In the current year, based on the knowledge gained from our experience in FY2019 and the results of our procedures in the current year, we have assessed that there is a reduced risk of material misstatement over these areas. The nature of Group's revenue and the revenue recognition process are non-complex and involve 2 key customers. We do not assess this matter to have significant effect on the overall audit strategy, allocation of resources nor directed substantial efforts of the audit team and therefore, this is not a key audit matter for the current year audit.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.8 million (2019: £1.9 million), which is 1% (2019: 1%) of total assets. We believe that total assets held as at 31 December 2020 is the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Parent Company to be £1.1 million (2019: £1.1 million), which is 1% (2019: 1%) of total assets.

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd (continued)

Our application of materiality (continued)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2019: 50%) of our planning materiality, namely £0.9 million (2019: £1.0 million). We have set performance materiality at this percentage due to our audit findings from the prior year audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the those charged with governance that we would report to them all uncorrected audit differences in excess of £90,000 (2019: £95,607), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1-6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained 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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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.

Explanation as to what extent 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 risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006) and the relevant UK tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- We understood how the Group is complying with those frameworks by making inquiries of those charged with governance and management. We corroborated our inquiries through reading Board minutes and noted no contradictory evidence;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by inquiring of management to understand where they considered there was susceptibility to fraud. Where this risk was considered to be higher, we performed audit procedures to address each fraud risk or other risk of material misstatement. These procedures included those on revenue recognition and management override of controls, specifically through test of manual journal entries, and were designed to provide reasonable assurance that the financial statements were free from material fraud or error;
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of management and those charged with governance, review of tax calculations, and journal entry testing, focusing on journals that meet the risk criteria defined by the audit team and that were tested through the use of our analytical data tools.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Partners of Consolidated Financial Statements of Olive Storage Midco Ltd (continued)

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.



William Binns (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
London
23 August 2021

Consolidated Statement of Comprehensive Income

		Year ended 31 December 2020	Period from 25 April 2019 31 December 2019
	Notes	£	£
Turnover	4	13,670,427	8,032,985
Cost of sales		(13,361,271)	(7,701,072)
Gross profit		309,156	331,913
Administration and other expenses	7	(5,413,096)	(6,150,244)
Other income	6	14,476	193,868
		(5,398,620)	(5,956,376)
Operating loss		(5,089,464)	(5,624,463)
Finance charges	8	(7,333,301)	(4,486,267)
		(7,333,301)	(4,486,267)
Loss on ordinary activities before taxation		(12,422,765)	(10,110,730)
Taxation for the year / period	9	(1,141,143)	847,953
Loss for the financial year / period		(13,563,908)	(9,262,777)
Total comprehensive loss for the year / period		(13,563,908)	(9,262,777)

All results shown in the Consolidated Statement of Comprehensive Income are from continuing operations.

The Group has no components of other comprehensive income in the current year and comparative period.

The notes 1 to 27 form an integral part of these consolidated financial statements.

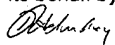
Consolidated Statement of Financial Position

		At 31 December 2020 £	At 31 December 2019 (Restated)* £
	Notes		
Assets			
Non-current assets			
Fixed assets	11	123,875,936	129,130,504
Intangible assets	12	12,557,017	12,758,197
Right-of-use asset	16	4,948,892	5,017,771
Goodwill	10, 12	20,555,791	22,049,425
		161,937,636	168,955,897
Current assets			
Trade and other receivables	14	1,579,437	1,588,661
Cash and cash equivalents		5,050,881	11,902,813
Prepayments		544,583	1,062,444
		7,174,901	14,553,918
Total assets		169,112,537	183,509,815
Equity and reserves			
Share capital	13	31,684,429	31,684,429
Accumulated losses		(22,826,685)	(9,262,777)
Total equity		8,857,744	22,421,652
Non-current liabilities			
Trade and other payables	15	360,768	725,000
Shareholder loan	18	74,845,077	76,315,571
Bank loan	19	54,573,537	54,210,634
Lease liability	16	5,140,929	4,987,374
Environmental provision	17	4,612,063	4,946,958
Derivative liabilities	25	827,304	50,968
Deferred tax liabilities	9	13,541,902	12,400,759
		153,901,580	153,637,264
Current liabilities			
Trade and other payables	15	6,186,943	7,289,139
Lease liability	16	166,270	161,760
		6,353,213	7,450,899
Total liabilities		160,254,793	161,088,163
Total equity and liabilities		169,112,537	183,509,815

*The Group has restated its consolidated statement of financial position for the period ended 31 December 2019, this has been considered in note 9.

The notes 1 to 27 form an integral part of these consolidated financial statements.

The consolidated financial statements set out on pages 14 to 51 were authorised for issue by the Directors on 23 August 2021 and signed on its behalf by:


D J Helmsley
Director

Company Statement of Financial Position

		At 31 December 2020 £	At 31 December 2019 £
	Notes		
Assets			
Non-current assets			
Investment in a subsidiary	22	31,684,429	31,684,429
Loan to a subsidiary	26	71,737,717	71,737,717
		103,422,146	103,422,146
Current assets			
Trade and other receivables	14	5,027,646	2,999,226
Cash and cash equivalents		188,049	4,564,609
Prepayments		231	1,105
		5,215,926	7,564,940
Total assets		108,638,072	110,987,086
Equity and reserves			
Share capital	13	31,684,429	31,684,429
Accumulated losses		(625,098)	(231,007)
Total equity		31,059,331	31,453,422
Non-current liabilities			
Shareholder loan	18	74,845,077	76,315,571
Current liabilities			
Trade and other payables	15	2,733,664	3,218,093
Total liabilities		77,578,741	79,533,664
Total equity and liabilities		108,638,072	110,987,086

The notes 1 to 27 form an integral part of these consolidated financial statements.

The Company has taken the exemption under section 408 not to publish the parent company profit and loss account. The loss of the Company for the financial year / period is £394,091 (2019: £231,007).

Consolidated Statement of Changes in Equity

	Called up share capital £	Accumulated losses £	Total £
Opening balance as at 1 January 2020	31,684,429	(9,262,777)	22,421,652
Comprehensive loss for the year	-	(13,563,908)	(13,563,908)
Closing balance as at 31 December 2020	<u>31,684,429</u>	<u>(22,826,685)</u>	<u>8,857,744</u>

	Called up share capital £	Accumulated losses £	Total £
Opening balance as at 25 April 2019	-	-	-
Shares issued	31,684,429	-	31,684,429
Comprehensive loss for the period	-	(9,262,777)	(9,262,777)
Closing balance as at 31 December 2019	<u>31,684,429</u>	<u>(9,262,777)</u>	<u>22,421,652</u>

The notes 1 to 27 form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

	Called up share capital £	Accumulated losses £	Total £
Opening balance as at 1 January 2020	31,684,429	(231,007)	31,453,422
Comprehensive loss for the year	-	(394,091)	(394,091)
Closing balance as at 31 December 2020	<u>31,684,429</u>	<u>(625,098)</u>	<u>31,059,331</u>

	Called up share capital £	Accumulated losses £	Total £
Opening balance as at 25 April 2019	-	-	-
Shares issued	31,684,429	-	31,684,429
Comprehensive loss for the period	-	(231,007)	(231,007)
Closing balance at 31 December 2019	<u>31,684,429</u>	<u>(231,007)</u>	<u>31,453,422</u>

The notes 1 to 27 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

		Year ended 31 December 2020	Period from 26 April 2019 to 31 December 2019
	Notes	£	£
Cash flows from operating activities			
Operating loss		(5,089,464)	(5,624,463)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of fixed assets and right-of-use asset	11, 16	8,285,613	4,768,944
Amortisation of intangible assets	12	201,180	117,355
Impairment of goodwill	12	1,493,634	-
Net unrealised loss on derivative financial instruments	25	776,336	50,968
Unwinding of discount on environmental provision	17	124,016	53,115
Working capital adjustments:			
Decrease / (increase) in trade and other receivables	14	487,734	(1,114,079)
(Decrease) / increase in trade and other payables	15	(460,846)	507,645
Net cash inflow / (outflow) from operating activities		5,818,203	(1,240,515)
Cash flows from investing activities			
Acquisition of a subsidiary		-	(151,930,123)
Cash acquired from a subsidiary		-	8,517,346
Capital expenditure	11	(3,421,077)	(4,878,396)
Net cash outflow from investing activities		(3,421,077)	(148,291,173)
Cash flows from financing activities			
Share capital issued	13	-	31,684,429
Bank loan proceeds net of transaction costs paid	19	-	53,998,000
Interest paid on derivative financial instruments		(122,122)	-
Shareholder loan proceeds	18	-	76,315,571
Shareholder loan payment	18, 23	(1,470,494)	-
Interest paid on shareholder loan	23	(5,829,506)	-
Interest paid on bank loan	23	(1,720,803)	(432,709)
Other finance charges paid		(106,133)	(130,790)
Net cash (outflow) / inflow from financing activities		(9,249,058)	161,434,501
Net (decrease) / increase in cash and cash equivalents		(6,851,932)	11,902,813
Cash and cash equivalents at the start of the year / period		11,902,813	-
Cash and cash equivalents at the end of the year / period		5,050,881	11,902,813

The notes 1 to 27 form an integral part of these consolidated financial statements.

Company Statement of Cash Flows

		Year ended 31 December 2020	Period from 25 April 2019 to 31 December 2019
	Notes	£	£
Cash flows from operating activities			
Operating income / (loss)		4,899,334	(39,615)
Working capital adjustments:			
Increase in trade and other receivables	14	(2,027,546)	(1,105)
Increase in trade and other payables	15	51,652	27,475
Net cash inflow / (outflow) from operating activities		2,923,440	(13,245)
Cash flows from investing activities			
Investment in a subsidiary	22	-	(31,684,429)
Shareholder loan issued to a subsidiary	26	-	(71,737,717)
Net cash outflow from investing activities		-	(103,422,146)
Cash flows from financing activities			
Share capital issued	13	-	31,684,429
Shareholder loan proceeds	18	-	76,315,571
Shareholder loan payment	18, 23	(1,470,494)	-
Interest paid on shareholder loan	23	(5,829,506)	-
Net cash (outflow) / inflow from financing activities		(7,300,000)	108,000,000
Net (decrease) / increase in cash and cash equivalents		(4,376,560)	4,564,609
Cash and cash equivalents at the start of the year / period		4,564,609	-
Cash and cash equivalents at the end of the year / period		188,049	4,564,609

The notes 1 to 27 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Group Background

The consolidated financial statements of Olive Storage Midco Ltd and its subsidiaries, Olive Storage Ltd and Oikos Storage Limited for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 23 August 2021. Olive Storage Midco Ltd ("the Company" or "the Parent") is domiciled and incorporated in England and its registered address is 3 More London Riverside, London, SE1 2AQ, England. The Company has a 100% direct ownership interest in Olive Storage Ltd who acquired 100% of the ordinary share capital of Oikos Storage Limited on 29 May 2019. The principal activity of the Group during the year was the storage and distribution of bulk liquids. The principal activity of the Company is to hold an investment for its Shareholder.

The immediate parent of the Group is Olive Storage Holdings Ltd and the ultimate parent of the Group is SL Capital Infrastructure I LP.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements and the parent company's financial statements give a true and fair view and are in compliance with the Companies Act 2006. The significant accounting policies of the Group and the Company are set out below.

The Group's consolidated financial statements and the Company's financial statements have been prepared under the historical cost convention except for derivative financial instruments which are measured at fair value and they are presented in Pound Sterling ("£"), which is the functional currency of the Group and the Company.

The preparation of consolidated and parent company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details can be found in note 3 to the consolidated financial statements.

When a parent company prepares consolidated financial statements in accordance with the Companies Act 2006, the parent company is exempt from the requirement to publish its individual profit and loss account and the related notes. The exemption is conditional on the Company's individual financial position showing the Company's profit or loss for the financial period determined in accordance with the Act.

2.2 New and revised accounting standards / amendments effective for the current year

New and revised accounting standards that are effective for annual periods beginning on or after 1 January 2020 and have been adopted by the Group and the Company are listed below and overleaf.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify and align the definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting. The amendments clarify when information is material and provide some guidance in IAS 1 about immaterial information.

The amendments address the following:

- 'Obscuring' was added to the definition of materiality and clarifies that obscuring information has a similar effect to omitting or misstating that information;
- Clarifies that an entity assesses materiality in the context of the financial statements as a whole; and
- The 'primary users of general-purpose financial statements' are defined as 'existing and potential investors, lenders and other creditors' who rely on general purpose financial statements for the financial information they need.

The adoption of these amendments has no significant impact to the Company. The amendment has been endorsed by the EU prior to 30 December 2020.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.2 New and revised accounting standards / amendments effective for the current year (continued)

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect.

Key changes include:

- Clarifying important areas, such as roles of stewardship, prudence and measurement uncertainty in financial reporting;
- New definitions of an asset and a liability, including criteria for inclusion in financial statements;
- Guidance added on derecognition of assets and liabilities;
- Defining a reporting entity, which may be a legal entity, or a portion of an entity;
- Guidance added on different measurement bases; and
- Improving guidance on presentation and disclosure, recognising the profit and loss statement as the primary source of information on financial performance, but providing guidance on when income and expenses can be held in other comprehensive income and if subsequent recycling to profit and loss in a future period will enhance the relevance or faithful representation of the financial statements.

Where existing IFRS standards reference the Conceptual Framework and its definitions, these references have been updated by the IASB to the Revised Conceptual Framework and its definitions. Entities that rely on the Framework whenever accounting policies and treatment are not specified under accounting standards should apply the revised Framework.

The adoption of these amendments has no significant impact to the Group and the Company. The revised Framework has been endorsed by the EU prior to 30 December 2020.

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (effective 30 June 2020)

The adoption of the standards and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. These have been endorsed by the EU prior to 30 December 2020.

2.3 New accounting standards / amendments not yet effective

Classification of Liabilities as Current or Non - current (Amendments to IAS 1)

The narrow - scope amendments to IAS 1 clarify that the classification of liabilities depends on the rights that exist at the end of the reporting period. The expectations of the entity or events after the reporting date will not affect the classification. The amendments also clarify the meaning of 'settlement' of a liability in the context of IAS 1.

The amendments may impact the classification of liabilities as current or non - current, particularly for entities that previously considered management's intentions to determine classification, and for some liabilities that can be converted into equity.

The amendment is effective for accounting periods beginning on or after 1 January 2023; and is to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early adoption is permitted. The amendment has yet to be adopted by the EU prior to 30 December 2020. The Group and the Company will adopt this amendment when it becomes effective.

Annual Improvements 2018 - 2020

Amendments to IFRS 9, Financial Instruments

This amendment clarifies which fees should be included in the '10% test' for derecognition of financial liabilities; an entity should include only fees paid or received between itself and the lender.

Amendments to IFRS 1, First - time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first - time adopter of IFRS later than its parent.

The amendments are effective for accounting periods beginning on or after 1 January 2022. Early adoption is permitted. The amendment has yet to be adopted by the EU prior to 30 December 2020. The Group and the Company will adopt this amendment when it becomes effective.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 New accounting standards / amendments not yet effective (continued)

Certain amendments have been published that are not effective for reporting periods beginning on or after 1 January 2020 and have not been early adopted by the Group and the Company. These amendments are not expected to have a material impact on the Group and the Company in the current or future reporting periods and on foreseeable future transactions.

Other standards and amendments that are effective for subsequent reporting periods beginning on or after 1 January 2020 and have not been early adopted by the Group and the Company include:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

These standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore detailed disclosures have not been provided. This has been endorsed by the UK Endorsement Board on 5 January 2021.

2.4 Going concern

The Group's and Company's Directors have made an assessment of the Group's and Company's ability to continue as a going concern and are satisfied that the Group and the Company have the resources to continue in business from the date of signing of the consolidated financial statements through to 31 December 2022. In preparing these consolidated and parent company financial statements, the Directors have considered the uncertainty created by COVID-19, focusing specifically on:

- the level of liquid resources, including cash and cash equivalents. The Directors regularly monitor the Group and Company's cash position to ensure sufficient cash is held to meet liabilities as they fall due. In respect of the impact of the ongoing COVID-19 pandemic, the Directors have undertaken a review of the security of the Group's fixed and variable revenues and assessed scenarios linked to reductions in revenue with offsetting mitigation to manage the Group's cash flow position. Overall, whilst impacted, free cashflow remained positive and there was no identified liquidity and solvency issue for the Group. The Group could also choose not to repatriate excess cashflow up the holding structure to SL Capital Infrastructure I LP if liquidity was low. The repatriation of excess cashflow would be the main reason for a declining cash balance over time within Group and Company's cashflow projections;
- the value of the Group's assets in various downside scenarios, the Directors believe the Group will have a net fair value asset surplus for a period of 12 months following the date of signing of the consolidated financial statements;
- proximity to loan covenant conditions applicable to the Group, noting that no breaches are expected on any of the conditions under the current budget forecast adjusted for COVID-19 considerations, and under forecasts further adjusted to represent severe downside scenario;
- reverse stress testing, to determine the level of EBITDA at which the Group does breach a financial condition, the possibility of such scenario is deemed to be remote, plausible only on the breaking of a key customer contract. The contract is legally robust and contains no break rights, further the site is of strategic importance to the key customer and there has been no delay in payments since the COVID-19 outbreak began; and
- the effectiveness of operational resilience processes, noting that operationally the risk is limited given the high level of automation in place at the site. It is considered to be very unlikely that the site would be completely unable to operate for a significant period of time; to date there has been little disruption to the operations workforce as a result of COVID-19.

Based on a review of the above, the Directors are satisfied that the Group and Company have, and will maintain, sufficient resources to continue to meet its liabilities as they fall due from the date of approval of the consolidated and parent company financial statements through to 31 December 2022.

2.5 Consolidation and accounting for subsidiary entities within the Group

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 to direct the activities of the entity. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.5 Consolidation and accounting for subsidiary entities within the Group (continued)

Olive Storage Midco Ltd has control over and therefore has consolidated the entities listed in note 22 in these consolidated financial statements.

2.6 Financial period

The consolidated and parent company financial statements are prepared from 1 January 2020 to 31 December 2020. The comparatives are presented from 25 April 2019 (date of incorporation) to 31 December 2019.

2.7 Functional currency

The Group's consolidated financial statements and the Company's financial statements are presented in Pound Sterling, which is also the parent company's functional currency as it most faithfully represents the economic effects of the underlying transactions, events and conditions.

2.8 Income, expenses, gains and losses

All income and expenses, inclusive of realised gains and losses, are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income.

2.9 Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at FVPL

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated Statement of Financial Position and the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, or amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL;
- Financial liabilities at amortised cost (Shareholder loan, bank loan and trade and other payables)

Financial liabilities at amortised cost (Shareholder loan, bank loan and trade and other payables)

This is the category most relevant to the Group and the Company. After initial recognition, the bank loan is subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Comprehensive Income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest in the Consolidated Statement of Comprehensive Income.

This category generally applies to the bank loan. For more information, refer to note 2.15.

Derecognition

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

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 Revenue recognition

The Group recognises revenue based on the five step model as set out in IFRS 15: Revenue from Contracts with Customers. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the Group transfers control over a product or service to a customer.

The contracts with the customer are on take or pay provision. The contracts are essentially fixed in terms of revenue, where the Group being paid for storing jet and diesel fuel regardless of product volumes held. The revenue are based on contractually agreed inputs which include a fixed storage capacity and charge rate.

The Group recognises revenue from take or pay contracts over time because the customers simultaneously receive and consume the benefits provided to them over the period of the contract. The contracts also give rise to other revenue streams, such as quay dues, pump overs and commissioning fees, which are recognised at point in time when the customer benefits from the services provided by the Group. When the Group satisfied a performance obligation by providing the promised goods or services, it creates a contract receivables based on the amount of consideration earned by the performance. Primarily the performance obligation that the customers expect from the Group is to provide a storage facility for bulk liquids to the customers.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.10 Revenue recognition (continued)

Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services based on the consideration specified in a contract with a customer.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit ("CGU") is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired through an impairment in profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the Consolidated Statement of Profit or Loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

An impairment loss recognised for all assets, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

2.12 Taxation

Current income tax

Current income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.12 Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.13 Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investment that is readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

2.14 Fixed assets

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the fixed asset and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of fixed assets are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (note 3) and provisions (note 2.16 and note 2.25) for further information about the recognised decommissioning provision.

Depreciation is provided on fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Plant & machinery - 5 to 20 years
- Fixtures, fittings & office furniture - 5 years

Leasehold land & buildings are depreciated over the remaining term of the lease.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.14 Fixed assets (continued)

An item of fixed assets and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Environmental assets are included within leasehold land and buildings and are depreciated over the remaining term of the lease.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

2.15 Borrowings

Borrowings are recognised initially at fair value, plus directly attributable transaction costs and are subsequently stated at amortised cost; any interest or difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of borrowing using the effective interest method.

Borrowings are shown as non-current liabilities unless any settlement of the liability is within 12 months of the reporting date.

As at 31 December 2020, the carrying amount of borrowings approximate their fair value.

2.16 Provisions

Provisions for environmental restoration are recognised as a result of past events; if it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discounted pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.17 Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.18 Pension costs

The Group makes contributions to defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the Group. The annual contributions payable are charged to the Consolidated Statement of Comprehensive Income when they become payable.

2.19 Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

2.20 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.20 Business combinations (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at the fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previous interest held over the identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.21 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Comprehensive Income in the expense category that is consistent with the function of the intangible assets. Intangible assets are amortised on a straight line basis over the estimated useful life of the asset as follows:

- Customer contracts – 64 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Income.

2.22 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

Notes to the Consolidated Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.22 Leases (continued)

i) Right-of-use assets

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

- Land - 73 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.23 Capital commitment

Amounts contracted for but not provided for are disclosed in note 21 in the consolidated financial statements.

2.24 Contingencies

The Directors have confirmed that there were no contingent liabilities which should be disclosed at 31 December 2020 (2019: £Nil).

2.25 Environmental provision

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Group is required to provide for environmental costs. The present value of estimated environmental costs is shown as a provision. The amount recognised is the present value of the estimated future expenditure. The unwinding of the discount rate is recognised as an expense and is included in the interest payable in the Consolidated Statement of Comprehensive Income.

2.26 Segment reporting

For management purposes, including information reporting to the Directors as the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of performance, the Group is considered as one segment without disaggregation. There is only one geographical location at which asset and customers are based, and there is only one revenue generating activity being the operation of the bulk liquid storage facility. As such under IFRS 8 the Directors have determined there is only one reportable segment with no further disclosure necessary. No operating segments have been aggregated to form the reportable segment.

Notes to the Consolidated Financial Statements (continued)

3. Critical accounting estimates and judgements

There are key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Fair value is derived using the discounted cash flow methodology, with costs of disposal estimated by management. The value in use calculation is based on a discounted cash flow model. The cash flows are based on a financial model prepared by management projecting cashflows until 31 December 2038, at which point there is also a terminal value assumption.

The recoverable amount is sensitive to the discount rate used for the fair value model as well as the expected future cash-inflows and the terminal value multiple. The expected future cash-inflows include certain assumptions around a future substantial development opportunity, the 'South Side Development' or 'SSD'. These estimates are most relevant to fixed assets, goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the sole CGU identified are disclosed and further explained in note 10.

3.2 Environmental provision

The Group has recognised a provision for environmental make good obligations associated with the site. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rate, the expected cost to make good and the expected timing of those costs. The length of time to settle this obligation is modelled at 72 years, the timescale presents a high degree of uncertainty around what the actual cost will be and what techniques will be used to carry out the work. The estimation can, at present, only be based on existing technologies comprised of both mitigation works and final clearance works.

The valuation of the environmental provision is sensitive, amongst other things, to the timing of the expected settlement of future remediation cost and discount rate applied. The Group has run sensitivity analysis on the timing of settlement of future remediation cost based on a reduced lease term. If the Group extends the lease term up to 2062, which is earlier than the current assumption of 2092, then the environmental provision would increase by £941,588.

In arriving at the value of the provision, management have discounted the future liability by an estimate of the risk free rate (2.63%). This is based on Oxford Economics' long term forecast for Thirty Year UK government bond yields. If the estimated discount rate used in the calculation had been 1% higher than management's estimate, the carrying amount of the provision would have been £2,307,378 lower. If the estimated discount rate used in the calculation had been 1% lower than management's estimate, the carrying amount of the provision would have been £4,680,357 higher.

3.3 Taxation

The Group and the Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

3.4 Lease term

The Group has a lease contract for Land used in its operations. The lease is for a period of 13 years with options to extend the lease for an additional term of 30 years on 13 December 2032 and a further option thereafter to extend the lease for another 30 years on 14 December 2062. For the purpose of calculating the value of the right-of-use lease asset and lease liability under IFRS 16, and for the purpose of calculating the unwinding of the environmental provision, it has been assumed that the Group will exercise both options to extend the lease, taking the term to 2092. Given the strategic location of the Oikos Storage Limited being well placed to serve the South East of England, including the major international airports of Heathrow, Gatwick and Stansted, management believe it is reasonably certain that this option will be exercised.

Notes to the Consolidated Financial Statements (continued)

4. Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	At 31 December 2020	At 31 December 2019
Type of goods or services	£	£
Storage services	13,195,707	7,504,702
Other services	474,720	528,283
Total revenue from contracts with customers	13,670,427	8,032,985
Timing of revenue recognition		
Goods and services transferred over time	13,195,707	7,504,702
Goods and services transferred at a point in time	474,720	528,283
Total revenue from contracts with customers	13,670,427	8,032,985

5. Employee information

Group

	Year ended 31 December 2020	Period from 25 April 2019 to 31 December 2019
Average number of operations staff	28	25
Average number of administrative staff	9	9
Total	37	34

The aggregate payroll costs of the above were:

Group

	Operation	Administration	Year ended 31 December 2020 Total
	£	£	£
Wages and salaries	1,313,330	675,501	1,988,831
Social security costs	150,929	85,555	236,484
Other pension costs	61,942	11,877	73,819
	1,526,201	772,933	2,299,134

Group

	Operation	Administration	Period from 25 April 2019 to 31 December 2019 Total
	£	£	£
Wages and salaries	644,082	513,587	1,157,669
Social security costs	74,410	68,225	142,635
Other pension costs	58,085	22,782	80,867
	776,577	604,594	1,381,171

The operation cost of £1,526,201 (2019: £776,577) is included in Cost of Sales in the Consolidated Statement of Comprehensive Income.

The pension cost charge represents contributions payable to the defined contribution pension schemes and amounted to £73,819 (2019: £80,867).

Notes to the Consolidated Financial Statements (continued)

6. Other income

Group

	Year ended 31 December 2020	Period from 25 April 2019 to 31 December 2019
	£	£
Interest income	9,976	18,365
Other operating income	4,500	175,503
	<u>14,476</u>	<u>193,868</u>

7. Administration and other expenses

Group

	Year ended 31 December 2020	Period from 25 April 2019 to 31 December 2019
	£	£
Impairment on goodwill	1,493,634	-
Legal and professional fees	1,361,630	4,805,874
Net unrealised movement on derivative liabilities	776,336	50,968
Payroll cost	772,933	604,594
Administration fees	524,396	278,259
Audit fees	212,300	236,000
Amortisation of intangible assets	201,180	117,355
Insurance fees	70,687	45,194
Loan arrangement fees	-	12,000
	<u>5,413,096</u>	<u>6,150,244</u>

The details of the impairment on goodwill is included in note 10.

8. Finance charges

Group

	Year ended 31 December 2020	Period from 25 April 2019 to 31 December 2019
	£	£
Interest expense on shareholder loan	5,293,425	3,190,618
Interest expense on bank loan	1,686,140	1,083,238
Accretion of interest on lease liability	158,065	90,526
Unwinding of discount on environmental provision	124,016	53,115
Other interest charges	71,655	68,770
	<u>7,333,301</u>	<u>4,486,267</u>

Notes to the Consolidated Financial Statements (continued)

9. Taxation

Group

	Year ended 31 December 2020 £	Period from 25 April 2019 to 31 December 2019 £
Current tax:		
Current tax on profits for the year / period	-	-
Total current tax	-	-
Deferred tax:		
Current year	(1,756,483)	(947,712)
Adjustment in respect of previous periods	1,287,270	-
Impact of change in tax rate	1,610,356	-
Difference in tax rates (19% and 17%)	-	99,759
Total deferred tax	1,141,143	(847,953)

Group

	Year ended 31 December 2020 £	Period from 25 April 2019 to 31 December 2019 £
Factors affecting total tax charge for the current year / period		
The charge for the year can be reconciled to the profit, per the Consolidated Statement of Comprehensive Income as follows:		
Loss for the year / period	(12,422,765)	(10,110,730)
Tax on loss at standard UK tax rate of 19.00%	(2,360,326)	(1,921,039)
Effects of:		
Expenses not deductible	603,843	973,327
Adjustment from previous periods	1,287,270	-
Tax rate changes	1,610,356	99,759
Tax charge / (credit) for the year / period	1,141,143	(847,953)

Factors affecting tax rate changes:

UK corporate tax is calculated at a statutory rate of 19% for the profit for the year. The UK corporation tax main rate was due to reduce to 17% with effect from 1 April 2020. However, following the enactment of Finance Act 2020, UK corporation tax main rate remained at 19% from 1 April 2020.

On 11 March 2021, the UK Government published the Finance Bill 2021 clauses, which set out that the UK corporation will increase to 25% from 1 April 2023. This bill has been considered as "substantively enacted" for IFRS purposes, following the Third Reading on 24 May 2021. The Finance Bill 2021 received Royal Assent on 10 June 2021 and became Finance Act 2021.

Deferred tax balances have been measured at the tax rate which has been substantively enacted on the reporting dates.

As the rate change has been enacted after the balance sheet date, it is a non-adjusting post balance sheet event. The deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. If the 25% tax rate had been used to measure the deferred tax balances at the balance sheet date, the net deferred tax liability would have increased by £4,276,390 to £17,818,293.

Notes to the Consolidated Financial Statements (continued)

9. Taxation (continued)

Group

	Year ended 31 December 2020	Period from 25 April 2019 to 31 December 2019
	£	£
Deferred tax (assets) / liabilities		
Fixed assets	20,011,423	17,082,553
Deferred tax on intangible assets	2,385,833	2,168,893
IFRS 16 - Right-of-use asset	940,289	853,021
IFRS 16 - Lease liability	(1,008,368)	(875,353)
Other temporary differences	(2,357,905)	(1,106,213)
Losses	(6,429,370)	(5,722,142)
Total deferred tax (assets) / liabilities	13,541,902	12,400,759

Deferred tax liabilities	Fixed assets	Deferred tax on intangibles	IFRS 16 - Right-of- use asset	IFRS 16 - Lease liability	Capital gains held over	Losses	Total
	£	£	£	£	£	£	£
At 1 January 2020	17,082,553	2,168,893	853,021	-	-	-	20,104,467
Rate change impact	2,203,228	255,164	100,355	-	-	-	2,558,747
Adjustment in respect of previous periods	1,644,887	-	-	-	-	-	1,644,887
Credited to the Consolidated Statement of Comprehensive Income - current year	(919,245)	(38,224)	(13,087)	-	-	-	(970,556)
At 31 December 2020	20,011,423	2,385,833	940,289	-	-	-	23,337,545

Deferred tax assets	Fixed assets	Deferred tax on intangibles	IFRS 16 - Right-of- use asset	IFRS 16 - Lease liability	Environmental provision and others	Losses	Total
	£	£	£	£	£	£	£
At 1 January 2020	-	-	-	(875,353)	(1,106,213)	(5,722,142)	(7,703,708)
Rate change impact	-	-	-	(102,983)	(137,324)	(708,084)	(948,391)
Adjustment in respect of previous periods	-	-	-	-	(61,044)	(296,574)	(357,618)
Charged / (credited) to the Consolidated Statement of Comprehensive Income - current year	-	-	-	(30,032)	(1,053,324)	297,430	(785,926)
At 31 December 2020	-	-	-	(1,008,368)	(2,357,905)	(6,429,370)	(9,795,643)

Deferred tax liabilities	Fixed assets	Deferred tax on intangibles	IFRS 16 - Right-of- use asset	IFRS 16 - Lease liability	Capital gains held over	Losses	Total
	£	£	£	£	£	£	£
At 25 April 2019	-	-	-	-	-	-	-
Acquisition	17,363,183	2,188,843	859,963	-	780,547	-	21,192,536
Credited to the Consolidated Statement of Comprehensive Income - current period	(280,630)	(19,950)	(6,942)	-	(780,547)	-	(1,088,069)
At 31 December 2019	17,082,553	2,168,893	853,021	-	-	-	20,104,467

Notes to the Consolidated Financial Statements (continued)

9. Taxation (continued)

Deferred tax assets	Fixed assets	Deferred tax on intangibles	IFRS 16 - Right-of-use asset	IFRS 16 - Lease liability	Environmental provision and others	Losses	Total
	£	£	£	£	£	£	£
At 25 April 2019	-	-	-	-	-	-	-
Acquisition	-	-	-	(859,964)	(627,856)	(6,456,004)	(7,943,824)
Charged / (credited) to the Consolidated Statement of Comprehensive Income - current period	-	-	-	(15,389)	(478,357)	733,862	240,116
At 31 December 2019	-	-	-	(875,353)	(1,106,213)	(5,722,142)	(7,703,708)

The Group has tax losses as at 31 December 2020 of £33,838,792 (2019: £33,659,663). These are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has determined that any undistributed profits of its subsidiary will not be distributed in the foreseeable future. The Group has an agreement with its subsidiary that any profits of the subsidiary will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date.

Comparative information

In the current financial year, the deferred tax assets and liabilities have been restated in the consolidated statement of financial position as follows:

	As at 31 December 2019	Restatement	As at 31 December 2019 (As restated)
	£	£	£
Consolidation statement of financial position			
<i>Non-current</i>			
Deferred tax assets	7,703,708	(7,703,708)	-
Deferred tax liabilities	20,104,467	(7,703,708)	12,400,759

The restatement relates to an error in the prior year consolidated statement of financial position, where deferred tax assets and liabilities should not be presented on a gross basis as they met the criteria to offset and shall be presented on a net basis in accordance with IAS 12. A third consolidated statement of financial position has not been presented as the consolidated statement of financial position as at 31 December 2019 was the first presented following incorporation.

10. Goodwill

As at 31 December 2020, the Group's goodwill amounts to £20,555,791 (2019: £22,049,425). Goodwill arose from the Group's acquisition of 100% of the share capital in Oikos Storage Limited on 29 May 2019. The goodwill comprises the value of substantial development opportunities present which would greatly increase storage capacity and lead to significant future growth of Oikos Storage Limited.

Oikos Storage Limited, being the trading company where all business operations take place, is the sole CGU to which goodwill has been allocated. The recoverable amount is based on the fair value less costs of disposal methodology (this being the higher than the value in use methodology). Fair value is derived using the discounted cash flow methodology. Costs of disposal are assumed to be c.3%.

These cashflow projections, which represent post-tax Free Cash Flow to the Firm, are based on a financial model prepared by management and use a weighted average cost of capital (WACC) as the discount rate in order to calculate the fair value. For valuation purposes, the financial model projects cashflows until 31 December 2038 which at this point there is also a terminal value assumption. This assumption is based on an EBITDA multiple.

Notes to the Consolidated Financial Statements (continued)

10. Goodwill (continued)

The valuation is approved by a valuation committee comprising investment professionals and members of the Manager's finance operations team.

As at 31 December 2020, an impairment assessment was completed by comparing the recoverable amount against the carrying amount of the CGU. As a result of this analysis, an impairment loss has been identified for this CGU amounting to £1,493,634 (2019: £Nil). The primary reason for the impairment has been a change in Oxford Economics forecast inflation rates following a UK Government announcement on 25 November 2020 that the retail price index (RPI) methodology will be reformed from 2030.

Key assumptions used in fair value less costs of disposal calculations and sensitivity to changes in assumptions

The calculation of fair value less costs of disposal is most sensitive to the following assumptions:

- Discount rate
- Timing and completion of future South Side Development opportunity
- Terminal value
- RPI rates

Discount rate – the discount rate of 7.6% is used and is one in which management view as reasonable for valuation purposes. This is based on management's calculation of the WACC. A sensitivity analysis has been performed, and an increase of the discount rate of 1% (to 8.6%) would result in the aggregate carrying amount exceeding the aggregate recoverable amount by £14,877,098. Management view the current discount rate of 7.6% as appropriate given it (i) represents an achievable level of gearing in the business, (ii) represents a cost of debt which management believe would be achievable for any willing buyer to secure and (iii) represents a cost of equity in which reasonably reflects the risk profile of the business.

Timing and completion of future South Side Development opportunity – the SSD comprises 15 hectares of additional land able to accommodate a significant volume of increased storage. The cashflow forecasts model one quarter of the total potential volume to be gained, with construction forecast to commence in 2023 and operations in 2025. A sensitivity analysis has been performed, a delay of 3 years (with revenue forecast to commence in 2028) would result in the aggregate carrying amount exceeding the aggregate recoverable amount by £4,772,967. Management view the current forecast as the best estimate of the timing of the project completion, and consider the likelihood that this would be delayed by three years as low.

Terminal value – the terminal value assumption used is based on an EBITDA multiple in 31 December 2038. Management view the multiple of 14.0x used as reasonable when viewed against comparable transactions in the sector. A sensitivity analysis has been performed, and a 10% decrease of the terminal value multiple (to 12.6x) would result in the aggregate carrying amount exceeding the aggregate recoverable amount by £5,950,157. A 10% increase of the terminal value multiple (to 15.4x) would result in the aggregate recoverable amount exceeding the aggregate carrying amount by £5,950,157.

RPI rates – the cashflow projections are dependent upon the long term contractual revenue stream for liquid bulk storage, which is linked to RPI. For the purpose of these projections, RPI forecasts from Oxford Economics, an independent third party economic consultant, were used. The RPI rate used for 2020 was 1.68%, increasing to 2.00% by 2038. A sensitivity analysis has been performed, and a 10% decrease of the forecasted RPI would result in the aggregate carrying amount exceeding the aggregate recoverable amount by £7,189,509. A 10% increase of the forecasted RPI would result in the aggregate recoverable amount exceeding the aggregate carrying amount by £7,995,089.

Business combinations - Acquisition of Oikos Storage Limited

On 29 May 2019, the Group acquired 100% of the voting shares of Oikos Storage Limited, a non-listed Company based in the United Kingdom for a total purchase consideration of £151,930,123 which was paid in cash. Oikos Storage Limited specialises in storage and handling of bulk liquid and the Group acquired Oikos Storage Limited because it significantly enlarges the range of infrastructure products that can be offered to its clients.

Notes to the Consolidated Financial Statements (continued)

10. Goodwill (continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Oikos Storage Limited as at the date of acquisition are listed below. An amount £22,049,425 of goodwill has been recognised representing the surplus of consideration paid over the fair value of the net identifiable assets acquired and liabilities assumed. The goodwill comprises the value of substantial development opportunities present which would greatly increase storage capacity and lead to significant future growth of Oikos Storage Limited.

The fair values of the identifiable assets and liabilities of Oikos Storage Limited as at the date of acquisition were:

	Fair value recognised on acquisition £
Fixed assets	128,980,214
Cash and cash equivalents	8,517,346
Trade and other receivables	1,522,310
Intangible assets	12,875,552
Right-of-use asset	5,058,608
Total assets	156,954,030
Deferred income	(1,248,112)
Accrued expenses	(2,624,057)
Environmental provision	(4,893,843)
Lease liability	(5,058,608)
Deferred tax liabilities	(13,248,712)
Total liabilities	(27,073,332)
Total identifiable net assets at fair value	129,880,698
Goodwill (note 12)	22,049,425
Purchase consideration transferred	151,930,123

The total purchase consideration in the acquisition of Oikos Storage Limited amounted to £151,930,123 which was paid in cash.

	Fair value recognised on acquisition £
Analysis of cash flows on acquisition:	
Net cash acquired with subsidiary (included in cash flows from investing activities)	8,517,346
Net cash paid for acquisition of a subsidiary (included in cash flows from investing activities)	(151,930,123)
Net cash outflow on acquisition	(143,412,777)

Total expenses that were attributable directly to the acquisition of Oikos Storage Limited was £4,106,034 which are included within legal and professional fees.

Notes to the Consolidated Financial Statements (continued)

11. Fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures, fittings & office equipment	Assets under construction	Total
Cost	£	£	£	£	£
At 1 January 2020	6,878,642	124,282,744	82,105	2,615,119	133,858,610
Additions	-	101,860	20,935	3,298,282	3,421,077
Transfers	-	5,548,406	-	(5,548,406)	-
Environmental charge	(458,911)	-	-	-	(458,911)
At 31 December 2020	6,419,731	129,933,010	103,040	364,995	136,820,776
Depreciation					
At 1 January 2020	249,250	4,438,878	39,978	-	4,728,106
Charge for the year	336,061	7,855,078	25,595	-	8,216,734
At 31 December 2020	585,311	12,293,956	65,573	-	12,944,840
Net book value					
At 31 December 2020	5,834,420	117,639,054	37,467	364,995	123,875,936

	Leasehold land and buildings	Plant and machinery	Fixtures, fittings & office equipment	Assets under construction	Total
Cost	£	£	£	£	£
At 25 April 2019	-	-	-	-	-
Acquisition of a subsidiary	6,876,975	62,834,650	62,134	59,206,455	128,980,214
Additions	1,667	12,905	19,971	4,843,853	4,878,396
Transfers	-	61,435,189	-	(61,435,189)	-
At 31 December 2019	6,878,642	124,282,744	82,105	2,615,119	133,858,610
Depreciation					
At 25 April 2019	-	-	-	-	-
Charge for the period	249,250	4,438,878	39,978	-	4,728,106
At 31 December 2019	249,250	4,438,878	39,978	-	4,728,106
Net book value					
At 31 December 2019	6,629,392	119,843,866	42,127	2,615,119	129,130,504

Assets under construction

Included in fixed assets at 31 December 2020 was an amount of £364,955 (2019: £2,615,119) relating to expenditure for a plant in the course of construction.

Notes to the Consolidated Financial Statements (continued)

12. Intangible assets

	Intangible assets - customer contracts	Goodwill	Total
Cost	£	£	£
At 1 January 2020	12,875,552	22,049,425	34,924,977
Acquisition of a subsidiary	-	-	-
Additions	-	-	-
At 31 December 2020	12,875,552	22,049,425	34,924,977
Amortisation			
At 1 January 2020	117,355	-	117,355
Impairment loss	-	1,493,634	1,493,634
Charge for the year	201,180	-	201,180
At 31 December 2020	318,535	1,493,634	1,812,169
Net book value			
At 31 December 2020	12,557,017	20,555,791	33,112,808

	Intangible assets - customer contracts	Goodwill	Total
Cost	£	£	£
At 25 April 2019	-	-	-
Acquisition of a subsidiary	12,875,552	22,049,425	34,924,977
At 31 December 2019	12,875,552	22,049,425	34,924,977
Amortisation			
At 25 April 2019	-	-	-
Charge for the period	117,355	-	117,355
At 31 December 2019	117,355	-	117,355
Net book value			
At 31 December 2019	12,758,197	22,049,425	34,807,622

Included in intangible assets at 31 December 2020 was an amount of £12,557,017 (2019: £12,758,197) relating to the fair value of the identifiable customer contracts as at the date of acquisition of Oikos Storage Limited.

The Group secured two storage contracts which fully utilises its capacity. These contracts are on a take or pay basis, for a set rate and storage capacity.

13. Share capital

Group and Company

	At 31 December 2020	At 31 December 2019
Authorised shares	£	£
Ordinary shares of £1 each	31,684,429	31,684,429

As at 31 December 2020, 31,684,429 (2019: 31,684,429) ordinary shares were subscribed at £1 par value and fully paid up.

Ordinary non redeemable voting shares carries full rights to dividends and Capital Distributions as described in the Memorandum and the Articles of Association. The authorised share capital is also the total issued capital. No reconciliation is required as the authorised shares are fully subscribed and paid.

Notes to the Consolidated Financial Statements (continued)

14. Trade and other receivables

Group

	At 31 December 2020	At 31 December 2019
	£	£
Sales proceeds receivable	1,531,095	1,577,577
Other receivable	34,342	4,084
Due from related party	14,000	7,000
	<u>1,579,437</u>	<u>1,588,661</u>

Company

	At 31 December 2020	At 31 December 2019
	£	£
Interest receivable	5,020,867	2,999,226
Other receivable	6,779	-
	<u>5,027,646</u>	<u>2,999,226</u>

Trade and other receivables are non-interest bearing and are generally on terms of 30 to 90 days.

15. Trade and other payables

Group

	At 31 December 2020	At 31 December 2019
	£	£
Accruals	2,834,124	2,935,647
Interest payable on shareholder loan	2,654,537	3,190,618
Accounts payable	729,715	1,311,794
VAT payable	329,098	99,676
Amounts due to related party	237	17,048
Interest payable on bank loan	-	432,708
Other finance charges payable	-	26,648
	<u>6,547,711</u>	<u>8,014,139</u>

Company

	At 31 December 2020	At 31 December 2019
	£	£
Interest payable on shareholder loan	2,654,537	3,190,618
Accruals and accounts payable	79,127	27,475
	<u>2,733,664</u>	<u>3,218,093</u>

At 31 December 2020, the current portion of Group Accounts payable is £368,947 (2019: £586,794) and the non-current portion is £360,768 (2019: £725,000).

Trade and other payables are non-interest bearing and are generally on terms of 30 to 90 days.

16. Leases

The Group has a lease contract for Land used in its operations. The lease is for a period of 13 years with options to extend the lease for an additional term of 30 years on 13 December 2032 and a further option thereafter to extend the lease for another 30 years on 14 December 2062.

Notes to the Consolidated Financial Statements (continued)

16. Leases (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year / period.

Group

	2020	2019
	Land	Land
	£	£
As at 1 January / 25 April	5,017,771	-
Additions	-	5,058,609
Depreciation for the year / period	(68,879)	(40,838)
As at 31 December	4,948,892	5,017,771

Set out below are the carrying amounts of lease liabilities and the movements during the year / period.

	2020	2019
	Land	Land
	£	£
As at 1 January / 25 April	5,149,134	-
Additions	-	5,058,609
Accretion of interest	161,760	94,220
Payments	(3,695)	(3,695)
As at 31 December	5,307,199	5,149,134
Current	166,270	161,760
Non - Current	5,140,929	4,987,374

17. Environmental provision

Group

	2020	2019
	£	£
At 1 January / 25 April	4,946,958	-
Acquisition of a subsidiary	-	4,893,843
Unwind of the discount rate	124,016	53,115
Re-assessment in the year / period	(458,911)	-
At 31 December	4,612,063	4,946,958

The provision is expected to be utilised over the extended lease period.

18. Shareholder loan

Group and Company

	At 31 December 2020	At 31 December 2019
	£	£
Shareholder loan as at 1 January / 25 April	76,315,571	-
Proceeds	-	76,315,571
Principal payment	(1,470,494)	-
Shareholder loan as at 31 December	74,845,077	76,315,571

The details of the shareholder loan which has been registered as listed debt on The International Stock Exchange ("TISE") are included in note 20 overleaf.

Notes to the Consolidated Financial Statements (continued)

19. Bank loan

Group

	At 31 December 2020	At 31 December 2019
	£	£
Bank loan at the start of the year / period	54,210,634	-
Loan facility	-	55,000,000
Agency fee	-	(12,000)
Arrangement fee	-	(990,000)
Proceeds	-	53,998,000
Amortised arrangement fee	362,903	212,634
Bank loan at the end of the year / period	54,573,537	54,210,634

An unsecured term loan of £55,000,000 was taken out with Skandinaviska Enskilda Banken AB (publ) and BNP Paribas Fortis SA/NV on 29 May 2019 and repayments are due in full on the sixth anniversary from the closing date excluding a revolving facility amounting to £5,000,000.

This loan bears interest at an annual rate of 6-month LIBOR and a margin of 1.75%. Accrued interest shall be paid on the last day of each interest period.

20. Related party disclosure

The immediate parent of the Group is Olive Storage Holdings Ltd and the ultimate parent of the Group is SL Capital Infrastructure I LP. The registered addresses of Olive Storage Holdings Ltd and SL Capital Infrastructure I LP are 4th Floor, 3 More London Riverside, London, SE1 2AQ, United Kingdom and 1 George Street, Edinburgh, EH2 2LL, United Kingdom respectively.

At 31 December 2020, £14,000 (2019: £7,000) was due from Olive Storage Holdings Ltd to the Group in relation to working capital, as disclosed in note 14 to the consolidated financial statements.

At 31 December 2020, £237 (2019: £Nil) was due to Olive Storage Holdings Ltd from the Group in relation to VAT return, as disclosed in note 15 to the consolidated financial statements.

The Group or Company did not pay Directors fees for the year / period ended 31 December 2020 and 31 December 2019.

At 31 December 2020, £74,845,077 (2019: £76,315,571) was due to SL Capital Infrastructure I LP from the Company in respect of their shareholder loan. The Group may at any time redeem any notes in whole or in part plus any accrued but unpaid interest but excluding the date fixed for redemption. But in any case, the Group will redeem the notes on 28 May 2044 ("Maturity Date") in full, in cash, at their principal amount together with unpaid interest accrued on the relevant notes including the date of such repayment and any other sum payable on the notes. The note bears interest at a fixed rate of 7.00% per annum from the issue date and payable every 30 June and 31 December in each year. The interest can be paid or the Group may at its sole discretion elect to satisfy its obligation to pay interest on the shareholder loan by the issue of payment in kind notes. Further information on the shareholder loan is disclosed in note 18 to the consolidated financial statements.

At 31 December 2020, £2,654,537 (2019: £3,190,618) was due to SL Capital Infrastructure I LP from the Company in respect of interest payable on their shareholder loan as disclosed in note 15 to the consolidated financial statements.

21. Capital commitment

Group

	At 31 December 2020	At 31 December 2019
	£	£
Contract retention payments	102,418	741,446
Ongoing contract payments	-	1,316,277
At 31 December	102,418	2,057,723

Notes to the Consolidated Financial Statements (continued)

21. Capital commitment (continued)

The contract retention payments are for projects to build 12 new tanks and a deep water jetty together with its associated civils, instrumentation and pipework. Ongoing contract payments are for projects for pipework modifications, associated civils, instrumentation and construction of a new road loading bay. Ongoing contracts were settled as at 31 December 2020.

22. Investment in a subsidiary

The Company has a 100% direct ownership interest in Olive Storage Ltd which is incorporated in England and Wales. At 31 December 2020, total subscriptions made by the Company to Olive Storage Ltd amounted to £31,684,429 (2019: £31,684,429).

Details of the Company's Investment and its controlled entity are as follows:

Investments	Country of Domicile	Ownership Interest	Direct / Indirect Holdings	Share Class	Other Financial Instruments
Olive Storage Ltd	England	100%	Direct	Ordinary Shares	Shareholder Loans

On 29 May 2019, Olive Storage Ltd acquired 100% of the voting shares of Oikos Storage Limited, a non-listed Company based in the United Kingdom for a total purchase consideration of £151,930,123 which was paid in cash.

Details of the Group's subsidiary and its controlled entity are as follows:

Investments	Country of Domicile	Ownership Interest	Direct / Indirect Holdings	Share Class	Other Financial Instruments
Oikos Storage Limited	United Kingdom	100%	Direct	Ordinary Shares	-

23. Changes in liabilities arising from financing activities

	At 1 January 2020	Cash flows	Interest	Changes in fair values	Leases	Other	At 31 December 2020
	£	£	£	£	£	£	£
Bank loan	54,210,634	-	-	-	-	362,903	54,573,537
Shareholder loan	76,315,571	(1,470,494)	-	-	-	-	74,845,077
Interest payables							
- Bank loan	432,709	(1,720,803)	1,288,094	-	-	-	-
- Shareholder loan	3,190,618	(5,829,506)	5,293,425	-	-	-	2,654,537
Other finance charges	26,648	(106,133)	-	-	-	79,485	-
Derivatives	50,968	-	-	776,336	-	-	827,304
Lease liability	5,149,134	-	161,760	-	-	(3,695)	5,307,199
Total liabilities from financing activities	139,376,282	(9,126,936)	6,743,279	776,336	-	438,693	138,207,654

Notes to the Consolidated Financial Statements (continued)

23. Changes in liabilities arising from financing activities (continued)

	At At 25 April 2019	Cash flows	Interest	Changes in fair values	Leases	Other	At 31 December 2019
	£	£	£	£	£	£	£
Bank loan	-	53,998,000	-	-	-	212,634	54,210,634
Shareholder loan	-	76,315,571	-	-	-	-	76,315,571
Interest payables							
- Bank loan	-	(432,709)	865,418	-	-	-	432,709
- Shareholder loan	-	-	3,190,618	-	-	-	3,190,618
Other finance charges	-	(130,790)	-	-	-	157,438	26,648
Derivatives	-	-	-	50,968	-	-	50,968
Lease liability	-	-	-	-	5,058,609	90,525	5,149,134
Total liabilities from financing activities	-	129,750,072	4,056,036	50,968	5,058,609	460,597	139,376,282

24. Financial risk management

The overall strategy for the management of investment risk is reviewed periodically by the Directors. Investment is selected by the Directors to achieve the investment objective of generating attractive returns.

The Group's and Company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Group and the Company are exposed to are interest rate risk, credit risk and liquidity risk. The risk management policies employed by the Group and the Company are detailed below.

24.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term bank debt obligations with floating interest rates.

The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. All financial liabilities at amortised cost have fixed interest rates, other than the long-term loan, which has floating interest which is partially swapped for fixed interest via the interest rate derivatives.

Interest rate derivatives are required by the terms of the bank loan to cover 35% of the outstanding loan amount. The purpose of this is to mitigate the Group's exposure to interest rate risk.

The interest rate derivatives are amortising swaps, with the notional amount decreasing to match 35% of the outstanding loan amount. The interest rate derivatives are swapped floating for fixed. However 2006 ISDA definitions apply, which means that the Group pay both legs of the interest rate derivatives when the EURIBOR is negative.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / (decrease) in basis points	Increase / (decrease) on loss before tax £
2020		
GBP	50	(275,000)
GBP	(50)	275,000

Notes to the Consolidated Financial Statements (continued)

24. Financial risk management (continued)

24.1 Interest rate risk (continued)

	Increase / (decrease) in basis points	Increase / (decrease) on loss before tax £
2019		
GBP	50	(162,740)
GBP	(50)	162,740

24.2 Credit risk

Credit risk is the exposure to loss arising from the failure of a counterparty to deliver securities or cash for acquisitions or disposals of investment or to repay deposits.

The maximum exposure to credit risk, in the event that counterparties fail to perform their obligations as at the year end (in relation to each class of recognised financial assets), is the carrying amount of those assets in the Consolidated Statement of Financial Position. At the reporting date, the Group's and the Company's financial assets exposed to credit risk amounted to the following:

Group

	At 31 December 2020 £	At 31 December 2019 £
Cash and cash equivalents	5,050,881	11,902,813
Trade and other receivables	1,579,437	1,588,661
	<u>6,630,318</u>	<u>13,491,474</u>

Company

	At 31 December 2020 £	At 31 December 2019 £
Loan to a subsidiary	71,737,717	71,737,717
Trade and other receivables	5,027,646	2,999,226
Cash and cash equivalents	188,049	4,564,609
	<u>76,953,412</u>	<u>79,301,552</u>

The Group and Company places cash with authorised deposit takers and, therefore, is potentially at risk from the failure of any such institution. At 31 December 2020, all of the Group's cash was held by Barclays which was rated "A", NatWest which was rated "BBB", and Societe Generale which was rated "A" by Standard & Poor's at the date of the Directors' Report. At 31 December 2020, all of the Company's cash was held by Societe Generale which was rated "A" by Standard & Poor's at the date of the Directors' Report.

At 31 December 2020, the Group had 2 customers which account for 100% of all the receivables and contract assets outstanding. The Group evaluates the concentration of risk with respect to trade receivables as high, as it has reliance on two key customers for fixed stream revenue. 90% of site capacity is contracted to one customer and the remaining 10% of site capacity is contracted to a second customer.

At 31 December 2020, the trade and other receivables held by the Group are not past due nor impaired.

24.3 Liquidity risk

Liquidity risk is the risk that the Group and the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Notes to the Consolidated Financial Statements (continued)

24. Financial risk management (continued)

24.3 Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity based on the remaining period at the Consolidated Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

At 31 December 2020

	Less than 1 year £	Between 1 and 3 years £	More than 3 years £	Total £
Liabilities				
Trade and other payables	5,857,845	360,768	-	6,218,613
Derivative financial liabilities	-	827,304	-	827,304
Bank loan	1,528,247	5,248,777	55,871,140	62,648,164
Shareholder loan	7,893,693	10,478,311	184,953,463	203,325,467
Lease liability	3,695	250,128	13,671,966	13,925,789
Total liabilities	15,283,480	17,165,288	254,496,569	286,945,337

At 31 December 2019

	Less than 1 year £	Between 1 and 3 years £	More than 3 years £	Total £
Liabilities				
Trade and other payables	7,189,463	725,000	-	7,914,463
Derivative financial liabilities	-	50,968	-	50,968
Bank loan	1,450,463	4,794,342	57,853,822	64,098,627
Shareholder loan	8,532,708	10,684,180	193,841,550	213,058,438
Lease liability	3,695	55,823	13,869,966	13,929,484
Total liabilities	17,176,329	16,310,313	265,565,338	299,051,980

The Directors regularly monitor the Group's and the Company's liquidity position to ensure sufficient liquidity levels are in place.

24.4 Capital risk management

The capital of the Group and the Company are represented by the net assets. The Group's and the Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for the Shareholder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group and the Company. In order to maintain or adjust the capital structure, the Group and the Company may distribute funds to the Shareholder.

25. Fair value measurement

The Group and the Company measures financial instruments such as derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group and the Company.

Notes to the Consolidated Financial Statements (continued)

25. Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The following table analyses within the fair value hierarchy the Group's Investment measured at fair value:

At 31 December 2020

	Level 1 £	Level 2 £	Level 3 £	Total £
Derivative financial instruments at fair value through profit or loss	-	(827,304)	-	(827,304)

At 31 December 2019

	Level 1 £	Level 2 £	Level 3 £	Total £
Derivative financial instruments at fair value through profit or loss	-	(50,968)	-	(50,968)

There were no transfers between levels during the current year and comparative period.

Fair value measurement of financial instruments

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

Valuation techniques and processes

Where valuation techniques are used to determine fair values of derivative financial instruments, they are validated and periodically reviewed by the Directors.

	At 31 December 2020 £	At 31 December 2019 £
Balance at the start of the year / period	(50,968)	-
Unrealised losses	(776,336)	(50,968)
Balance at the end of the year / period	(827,304)	(50,968)

Notes to the Consolidated Financial Statements (continued)

26. Financial instruments

Group

	2020		2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£	£	£	£
Financial assets measured at amortised cost				
Cash and cash equivalents	5,050,881	5,050,881	11,902,813	11,902,813
Trade and other receivables	1,579,437	1,579,437	1,588,661	1,588,661
Total financial assets measured at amortised cost	6,630,318	6,630,318	13,491,474	13,491,474
Financial liabilities measured at amortised cost				
Shareholder loan	(74,845,077)	(74,845,077)	(76,315,571)	(76,315,571)
Bank loan	(54,573,537)	(54,573,537)	(54,210,634)	(54,210,634)
Trade and other payables	(6,218,613)	(6,218,613)	(7,914,463)	(7,914,463)
Total financial liabilities measured at amortised cost	(135,637,227)	(135,637,227)	(138,440,668)	(138,440,668)
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	(827,304)	(827,304)	(50,968)	(50,968)
Total financial liabilities measured at fair value through profit or loss	(827,304)	(827,304)	(50,968)	(50,968)

Company

	2020		2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£	£	£	£
Financial assets measured at amortised cost				
Loan to a subsidiary	71,737,717	71,737,717	71,737,717	71,737,717
Cash and cash equivalents	188,049	188,049	4,564,609	4,564,609
Trade and other receivables	5,027,646	5,027,646	2,999,226	2,999,226
Total financial assets measured at amortised cost	76,953,412	76,953,412	79,301,552	79,301,552
Financial liabilities measured at amortised cost				
Shareholder loan	(74,845,077)	(74,845,077)	(76,315,571)	(76,315,571)
Trade and other payables	(2,733,664)	(2,733,664)	(3,218,093)	(3,218,093)
Total financial liabilities measured at amortised cost	(77,578,741)	(77,578,741)	(79,533,664)	(79,533,664)

Notes to the Consolidated Financial Statements (continued)

26. Financial instruments (continued)

The management assessed that the fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying amount of the shareholder loan and the loan to a subsidiary is a reasonable approximation of its fair value as the fair value of the shareholder loan is estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending or borrowings arrangements. The fair values of the Group's bank loan are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

27. Subsequent events

Subsequent events have been evaluated up to 23 August 2021. There are no significant events identified after the reporting date.