Zander Topco Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the period 27 November 2020 (date of incorporation) to 31 December 2021

Registered No: 13049173

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Zander Topco Limited
Officers and professional advisers

Directors	P I France R Keiller B C Lepsøe M K O'Donnell M Ruscev D A Sedge
Company Secretary	Crestbridge UK Limited
Registered Office	8 Sackville Street London W1S 3DG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol, 431 Union Street Aberdeen AB11 6DA
Solicitors	Burness Paull LLP 1 Union Wynd Aberdeen AB10 1SL
Bankers	HSBC Bank plc 2 Queens Road Aberdeen AB15 4ZT

Principal activities

Zander Topco Limited, via its subsidiary Zander Midco Limited, acquired ASCO Group Limited on 18 December 2020. Activities described within this strategic report relate to the ongoing business activities of ASCO Group Limited and its subsidiaries.

ASCO is a leading global provider of logistics and materials management services supporting projects in the Renewables, New Energy, Oil and Gas and Decommissioning sectors. The company supports major energy companies and tier 1 contractors, with operations across five continents and eight countries. Headquartered in Aberdeen, Scotland, ASCO operates from over 70 locations worldwide and employs c.1,300 people.

ASCO's innovative processes and systems mean the company is at the forefront of driving supply chain efficiency, providing full transparency of the entire process from vendors to end users. The fully integrated suite of support includes logistics, transport and freight, supply base management, aviation services, warehousing and storage solutions, materials management, fuel and bulk provision, marine services, training, lifting and assurance, personnel provision and environmental services.

It combines this with specialist technical and advisory services across marine, materials, inventory and lifting operations, and world-class technology via its proprietary integrated Logistics Management System (iLMS), to meet the needs of energy operators across the world.

With over 50+ years of logistics and materials management experience, ASCO's expertise and capability help customers by transforming operational efficiency and improving processes. ASCO's continued execution of innovative low-carbon strategies mark them as the supplier of choice in supporting a sustainable future.

CEO statement

2021 saw a return to growth despite the backdrop of the on-going global pandemic, extreme pressure on the oil and gas sector and supporting the industry during the energy transition. Our fundamental obsessions of safety, service and sustainability are well embedded in the business and are a major contributing factor in our ability to secure substantive growth opportunities, both domestically and internationally.

Despite constraints on travel, we established two new operating locations internationally in Senegal and New Brunswick, Canada. Senegal in particular presents significant scope for future growth, in country and in the wider region.

As well as welcoming our new colleagues in New Brunswick and Senegal I would like to thank all of our colleagues for their dedication and hard work in delivering a positive year. They have lived up to our values and demonstrated the ASCO culture by their actions and by working together to support our customer's needs.

I am pleased to see the progress we have made in developing and executing our sustainability plans and how the business has embraced the need to achieve our ultimate goal of being net zero by 2040 and our interim goals by 2024. The environmental committee has been established and is contributing to developing real opportunities for the business to make a difference.

The health and well-being of our colleagues remains our number one concern and I was pleased to see this recognised again in our annual staff 'Make a Difference' survey. This is an area of constant focus and why it is one of our three fundamental obsessions.

Section 172 of the Companies Act

On 18 December 2020 ASCO Group Limited was acquired by Zander Midco Limited, which is in turn wholly owned by Zander Topco Limited. The Board of Zander Topco Limited manages the overall governance and strategy of the ASCO Group.

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

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

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

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

Financial Highlights

Group sales in the period were £431.2m, with UK fuels revenues accounting for 46.5%.

Overall EBITDA from continuing operations was £19.7m excluding exceptional items as set out in the Financial review (page 14).

Corporate Activity

During the period the Group extended the existing banking and debt facilities until December 2023.

Zander Topco Limited Board

The Board is made up of a Non-Executive Chair, 4 Non-Executive directors and 1 Executive Director. Further details of the role of the Board and governance processes established are set out in the Corporate governance report.

UK Business

The UK business is mainly centred on quayside logistics, material management, environmental and bunkering services. In the UK we have three main offshore supply bases in Peterhead, Aberdeen and Great Yarmouth.

Activity

Activity as measured by tonnes across the quayside in UK increased by 12.5% in 2021 versus the prior year. Our environmental business and bunkering business also saw activity in line with 2020.

Commercial

Following the introduction of our "OneHub" operating model in Scottish operations a new position was created to manage commercial and business development activities in the UK. This role aligned with the matrix model we have in place for other functions. Under this role the existing UK commercial team has continued to perform strongly and in 2021 secured several new clients. In addition, we have retained and extended several key contracts and markedly grown UK market share. Based on customer feedback our differentiation has stemmed not from price but from our core focus on safety and service, alongside our market leading materials management and process improvement capabilities.

Combining the operations of our training and personnel businesses under single leadership has paid dividends with strong improvement in sales and marketing activities which is broadening the markets and customers we target. Similarly combining our Freight and Agency business under a single structure will improve the integration and efficiency of those businesses. The UK Environmental services business generated revenue of £23m in the year to December 2021, consistent with the previous year. Strong growth was generated in our NORM solutions business where 2021 revenue more than doubled over the previous year with a strong order book for 2022. Our waste transfer stations also made a very positive contribution to results, with onshore work levels helping to offset lower offshore activity. Our work on large decommissioning and produced water projects reinforced our wider business expertise, with us successfully managing multiple large-scale projects on behalf of a wide range of clients.

Supply chain

The contract for cargo carrying units supply was renewed and included sustainability targets for the first time. A new supply chain for HVO (hydro treated vegetable oil) was built to support our transport fleet's transition from fossil to bio-based fuel.

Operations

The One Hub initiative has now been significantly progressed with many of the North Scotland operations teams now co-located in our Operations Control Centre (OCC) at our UK and Group HQ in Aberdeen. This model is already paying dividends with improved communication, collaboration, and efficiency. Locating the OCC within our administrative hub has also had the benefit of bringing these two previously disparate elements together to work more effectively and gain greater insight and empathy for one another's work.

International Business

Norway: The Norwegian business is also centred on quayside logistics, material management, environmental and bunkering services from five main offshore supply bases located from the south to the north of the country. The tonnes across the quayside increased by over 30% versus the prior year due to increased drilling activity on the Norwegian shelf and this did also impact positively on other services. We benefited from further grant awards from the Norwegian Coastal Administration in 2021 to support the continued digitalisation of all of the bases. The new supply base in Hammerfest (Leirvika) was operational from September 2021.

Trinidad: 2021 was another year of growth for ASCO Trinidad as customer activity increased and we strengthened our operations. We also supported one of our customers regional activity plans and this helped to deliver an outstanding year for the business. Deborah Benjamin has been appointed as our Managing Director for Trinidad in early 2022 to lead the business.

Australia: We continue to rebuild our operation in Australia following the loss of a large contract in 2020. This has been hampered by the on-going pandemic, in particular (internal state & federal) border closures due to Covid-19 and the subsequent shortage of labour/drivers and delays in key contracts. James Stewart was promoted to Managing Director in 2021 and undertook a strategic review of the business, this led to a decision to cease operations in our Dampier location, operations will cease following the conclusion of an existing contract at the end of May 2022. Positive signs of improvement have already been seen with contract wins with a major operator in Darwin of particular benefit to securing increased scope in 2022 and beyond.

Canada: Driver shortages have hampered what is an increasingly buoyant market in Western Canada/Manatokan service lines, however despite ongoing headwinds of Covid-19 performance was promising and several new contracts and projects have been secured for 2022. Operations in Newfoundland continue to be steady with some upside from a major off station FPSO refurb being supported by ASCO personnel in Canada and deployed to the shipyard in Spain. The New Brunswick operations commenced amidst significant Covid-19 travel restrictions, but work has gone extremely well with the new manager deployed, >20 personnel recruited, and the customer delighted with initial progress. The New Brunswick work will form a critical case study for growth of similar Downstream opportunities regionally and internationally.

Senegal: Following several periods of short-term project contracts, the long-term contract to operate the Dakar supply base was executed in July 2021. A new Country General Manager was deployed in March along with support personnel and two teams of Back-to-Back operations personnel. Good progress has also been made towards expansion into neighbouring Mauritania that will progress through 2022.

International Other: Following the progress made with both Suriname and Senegal, focus in 2022 will be twofold: firstly, is to identify, map and plan the expansion opportunities created in both these countries, to ensure we sustainably grow profitably for the long-term. Secondly, is identifying other geographic areas for expansion that meet our selection criteria. It is our intention to continue to follow a highly selective and measured approach to international growth to ensure we are able to effectively deliver to our customers' expectations and that risks are appropriately mitigated.

Employees

Due to success in new operations and contracts, we made selective headcount increases with new operations roles in Canada, Senegal and the UK. We were unfortunately not able to provide a companywide annual escalation in January 2021, as per previous years however this has been reinstated for January 2022 and the workforce has been broadly accepting of the rationale for this. Some increases were paid as we continue to pursue an equitable approach to Pay and Benefits.

Despite the pandemic and challenging conditions associated with working from home (for a large number of personnel) response to the 2021 employee survey remained broadly positive with our participation in community events the only area where scores fell substantively - this is entirely understandable as many of these activities have been paused due to the government restrictions on events/gatherings.

As conditions have improved, we have seen a gradual return to the workplace for many. In keeping with our Employer of Choice objective a hybrid remote working model has been implemented and very well received by employees. This approach is important as part of our retention and attraction strategy and with the resilience of our IT infrastructure has been demonstrated as highly achievable, without compromising performance. We still resolutely believe in the power and value of face-to-face interaction, therefore we look forward to welcoming all employees back to their workplace through 2022.

Naturally with restrictions in travel there has been a reduction in the frequency of senior management visits to work locations globally in 2021. This will be rectified in 2022, however we remain cognisant of the cost and environmental impact of long-distance travel and as with work locations a hybrid in-person and virtual model will continue to be used.

Environment, Social and Governance (ESG)

ASCO's governance structure, deployed in 2020, has proven to be effective in ensuring we continue to keep ESG matters at the forefront of the business. This has been supplemented in 2021 with the appointment of a dedicated Sustainability Manager, through internal promotion, to look at all areas of sustainability, energy transition opportunities and the establishment of an Environmental Sustainability Committee (ESC).

The aim of the ESC is to drive the ASCO decarbonisation roadmap in line with the company environmental sustainability policy using the principles of increasing efficiency, protecting natural resources, eliminating waste, and transitioning to low carbon solution alternatives. To ensure we are effective in this, we have worked closely with Aberdeen-based climate change experts, Goal7 (named after the UN Sustainable Development Goal for Clean and Affordable Energy).

ASCO is actively reducing its environmental impact and shaping a low carbon supply chain with the transition to electric vehicles, the trial of renewable biofuel on HGV trucks and the digitalisation of two additional supply bases in Sandnessjoen and Farsund in Norway, following successful grant applications.

ASCO's market position provides a unique position to support our customers as they strive to lower their carbon footprint. Through improved planning, process optimisation, increased utilisation (e.g. through multi-customer sharing) and the deployment of technology, ASCO enables its customers to reduce both marine and road transportation, delivering significant reductions in CO2 emissions. This will be enhanced by the implementation of the data-driven Operations Control Centres (OCC) in both Aberdeen and Tananger. Connected to our iLMS system and managed by our OCC expert team, the result is an agile delivery approach with workflows that are capable of improving business performance, planning, visibility and ultimately drive efficiencies.

In addition, ASCO's Waste Management business plays a critical role in supporting customers in reducing and ultimately eliminating the quantity of waste going to landfill, with the goal of zero waste to landfill.

ASCO recognises the importance of creating and sustaining a diverse and inclusive working environment. Diversity helps us in generating new ways of thinking and innovation that supports our long-term growth. We are working hard to ensure all employees feel valued and have the opportunity to contribute meaningfully to the future of the business. This commitment extends beyond the core characteristics of race, gender and age and includes ensuring that there is awareness, tolerance and consideration made regarding less visible challenges such as mental health and the menopause. These issues are addressed through periodic bulletins and awareness campaigns, both internally and externally, and making staff aware of where support is available.

In addition to the strategic priorities linked to the environment and sustainability ASCO strives to maintain and enhance high standards of corporate governance across all parts of the business. We have created a Governance Committee which meets quarterly with the mandate of reviewing compliance related issues and sponsoring and supporting best practice initiatives. ASCO is very aware of the risk of bribery and corruption for companies which operate globally and through our Code of Conduct and Anti Bribery and Corruption (ABC) Policy we have a zero tolerance towards bribery and corruption by our staff or third parties working on our behalf. We provide targeted training and assessment for relevant staff on ABC and Modern Slavery related issues.

We are also taking steps to further enhance our contracting processes with both customers and suppliers so as to ensure each contract has received the appropriate level of review and approval. Our approach to contracting is based upon achieving best performance, service delivery and best value in an ethical and sustainable manner.

The Corporate Governance report gives further details of Board and broader governance arrangements.

Company Culture

Our culture remains firmly rooted in our three fundamental obsessions for Safety, Service and Sustainability. This has been the foundation of our success over the past three years and has helped enhance our reputation with our customers and to build high levels of employee engagement and trust. Safety performance in 2021 did not start as we had hoped. Efforts were doubled to ensure that even with the ongoing challenges of Covid-19 that employees remained focussed on the fundamental elements of operational safety. This led to a recovery through the year with year-end performance significantly improved. A new Group Head of HSSEQ has been appointed and we have an ambitious plan for 2022.

KPIs

The Group's activities are managed by teams of dedicated people whose performance is monitored by a series of key performance indicators. At the highest level these are based on profitability, including EBITDA, cash, debt and liquidity management. These are commented in further detail within the Financial review.

Operationally, the number one priority is that of safety of all our people and anyone who may be affected by our work activities. Key performance indicators including LTIF (lost time injury frequency) and TRCF (total recorded case frequency) are generated and reported against both targets and prior years, both monitoring performance and highlighting to staff the emphasis the Group places on safety. For the year to 31 December 2021, the LTIF and TRCF were recorded as 0.24 and 0.72 respectively (2020: 0.12 and 0.35 respectively). Both the LTIF and TRCF are stated at a rate per 200,000 person hours worked.

In 2021 we maintained regular reporting on the impact of Covid 19 with a focus on employee numbers to make sure that all of the safety measures introduced were working and that transmission was not linked to the workplace. So far we have seen levels of infection lower than the average local levels of infection supporting our belief that the protection and response to the pandemic has been and continues to be appropriate.

Project Dynamo

Project Dynamo continued through 2021 to be an important vehicle for driving cost savings, efficiency gains and growth in the business. In 2021 Dynamo savings across the Group delivered amounted to £3.8m however critically we are now also focussing on the areas of growth and efficiency, alongside the delivery of sustainable cost efficiencies. Project Dynamo 2022 is split into 6 workstreams as we focus on governance and process improvement projects.

Strategy 2019-2024

In 2019, ASCO implemented a strategic "reset" building its business around the fundamental obsessions of Safety and Service Excellence. This was augmented in 2020 with the addition of our Sustainability obsession. These changes have delivered a tangible difference in the engagement and success we are having with our customers. The obsessions are now fully embedded across the Group and are at the heart of what all our people are focused on delivering. Several major customers both old and new have indicated that they have seen the improvement in the business in the past three years and recognise our commitment to delivering on our obsessions.

As well as focussing on our fundamental obsessions we also have our 3 strategic pillars.

Customer Focus

Introducing a dedicated customer facing team in the UK in 2021 has seen a marked improvement in the strength of our strategic relationships, evidenced by the improvement in conversion and retention rates of strategic contracts. In 2021 we have been able to secure long-term extensions with several customers globally, many by negotiation rather than tender - this shows a step-change in the level of engagement we have with our customers and the trust/value they place in ASCO.

Moving forward we are seeing an increase in the desire for Operators to outsource larger parts of their non-core activities to third parties, this creates significant scope for ASCO to expand and broaden its service offering and market share.

Growth

By securing Senegal, we established our first new international market in close to a decade. This is a very important first step in proving that our model is effective and replicable. Growing the Canadian business into a new Province and sector is also an important step in establishing a strong, resilient and diverse profile.

Innovation

Innovation encompasses technology, process improvement and commercial elements of our business. In 2021 we introduced our Operations Control Centres in both Aberdeen and Tananger - this is the first stage in creating a global network of operations centres, sharing data and improving performance. Our systems capability continues to enhance with our iLMS ecosystem bringing together both bespoke and off the shelf technology to enhance our own and our client's operations.

Principal risks and uncertainties

The risks associated with Covid-19 disruption are waning across the world, but we must remain prepared for future escalations and be cognisant of the lessons learned since March 2020. As an organisation our preparedness and resilience has increased substantially through the knowledge gained and processes implemented over the past period.

Volatility in the commodity price of Oil and Gas remains a primary uncertainty. Geopolitical matters continue to cause fluctuations that we need to be prepared to respond to e.g. where exploration activity is accelerated we need to be positioned to deliver on rapidly increased service requirements, some that may be in new markets.

As a business we are also working to spread the breadth of our services and markets to diversify our portfolio and reduce our exposure to commodity price fluctuations.

The risks and uncertainties faced by the Group in the course of its day to day operations are set out in the Directors' report at page 18. These include potential repercussions from fluctuations in the global energy market, Brexit, cybersecurity threats, currency movements and credit exposures.

Outlook

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

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

Following the successful contract awards in 2021 and the positive start to 2022 the Board remain confident in making further progress in 2022.

On behalf of the board:

P I France
Group Chief Executive Officer
29 April 2022

On 18 December 2020 ASCO Group Limited was acquired by Zander Midco Limited, which is in turn wholly owned by Zander Topco Limited. This Corporate governance report reflects the arrangements and processes in place for the Zander Topco Limited group.

For the year ended 31 December 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has voluntarily applied and reported on the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ('FRC') in December 2018 and available on the FRC website). The Group is in the process of further strengthening its governance processes and believes that a robust governance and internal control methodology will align with building a sustainable business for the long term.

Principle 1 - Purpose and leadership

ASCO has over 50 years of experience as a logistics and materials management provider to the oil & gas, as well as the broader energy industry. We have ongoing operations in 8 countries across a broad range of customers and employ over 1,300 personnel in support of our operations.

Our strategy is to place our customers at the heart of what we do - building deep levels of collaboration, cooperation and partnership to enhance service delivery, optimise mutual commercial benefit and deliver the highest standards of safety. Our aim is to be the clear supplier of choice in our industry and work with our customers to support the delivery of their environmental targets. We wish to create the next generation of logistics and materials management company powered by our diverse team of talented people, pioneering technology and innovative ways of working. This will be underpinned by our obsession for safety and service excellence and sustainably managing our business and protecting the planet for the next generation. We have four strategic drivers covering:-

People - building a fair and inclusive culture, celebrating great performance and aiming to be the employer of choice.

Customers - we will work collaboratively and build trust and prove our performance consistently to become a trusted partner.

Growth - we are entrepreneurial building new profitable business in existing and new market segments and geographies.

Innovation - we will drive improved performance based on innovative thinking, digital advances and a culture of learning and continuous improvement.

Principle 2 - Board Composition

The Group has a separate Chairman and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Group are effectively maintained. The Chairman plays a pivotal role in creating the conditions for overall Board and individual Director effectiveness.

The Directors have equal voting rights when making decisions, except the Chairman, who has a casting vote. All Directors have access to the advice and services of the Group General Counsel and may, if they wish, take professional advice at the Group's expense.

The Zander Topco Board has four independent non-executive directors plus the Group's Chairman and Chief Executive Officer. The size and composition of the board is appropriate to a group of our size and complexity.

The duties of the Board are executed partially through committees. The Directors attend and act as chair to relevant committees so that they are able to challenge and influence a broad range of areas across the Group.

The ASCO Management Board has delegated responsibility for the day to day running of the Group and it ensures that the values, strategy and culture align, are implemented and are communicated to the workforce most notably through regular leadership meetings and Town Hall meetings that are available to all employees.

The Board are committed to making the Group an ever-more inclusive environment, thereby fostering a more diverse workforce which should increase diversity at the most senior levels including the Board of Directors and the ASCO Management Board.

Principle 3 - Director Responsibilities

Accountability

Good governance supports open and fair business, ensures that the Group has the right safeguards in place and makes certain that every decision it takes is underpinned by the right considerations. Whilst Board oversight and ultimate decision making is always maintained, key recommendations to support decisions are made by the individuals and committees with the most appropriate knowledge and industry experience.

The Board has a programme of scheduled meetings every year and each Board member has a clear understanding of their accountability and responsibilities. Non scheduled meetings can be arranged to cover urgent matters requiring Board attention and decisions.

The Directors and Committee members are asked to declare their interests at the start of each Board/Committee meeting so as to avoid any conflict of interest issues. As part of the annual audit, each Director is required to complete a Related Party information request, in which they disclose any directorships and/or substantial shareholdings they may have in non-group companies.

Committees

Audit Committee

The Committee's primary concerns are the integrity of the Group's financial statements; the effectiveness of internal controls; the performance and independence of the external auditors; the establishment and ongoing performance of the internal audit function; and the Group's compliance with legal and regulatory requirements.

The Committee has clearly defined terms of reference which were created early in 2021. These outline the Committee's objectives and responsibilities related to financial reporting and the other primary concerns noted above.

The Chair of the Audit Committee is Birthe Lepsoe. The Audit Committee comprises one other non-executive director and the Group Chief Executive Officer together with the Group Chief Financial Officer. The Board is satisfied that the members of the Audit Committee have the appropriate recent and relevant financial experience.

ASCO Management Board

The Board delegates authority for day-to-day management of the Group to the ASCO Management Board (AMB) under leadership of the Chief Executive according to an agreed Delegation of Authority.

The AMB meet regularly and consists of individuals responsible for the strategic business units and key functions. A biography for each member of the AMB can be found on the Group's website

https://ascoworld.com/about/our-team

The AMB's duties include formulating strategy proposals for Board approval and ensuring that the agreed strategy is implemented in a timely and effective manner. These are measured and linked to annual incentive plans and personnel development plans.

Corporate Social Responsibility Committee

As a subset of the AMB the Group has established the Corporate Social Responsibility "CSR" committee chaired by the Group Chief Executive Officer. The primary role of the CSR committee is to assist the AMB and the Board in understanding the views of stakeholders and ensuring that there are mechanisms and processes in place to engage with key stakeholders; the impact of the Group on the community and the environment; and ensuring that these processes and mechanism are fit for purpose. Sub-committees, reporting into the CSR committee, have been formed covering each of Sustainability; Social; Governance; HSSEQ; and Employee diversity & inclusion.

Duties of the CSR committee include:-

- Assessing & monitoring culture to ensure alignment with the purpose, values and strategies of the Group
- Oversee workforce engagement and development of diversity and inclusion
- Oversee and monitor the Group's Health & safety systems & practices
- Oversee and monitor the Group's processes and mechanisms for building relationships with customers, suppliers and other key stakeholders and understanding their views
- Oversee and monitor the impact of the Group's operations on the community and the environment
- Oversee and monitor the charitable activities of the Group
- Oversee and monitor compliance with relevant laws and regulations

Integrity of information

The Board receives regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs).

Key financial information is collated from the Group's various accounting systems. The Group's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Other key information is prepared by the relevant internal function. The Group is in the process of establishing an internal audit function which will test internal controls, as well as the reporting of data, across the various group business units and functions.

Principle 4 - Opportunity and Risk

The Board seeks out opportunity whilst mitigating risk.

Opportunity

Long term strategic opportunities are highlighted in the annual Group budgeting and business planning process which results in the budget and three year plan being presented to the Group Board each year. The Board seeks out opportunities drawn from the business as well as those presented to the shareholder group. Short term opportunities to improve performance, resilience and liquidity are collated through the quarterly business unit review process, which is attended by members of the Executive Management Team.

Risk

During 2020 the Group held a number of risk workshops for the executive leadership team to consider the main risks identified by the business and consider appropriate mitigating actions. This has been followed up over the last 12 months by some additional training on risk and business continuity planning. The Group now has plans to develop an Enterprise Risk Management framework which will require that the business units complete risk registers on a bi-annual basis to ensure that they always reflect the current risks facing the business. An annual presentation will be made to the Board of the most significant risks across the business. The Group's key operational risks and mitigations are outlined in the strategic report (on pages 2 to 7).

The Group's systems and controls are designed to manage, rather than entirely eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not an absolute assurance against a risk materialising.

Responsibilities

The Group has developed an Operating Framework based on its Group Operating Procedures which encapsulates the Group's operating rules, processes, best practice standards and delegated authorities.

Specifically, the Group Board approves any contract above a certain value (determined by the Board) or any transaction that requires an unbudgeted allocation of capital, to ensure that the appropriate level of diligence has been performed in understanding the obligations, risks and terms of the contract. This enables the Group to protect the integrity and long-term sustainability of all its businesses, to meet its strategic objectives and to create value for its shareholders, customers and suppliers.

Principle 5 - Remuneration

The Board's primary objective is to set remuneration at a level that will enhance the Group's human resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of its shareholders. The Board approves the remuneration of the Chief Executive Officer and the basis for incentive pay arrangements for senior executives.

The Group reports its Gender Pay Reporting and publishes this on our website. The Group is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit.

As part of the Group's focus on Diversity, the Group set up a separate working group made up of managers and employees from across the business to consider diversity in all of its forms.

Principle 6 - Stakeholders

The Board is clear that good governance and effective communication are essential on a day-to-day basis to deliver our purpose and to protect the Group's brand, reputation and relationships with all our stakeholder community including shareholders, customers, employees, suppliers and the local communities in which we work. The Board continues to seek to align the Group's strategic direction with its purpose and to the shareholders' long-term aspirations for sustainability and growth.

The Group's Chief Executive and Chief Financial Officers provide the primary communication route between the Executive Management Team, the Board and the shareholders. Under the shareholders' agreement, the shareholders have the right to appoint Directors to the board of Zander Topco Limited. The appointments of the current non-executive directors of Zander Topco Limited have been approved in accordance with the terms of the shareholders' agreement.

External impacts

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this in part through its commitment to: a culture of zero harm (ensuring the safety, health and wellbeing of everyone who works with us); creating positive environmental and social impact; and seeking to be an employer of choice where everyone is valued and respected.

Stakeholders

The Board promotes accountability and transparency with all external stakeholders.

The Group also has in place its three fundamental obsessions and four strategic drivers which provide the framework for leading, supporting and managing employees well for sustainable results. The Group CEO hosts Town Hall meetings to provide a briefing on the Group's performance and allows individuals to raise questions and concerns. The Group has in place plans to monitor its employees' commitment to its guiding framework by asking members of senior management to submit an annual declaration confirming whether they have complied with the Group's key policies and Code of Conduct.

Stakeholders (continued)

If any employee wishes to highlight any potential breaches to the Code of Conduct, they can contact the independent whistleblowing services provider and a formal investigation follows, with anonymous reporting to the Audit Committee.

The Executive Management Team has overseen a number of initiatives over the past few years to improve employee relations by seeking to expand the menu of flexible benefits on offer, encouraging more flexible working practices and wellbeing initiatives and updating the Group's intranet platform and channels of communication to share information, best practice, achievements and success.

The Group continues to comply with legal requirements in the UK in respect of Gender Pay Reporting and Payment Practices both of which are published externally. The Group is constantly seeking to improve its engagement with all stakeholders and to work collaboratively for the long term benefit of both ASCO and its stakeholders. The Group's website (www.ascoworld.com), intranet and social media channels provide extensive and up-to-date news on recent developments.

Activities of the Board in 2021

The Board operates a forward agenda of standing items appropriate to the Group's operating and reporting cycles. Items requiring Board approval or endorsement are defined clearly. Other items are for monitoring or reviewing progress against strategic priorities, risk management or the adequacy of internal controls.

During 2021 the Board:

- Approved the Annual Accounts and Reports 2020 for ASCO Group Limited;
- Set the Group's 2022 budget and three year business plan;
- Considered the allocation of capital to support the rolling three year business plan;
- Received detailed reports on the Group's operating and financial performance;
- Gave consideration to the Group's safety performance;
- Received updates on progress against strategic programmes and tested the overall strategy against the delivery of shareholders' long term objectives;
- Frequently considered the evolving economic, political and market conditions;
- Considered competitor behaviour, assessing ASCO's performance in comparison to its peers, particularly in regard to market share and service offering;
- Considered opportunities for organic growth and successes in securing new contracts;
- Monitored and assessed the key risks associated with the Group's liquidity;
- Reviewed cash forecasts, cash management and status reports on the Group's funding;
- Reviewed key risks, together with the adequacy of mitigation controls;
- Considered future potential capital investment decisions with an assessment made on risk versus reward;
- Received regular reports from the Chair of the Audit Committee;
- Reviewed and approved the Group's remuneration of senior management incentive arrangements;
- Evaluated the short and long terms trends in the oil and gas sector that would help to inform the wider business strategy and the Group's long term planning process; and
- Approved the annual statement on the Group's tax strategy, which can all be found on the Group's website www.asco.com

External Auditors

PricewaterhouseCoopers LLP were re-appointed external auditors during 2021. The Audit Committee assesses the effectiveness of their performance every year after completion of the annual audit plan and during 2021 the Committee evaluated their performance in relation to the 2020 audit of ASCO Group Limited. The evaluation takes the form of discussions with Management and other members of the Executive Management Team. The calibre of the external auditors, their governance, independence and professionalism continues to receive good feedback. Both management and external auditors are committed to a positive working relationship that enhances the effective and efficient execution of the audit process.

As it is privately owned, the Group is not subject to the same external restrictions in terms of non-audit work provided by the external auditors as if it were a public company, but for good governance has chosen to implement its own policy in relation to the level of their remuneration and the extent of their non-audit services.

Throughout 2021 the Audit Committee was satisfied that the Group's external auditors' engagement policy had been complied with and concluded that the external auditors remained objective and independent and that the audit process was robust.

Overview

The financial statements of the Group for the period ended 31 December 2021 have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS) and are presented in GBP which is the principal functional and presentational currency of the Group's income streams and cash flows.

The financial statements cover the period from the incorporation of Zander Topco Limited on 27 November 2020 to 31 December 2021. The period includes the results of ASCO Group from the date of acquisition by the Company on 18 December 2020 to 31 December 2021. As a result, no comparative figures are presented within these financial statements. The results of ASCO Group Limited for the previous financial year ending 31 December 2020 are presented in its consolidated financial statements.

Trading performance

The Group Consolidated Statement of Comprehensive Income is shown on page 27 to these financial statements.

Group revenue in the period was £431.2m, with UK fuels revenues accounting for 46.5% of total group revenue. The UK fuels revenue varies with the price of marine gas oil and these movements, both up and down, often have little effect on actual activity levels or profitability but can distort the margin percentage.

The Group produced an operating profit of £14.3m in the period. Operating profit before exceptional costs was £13.5m.

The Group applies the international accounting standard for leases, IFRS 16. As a consequence of this standard, assets leased in the business which, under the previous accounting standard, were accounted for within operating profit as lease expenses, are, with certain exceptions, recorded on the Group's balance sheet with depreciation charge and finance cost replacing lease expenses in the income statement.

The Group monitors capital ratios in order to comply with external covenants as described at note 22(e). The terms of the covenants as set out in the Group's borrowing arrangements exclude the impact of IFRS 16 and leases continue to be accounted for under the former reporting standard (IAS 17) for covenant purposes. A reconciliation between operating profit per these financial statements and the measure included in the lending documents and as measured by management is set out below.

	2021 £m
Operating profit	14.3
Depreciation (note 13a)	6.9
Depreciation of right of use assets (IFRS 16) (note 13b)	13.0
Amortisation (note 14)	3.4
Exceptional items - gain on recognition of finance sublease (note 6)	(2.1)
Exceptional items - other (note 6)	1.3
EBITDA pre exceptional items	36.8
Non-recurring costs (net)	0.9
Contribution from joint ventures	0.2
Lease expenses (IAS 17 vs IFRS 16 presentation)	(18.2)
EBITDA (adjusted)	19.7

Trading performance (continued)

The underlying earnings before interest, taxation, depreciation and amortisation (EBITDA) of the Group was £19.7m in the period. This reflected a recovery of business activity from the impact of COVID-19 and related confidence to undertake drilling activity in 2021.

The Group recorded an exceptional gain in connection with the recognition of a finance sublease. This was partly offset by costs from restructuring and other corporate activities as disclosed in note 6.

The Group incurred a further net £0.9m of non-recurring costs during the period in connection with various corporate reorganisation costs. These are considered to be exceptional for management purposes but are not considered exceptional for statutory financial statements disclosure.

Depreciation and amortisation

Depreciation of the Group's tangible assets totalled £6.9m of which £4.5m related to depreciation of plant and equipment. A further £13.0m of depreciation was reported on right of use assets. Amortisation of intangible assets, which consist of the value of customer relationships, trade name and Group technology, amounted to £3.4m.

Exceptional items

During the period, the Group incurred costs of £0.3m in connection with restructuring activities and costs of £1.0m related to other corporate activities. In addition, the Group recognised a gain of £2.1m on recognition of a finance sublease. Costs of £0.2m were incurred relating to changes to the Group's loan agreement with its banking group (note 19), presented within financing costs in the Consolidated Statement of Comprehensive Income. The total exceptional items recognised in the Consolidated Statement of Comprehensive Income was a net gain of £0.7m.

Finance costs

Net finance costs for the Group in the period amounted to £13.0m and the analysis is shown in Notes 9 and 10 to the financial statements. A further £0.2m of exceptional costs were incurred in relation to revisions to the Group's debt financing during the year (note 6).

Taxation

Notes 11 and 20 to the financial statements set out the analysis of the Group's tax charge and breakdown of deferred tax respectively along with the Group's effective tax rate.

The tax charge on continuing operations in the Consolidated Statement of Comprehensive Income was £3.7m in the period. The charge recorded in the period reflects tax payable within international jurisdictions in which taxable profits were achieved, together with deferred tax charges arising due to changes in tax rates enacted in the year partially offset by deferred tax credits arising due to the impact of amortisation of intangible assets.

Capital investment

During the period a total of £3.2m was invested in fixed assets of which £3.1m related to plant and equipment. Assets with net book value of £1.1m were disposed of in the period, largely relating to surplus transport assets in Canada and Australia.

Group cash flow and debt

The Group's consolidated statement of cash flows is shown on page 31 of these financial statements. The Group's debt movement (excluding shareholder loans) in the period was as follows:

	2021 £m
On acquisition	(82.6)
Decrease in cash in the period (net of exchange)	(5.3)
Repayment of debt (including asset financing)	0.5
Net debt at 31 December	(87.4)

Net debt in the Group's lending documents is defined as the excess of the Group's long and short term borrowings (including overdrafts) over cash, cash equivalent and other deposits excluding capitalised debt arrangement fees. The net debt balances above do not include the impact of IFRS 16, Leases.

	2021 £m
Bank loans - current (secured) (note 19)	(9.5)
Bank loans - non-current (secured) excluding capitalised deal fees (note 19)	(94.7)
Finance lease liabilities - current (secured)	(0.4)
Finance lease liabilities - non-current (secured)	(0.9)
Cash	18.1
Net debt at 31 December	(87.4)

At the end of 2021 the Group held unrestricted cash balances of £17.5m plus unutilised available credit facilities of £2.0m.

Borrowings

At 31 December 2021 the Group's total bank borrowings, excluding capitalised debt arrangement fees, were £104.2m, 91% of which is due to mature in more than one period.

Financial risk management objectives and policies

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of provisions for impairment. Provisions for impairment are determined by measuring expected credit losses of the financial assets held.

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

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

G N Paver
Group CFO
29 April 2022

The directors present their annual report and the audited consolidated financial statements of the Group for the period 27 November 2020 (date of incorporation) to 31 December 2021.

Results and dividends

The loss for the period after interest, taxation and non-controlling interest was £3,209,000. The directors recommended that no dividend be paid and the loss for the period will be debited to the profit and loss reserve.

A more detailed review of the business and future developments is given in the Strategic Report and Financial Review on pages 2 to 17.

Going concern

As part of its normal annual budgeting process, and in accordance with the terms of the financing agreement, the Directors have prepared detailed trading and cash flow projections for 2022 and 2023 which form the basis for their going concern assessment. On the basis of these projections, the Directors believe the Group and Parent Company have adequate cash resources for the going concern period to December 2023 and for this period will be in compliance with the covenant requirements set out in its financing agreements. When assessing the going concern basis of preparation of the financial statements, the Directors and management have considered the Group's and Parent Company's cash flow forecasts, funding requirements and contract (current and potential) back-log. Management have also applied a severe but plausible downside to its base projections and believe that the Group would continue to have access to sufficient liquidity and would meet the covenant requirements as set out in its financing agreements. Further detail of going concern considerations are disclosed in note 2.2.

Risks and uncertainties

As with any business, Zander Topco Limited faces a number of risks and uncertainties in the course of its day to day operations. The principal risks and uncertainties, and mitigating actions that are employed by the Group to manage those risks, are noted below.

Market risk

The Group continues to have significant operations in the oil and gas sector which is a market driven, cyclical industry where activity is closely correlated with the market prices for oil and gas. These prices are driven by a number of macroeconomic, geo-political and other factors including, in the longer term, the potential transition to a lower carbon economy. Changes in such prices may lead to an increase or decrease in our activity levels as we have seen over recent years. During periods of low prices we often see an increase in litigation and customer claims as clients attempt to minimise their costs and manage budgets. Over the last few months we have seen an increase in oil prices which have been further accelerated by the war in Ukraine. If such prices are maintained at historically high levels we may experience an increase in customer drilling and other activities as projects become financially viable and longer term confidence improves.

We mitigate the impact of this risk through endeavouring to secure longer term contracts with our clients where possible. Many of our clients own oil and gas assets where the lifting costs are at the lower end of the spectrum and hence are still able to make positive returns even at lower energy prices. Where possible we employ a flexible cost model such that we are able to change manning levels as activity changes. Each of our businesses and geographies has different exposure and sensitivity to changes in energy prices with Manatokan in Canada and ASCO Transport and Logistics Pty Ltd in Australia being the most susceptible to reduced activity as their work is generally linked to onshore drilling activity.

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

In the future we expect our business to evolve into supporting the broader energy industry including offshore wind, renewables and new sources of energy such as hydrogen. We expect that this will be a gradual evolution but that this transition will bring new challenges and uncertainties. We believe however that the business is well placed to participate in the changing energy market as it develops.

Risks and uncertainties (continued)

UK Market risk

In 2017 the UK government triggered Article 50 of the Lisbon Treaty to start the exit process from the European Union following the referendum in 2016. This has introduced a number of additional risks and uncertainties, particularly around exchange rate volatility, but also uncertainty over future free movement of goods, personnel and services as well as the overall political uncertainty around such a major change to future trading relationships. The UK formally left the European Union on 31 January 2020. This was followed by a period of transition which ended on 31 December 2020 with the agreement between the UK and European Union on the terms of their future trading relationship, the practical implementation and implications of which continue to evolve. The Group does not believe that the risks presented by Brexit will have a material effect on its ongoing operations or profitability, either in the UK or globally. Developments continue to be monitored closely by the Group.

Business continuity risk

The impact of Coronavirus (COVID-19) has been significant with ever changing restrictions being placed upon business and movements of people in particular, though this does appear to be easing. The Group has developed procedures to seek to protect our personnel during the outbreak including providing additional testing and PPE. The Group actively encouraged all personnel to take up the vaccinations on offer to them as they become available, including offering some worksite clinics, in order to mitigate the impact on the business.

Cybersecurity risks

Our operations are dependent upon various IT systems. Threats to IT systems associated with cybersecurity risks continue to grow and evolve including targeted attacks through viruses, malware, phishing as well as potentially by employees. The risks associated with these include the potential loss or misappropriation of funds, loss of data and intellectual property, damage to our reputation and potential for litigation.

Although we employ various controls to mitigate our exposure to such risk, cybersecurity risks are continuing to rapidly evolve with new threats regularly emerging.

Currency related risks

We carry out our operations in a number of countries and are exposed to currency risk as those currencies become stronger or weaker against the Pound Sterling. Our financial results are presented in Pounds Sterling and these results are sensitive to either a relative strengthening or weakening of the major currencies we are exposed to against the Pound Sterling.

The Group employs a number of mechanisms to manage elements of exchange risk. Where possible we will seek to naturally hedge our exposures through matching currency revenue and expenditure which we typically achieve through the autonomous trading of our overseas subsidiaries where revenues and costs are typically in the same local currency. Where this is not possible, we may seek to hedge our currency exposures through the purchase of forward contracts.

Credit related risk

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

We seek to mitigate these risks through continuous monitoring of exposures to individual clients. Financial credit checks are required to be performed on new clients, and where possible we seek payments in advance of services, particularly where the financial credit check does not support normal commercial terms being offered. We have robust escalation processes to chase overdue accounts with regular reviews with our senior management team.

Environment

The Group recognises the importance of its environmental responsibilities. The directors are aware of the need to comply with environmental regulations and the Group is subject to regular visits by the Environmental Agencies in the regions in which it operates.

The gross greenhouse gas (GHG) emissions for ASCO Group Limited in the UK are 6,758 tonnes of carbon dioxide equivalent (tCO2e) at an emissions intensity of 2.451 tCO2e per road transport mile for the period 1st January 2021 to 31st December 2021. This figure includes all material Scope 1 and Scope 2 and the elements of Scope 3 required to be disclosed by the legislation. The GHG emissions are broken down by source as follows:

Emissions Source	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Scope 3 (tCO_2e)	Total (tCO_2e)
Fuel combustion: stationary (natural gas)	295	-	-	295
Fuel combustion: mobile (transport fuel)	5,248	-	24	5,272
Purchased electricity	-	1,094	97	1,191
Total	5,543	1,094	121	6,758
Share of total	82.0%	16.2%	1.8%	100%

6,758 tonnes of carbon dioxide equivalent over 2,757,005 transport miles equates to 2.451 tCO2e per 1,000 road transport miles. In kWh, the energy consumption behind these emissions figures are:

Energy Consumption (kWh)	2021	% of Total
Fuel combustion: stationary (natural gas)	1,612,000	6%
Fuel combustion: mobile (transport fuel)	21,792,000	76%
Purchased electricity	5,154,000	18%
Total	28,558,000	100%

The data contained in this note is calculated and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, March 2019. An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of buildings within the scope of the regulation, plus transport; company-owned vehicles used for business travel. Emissions have been calculated using the 2020 conversion factors provided by Department for Business, Energy & Industrial Strategy.

ASCO Group always aims to operate at maximum energy efficiency in order to minimise our environmental impact and reduce our operating costs. Energy efficiency measures undertaken in the reporting year include:

- Electric Vehicle Charging points - 6 installed at South Base
- Currently having 3 electric vans and a further 4 on order along with a hybrid, diesel/electric minibus
- HGV Euro 6 vehicles have increased to 69 owned and 13 short term rentals
- Successfully trialled HVO in one of our Euro 6 Renaults trucks and plan to switch 90% of our heavy good vehicles to HVO fuel, early 2022
- Completed a successful HVO forklift trial and are currently engaging with Briggs regarding a transition plan
- External lighting at South Base - ongoing programme to change to LED
- LED Lighting - ongoing programme of replacement throughout our Property estate
- CSR Committee and Sustainability committee has been established
- Goal7 - Net Zero Target for 2040 - we have engaged Goal7 to manage and develop our Net Zero targets

Employees

Details concerning employees are shown in note 8 and discussed in the Strategic Report. Good relations with employees are regarded as paramount, and communication is maintained through regular visits by management to all departments and through town hall meetings and employee engagement calls. The Health and Safety of all employees is constantly reviewed.

Internal communication systems have been developed to inform all managers and staff throughout the Group of significant events, including major financial and economic factors that affect the performance of the Company. Employees are provided with information on matters of concern to them, principally through the operation of regular team briefings to every employee.

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

Disabled employees are employed where possible and people with disabilities have full and fair consideration for all suitable vacancies. Training is available as necessary and should an employee become disabled when working for the Group, efforts are made to continue their employment and retraining is provided if required.

Most employees are members of company pension schemes.

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were as follows:

- P I France (appointed 18 December 2020)
- R Keiller (appointed 28 January 2021)
- B C Lepsøe (appointed 28 January 2021)
- M K O'Donnell (appointed 28 January 2021)
- M Ruscev (appointed 28 January 2021)
- D A Sedge (appointed 28 January 2021)
- S D A Drewett (appointed 27 November 2020, resigned 18 December 2020)
- N D Townson (appointed 27 November 2020, resigned 18 December 2020)
- P J Windsor (appointed 27 November 2020, resigned 18 December 2020)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

Statement of disclosure of information to the auditors

In the case of each director in office at the date the directors' report is approved:

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

Directors' indemnities

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

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

The financial statements on pages 27 to 70 were approved by the board of directors on 29 April 2022 and signed on its behalf by:

P I France
Director
29 April 2022

Independent auditors' report to the members of Zander Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zander Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the period from 27 November 2020 to 31 December 2021;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report And Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent company statements of financial position as at 31 December 2021; the Consolidated statement of comprehensive income, the Consolidated and Parent company statements of changes in equity and the Consolidated statement of cash flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The Group and the Parent Company (Zander Topco Limited) are reliant on the Group's current financing arrangements to continue as a going concern. Should the Group's shareholders decide to sell the business within the going concern assessment period the current financing arrangement could become repayable immediately. The Group does not currently have the funds to enable it to repay the financing arrangement if required. The Group does not currently know whether it will be able to reach agreement with its existing lenders or be able to secure additional funding from other sources or, in the event of a sale, obtain funding from any acquirer or the terms on which any such funding is provided by any party. These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- discussions with the Board of Directors, certain key management personnel, the Health, Safety, Environment, & Quality team and in-house legal team in relation to their awareness of any instances of actual or potential litigation and claims or non-compliance with laws and regulations;
- review of minutes of meetings of the Board of Directors;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- challenging assumptions and judgements made by management in their significant accounting estimates.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Bruce Collins

Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
29 April 2022

Zander Topco Limited
Consolidated statement of comprehensive income
For the period 27 November 2020 (date of incorporation) to 31 December 2021

	Note	2021 £'000
Revenue	5	431,162
Cost of sales		(392,959)
Gross profit		38,203
Administrative expenses		(21,327)
Amortisation of intangible assets	14	(3,425)
Operating profit before exceptional items		13,451
Exceptional items	6	872
Operating profit	7	14,323
Finance costs	9	(13,103)
Finance income	10	90
Exceptional finance costs	6	(198)
Foreign exchange loss on financing		(750)
Share of profit of joint ventures	12a	93
Profit before tax		455
Income tax charge	11	(3,664)
Loss for the period from continuing operations		(3,209)
Other comprehensive income		
Exchange rate variances on translation of overseas subsidiaries		513
Total other comprehensive income		513
Total comprehensive expense		(2,696)

Notes on pages 32 to 65 and 68 to 70 are an integral part of these financial statements.

The loss for the parent company for the period was £527,000.

Zander Topco Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	2021 £'000
NON-CURRENT ASSETS		
Property, plant and equipment	13a	37,401
Right-of-use assets	13b	62,749
Goodwill	14	39,141
Other intangible assets	14	17,582
Investments in joint ventures	12a	678
Investments in finance subleases	13c	1,951
Investments	12	1
Deferred income tax asset	20	464
		159,967
CURRENT ASSETS		
Inventories	15	2,309
Trade and other receivables	16	61,681
Cash at bank and in hand	17	18,107
		82,097
TOTAL ASSETS		242,064
CURRENT LIABILITIES		
Trade and other payables	18	(50,356)
Financial liabilities	19	(20,948)
Income tax payable		(977)
		(72,281)
NON-CURRENT LIABILITIES		
Financial liabilities	19	(163,416)
Provisions	21	(2,068)
Deferred tax liabilities	20	(6,994)
		(172,478)
TOTAL LIABILITIES		(244,759)
NET LIABILITIES		(2,695)

Zander Topco Limited
Consolidated statement of financial position (continued)
As at 31 December 2021

		2021
		£'000
CAPITAL AND RESERVES		
Equity share capital	31	1
Foreign currency translation reserve		513
Accumulated losses		(3,209)
TOTAL EQUITY		(2,695)

Notes on pages 32 to 65 and 68 to 70 are an integral part of these financial statements.

The financial statements on pages 27 to 70 were approved by the board of directors and signed on its behalf by:

P I France
Director
29 April 2022

Zander Topco Limited
Consolidated statement of changes in equity
For the period 27 November 2020 (date of incorporation) to 31 December 2021

	Equity share capital £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total equity £'000
Issued and fully paid	1	-	-	1
Loss for the period	-	-	(3,209)	(3,209)
Other comprehensive income	-	513	-	513
Total comprehensive expense for the period	-	513	(3,209)	(2,696)
At 31 December 2021	1	513	(3,209)	(2,695)

Notes on pages 32 to 65 and 68 to 70 are an integral part of these financial statements.

Zander Topco Limited
Consolidated statement of cash flows
For the period ended 31 December 2021

	Note	2021 £'000
Cash flows from operating activities		
Cash generated from operations	23	25,264
Income tax paid		(2,038)
Net cash generated from operating activities		23,226
Cash flows from investing activities		
Consideration in relation to acquisition of subsidiary		23,081
Purchase of property, plant & equipment		(3,183)
Proceeds from sale of property, plant & equipment	23	1,621
Principal elements of finance sublease receipts		347
Cash received on inception of finance sublease		746
Net cash generated from investing activities		22,612
Cash flows from financing activities		
Interest paid		(13,530)
Principal elements of lease payments		(14,175)
Net cash used in financing activities		(27,705)
Net increase in cash and cash equivalents		18,133
Exchange losses on cash and cash equivalents		(26)
Cash and cash equivalents at end of period		18,107

Notes on pages 32 to 65 and 68 to 70 are an integral part of these financial statements.

1. GENERAL INFORMATION

Zander Topco Limited ("the Company") is a private limited company limited by shares incorporated in England and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company. The principal activity of the Group is providing supply chain management services to the international oil and gas sector and other related industries encompassing logistics, materials management, fuels and lubricants, freight forwarding and environmental and waste management services. It operates primarily in the UK and Norwegian sectors of the North Sea, Trinidad, Canada, Australia and Senegal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Group and Company's financial statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 ('IFRS') and with the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000) unless otherwise indicated.

The specific accounting policies adopted which are consistently applied in preparing the financial statements are described below.

The Company was incorporated on 27 November 2020 and through its subsidiary, Zander Midco Limited, acquired the entire share capital of ASCO Group Limited on 18 December 2020. The consolidated financial statements covers the period from 27 November to 31 December 2021 including the trading period from the date of acquisition of ASCO Group Limited from 18 December 2020 to 31 December 2021 (see note 26).

2.2 Going concern

As part of its normal annual budgeting process, and in accordance with the terms of the financing agreement, the Directors have prepared detailed trading and cash flow projections for 2022 and 2023 which form the basis for their going concern assessment. On the basis of these projections, the Directors believe the Group and Parent Company have adequate cash resources for the going concern period to December 2023 and for this period will be in compliance with the covenant requirements set out in its financing agreements. When assessing the going concern basis of preparation of the financial statements, the Directors and management have considered the Group's and Parent Company's cash flow forecasts, funding requirements and contract (current and potential) back-log.

Management have also applied a severe but plausible downside to its base projections. This includes adjusting for downside risk in relation to securing key contracts and removing the assumption made in the base projections that there will be a recovery to pre-COVID 19 results. These downsides are partly offset by mitigations under the control of management, including the ability to manage items such as capital expenditure and business overheads in the event of market conditions being lower than anticipated. This severe but plausible downside scenario reduced the forecast performance of the business in 2022 to be broadly in line with 2021. The 2021 financial performance reflected only partial recovery from the COVID-19 pandemic and the resultant impact on the oil price and market activity. Based on this severe but plausible downside, the Directors believe that the Group would still have adequate cash resources and would meet the covenant requirements as set out in its financing agreements for the going concern period.

The Directors have also carefully considered the ownership structure along with the contractual terms and conditions within the financing arrangements. Consistent with Loan Market Association standard lending terms, the Group's financing arrangements include a "change of control" clause, which if triggered, could result in the full financing becoming repayable immediately. The Group does not currently have the funds to enable it to repay the financing arrangement if required and the Group does not currently know whether it will be able to reach agreement with its existing lenders or be able to secure additional funding from other sources or, in the event of a sale, obtain funding from any acquirer or the terms on which any such funding is provided by any party. This scenario also impacts the Parent Company given the Parent Company is reliant on the Group's funding to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Going concern (continued)

As the Group's owners were, prior to acquisition, lenders to the Group, the Directors expect that, it is possible that during the going concern assessment period, the Group's owners will sell the business should they identify an appropriate purchaser. The impact of such a sale on the Group's financing arrangements is unknown to the Directors. The Financial Reporting Council's guidance is that a future change in control which is outside of the Directors' control indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. However, the Directors consider that for a sale to risk the Group's solvency it would require either i) the Group's secured lenders to agree to a sale at a value below the level of secured debt, but to not agree to solvently restructure the debt to effect the sale, or ii) a new owner to have insufficient funding to run the business. The Directors consider that neither scenario is likely.

Nevertheless, despite the Directors' view on the unlikely nature of the above scenario, based on guidance published by the Financial Reporting Council, these conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's and Parent Company's ability to continue as a going concern in the event of a future change in control which is outside the control of the Directors. The financial statements do not include the adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

2.3 Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary and associate undertakings. The results of those subsidiary undertakings based in foreign countries are translated at the average exchange rate for the period and their balance sheets are translated at the period-end exchange rate. Any differences arising from the application of these rates or on opening net assets is accounted for through other comprehensive income. All intra group transactions and balances are eliminated on consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

Goodwill and business combinations

The identifiable assets and liabilities of the companies acquired are included in the Group's consolidated balance sheet at their fair value at the date of acquisition. The difference between the fair value of the net identifiable assets acquired and the fair value of the purchase consideration is treated as either positive or negative goodwill. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment review

The Group performs impairment reviews in respect of goodwill annually. An impairment loss is recognised when the recoverable amount of an asset, calculated as the higher of fair value less costs of disposal and value in use, is less than its carrying amount. In the absence of comparable market transactions, a discounted cash flow model has been used to calculate the recoverable amount. Unless the impairment is identifiable against a specific asset class, any impairment is first allocated to goodwill then to intangible assets followed by property, plant and equipment. CGUs are aligned to the structure the Group uses to manage its business.

2.4 Investment in joint ventures

The Group has interests in joint ventures which are jointly controlled entities, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the entities. The arrangements require unanimous agreement for financial and operating decisions among the venturers.

In accordance with IFRS 11, Joint Arrangements, the Group's Joint Ventures are accounted for on an equity accounting basis. The Group's share of the joint ventures' result after tax is presented separately in the income statement and the Group's share of joint ventures' net assets shown as a single line in the balance sheet. Where obligated or where the Group has plans to support the joint venture, the Group's share of net liabilities is shown within current financial liabilities.

2.5 Functional currency

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

2.6 Foreign currencies

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

2.7 Revenue recognition

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

Sales of goods

Sales of goods primarily relate to sales of marine gas oil (MGO). Sales are recognised when control of the goods has transferred, being when the products are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of services

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the income statement when it is incurred.

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

Customer relationships	5 years
Trademarks	10 years
Development costs	20 years
Software	5 to 10 years

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

The Group performs annual impairment reviews as described at note 2.3.

2.9 Property, plant and equipment

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

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

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

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

Land and buildings	
- Freehold property	25 to 50 years
- Leasehold property	Over the period of the lease
Plant and equipment	
- Base infrastructure	10 to 25 years
- Fuel infrastructure	10 to 20 years
- Cranes	10 to 15 years
- Forklifts	10 years
- Vehicles	5 to 10 years
- Software applications	5 to 10 years
- Computer equipment	3 to 5 years
- Office furniture	5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost of the most recent inventory purchased. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell.

2.11 Leases

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

Group as 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.

Right of use assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

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 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. The lease term includes options to extend if reasonably certain to be exercised.

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

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

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

The Group's lease liabilities are included in interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

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

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Taxation

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

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where the Group operates and generates taxable income. Taxable income differs from the profit/loss as reported in the statement of comprehensive income because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group obtains the benefit of tax losses incurred by any of its UK subsidiaries in the form of group relief. Group relief is provided for nil consideration between group companies other than where there is a non-controlling interest where full value is paid for group and consortium relief obtained.

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

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

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

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

2.13 Financial assets

Trade and other receivables

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss (ECL) allowance for all trade receivables. The assessment of the Group's exposure to credit risk includes consideration of historical and forward-looking information regarding both the financial position and performance of the counterparty and the general macro-economic environment. The Group reviews its exposure to trade receivables, analysed by age and customer risk profile, together with historic default rates over the previous two financial years and experience of the time taken to collect receivables.

For other financial assets, including intercompany receivables, the allowance for ECLs is calculated on a 12-month basis and is based on the portion of ECLs expected to result from default events possible within 12 months of the reporting date. The Group monitors for significant changes in credit risk and where this is materially different to credit losses calculated on a 12-month basis changes the allowance to reflect the risk of expected default in the contractual lifetime of the financial asset. Unless there is a valid mitigating factor, the Group considers there to have been an increase in credit risk when contractual payments are more than 30 days past due. For intercompany receivables, expected credit losses are the difference between the contractual cash flows due to the Group and the weighted average cash flows that are expected to be received from different recovery scenarios.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

2.14 Financial liabilities

The Group and parent company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and lease liabilities. Management determines the identification of financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR method 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 in finance costs in the income statement.

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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2.15 Offsetting of financial instruments

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

2.16 Provisions

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

2.17 Pensions

The Group operates a number of defined contribution schemes. The pension cost charge represents contributions payable by the Group during the accounting period.

2.18 Exceptional items

Exceptional items are those significant items which are non-recurring in nature and are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. See note 6 on full details of exceptional items.

3. NEW AND FUTURE ACCOUNTING STANDARDS

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021, but the Group early adopted them in the prior year:

- Covid-19-Related Rent Concessions - amendments to IFRS 16 and Interest
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Carrying value of goodwill and intangibles

The Group tests the carrying value of goodwill for impairment annually and other intangible assets when there is an indicator of impairment, in accordance with the accounting policy stated in note 2.3. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal calculations. These calculations require the use of estimates (note 14).

An impairment charge of £nil has been recognised as described at note 14.

(b) Lease accounting

In accordance with the requirements of IFRS 16, 'Leases', significant estimates and judgements have been made with regards to the determination of both the incremental borrowing rate to measure lease liabilities and the likely duration of leases as set out at note 13b.

For subleases where the Group is the lessor, judgements have been made with regards to whether the leases should be classified as finance or operating leases.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Investment in subsidiary - purchase price allocation

The goodwill arising on the acquisition of Asco Group Limited was calculated by comparing the consideration paid with the fair value of the identifiable assets acquired and liabilities assumed. This was based on the fair value less costs to sell (FVLCTS) of the group at the date of acquisition (18 December 2020) based on an external enterprise valuation of the group.

A review was then undertaken to assess the carrying value of the assets and liabilities at the time of acquisition with each major class of assets and liabilities being assessed. There were two fair value adjustments deemed to be necessary:

- Goodwill in Asco Group Limited removed to arrive as a fair value on acquisition of nil;
- The shareholder loan notes of £232,273,000 were waived as part of the acquisition and therefore have a fair value of nil on acquisition.

An assessment was then made of the intangible assets on acquisition with a fair value attributed to the value of the customer relationships and to the trademarks of the business. Management applied judgement to determine the appropriate useful economic lives over which the assets should be amortised, specifically in relation to the other intangible assets.

The resulting goodwill arising on acquisition of £39.3m is set out in detail in Note 26.

5. REVENUE

Revenue recognised in the income statement is analysed as follows:

	2021 £'000
Sale of goods	
- UK	200,637
Rendering of services	
- UK	115,589
- Norway	70,785
- Australia	7,420
- Other	36,731
	230,525
Total	431,162

Segments presented reflect the structure of the Group as discussed at note 14. The Group's revenue is largely derived from the provision of services at a point in time.

6. EXCEPTIONAL ITEMS

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

	2021
Within operating costs:	£'000
Gain on recognition of finance sublease (note 13c)	(2,133)
Restructuring	263
Other exceptional costs	998
	(872)

	2021
Within finance costs:	£'000
Finance restructuring fees	198

Exceptional costs in the period represent charges associated with changes to the structure of the Group. Restructuring costs include redundancy payments and general close down costs. Other exceptional costs relate to the Group's M&A related expenses and corporate governance related expenses in one of the overseas locations.

Finance restructuring fees represent the cost to the Group of securing new or amended debt facilities (note 19).

7. OPERATING PROFIT

	2021
	£'000
Operating profit is stated after charging/(crediting):	
Cost of inventories recognised as an expense	193,792
Depreciation (note 13a)	6,862
Depreciation of right-of-use assets (note 13b)	12,975
Amortisation of intangible assets (note 14)	3,425
Expense relating to short term leases	7,215
Loss on foreign exchange	26
(Gain) on disposal of fixed assets	(485)

7. OPERATING PROFIT (CONTINUED)

Auditors' remuneration

During the period the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and their associates:

	2021 £'000
Audit services	
- UK audit	418
- Overseas audit	143
Tax services - tax compliance	42
Other services	1
	604

8. EMPLOYEES

	2021 £'000
Wages and salaries	63,664
Social security costs	6,404
Other pension costs	2,826
	72,894

Monthly average number of people employed

	2021 No.
Number of employees	1,326

Average number of people (including executive directors) employed:

	2021 No.
Administration	213
Operations	1,113
Total average headcount	1,326

Director emoluments disclosed at note 25(c).

9. FINANCE COSTS

	2021
	£'000
Interest payable on bank borrowings	6,431
Interest payable on lease liabilities (note 13b)	6,215
Interest payable on other loans	457
	13,103

10. FINANCE INCOME

	2021
	£'000
Interest income from sublease of property classified as finance lease (note 13c)	89
Other interest income	1
	90

11. INCOME TAX CHARGE

	2021
	£'000
Current tax	
- Current tax on profits for the period	2,401
- Adjustments in respect of prior years	6
Total current tax	2,407
Deferred tax (note 20)	
- Current period	1,437
- Change in tax rates	(180)
Total deferred tax	1,257
Income tax charge	3,664

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard tax rate applicable to losses of the consolidated entities as follows:

	2021
	£'000
Profit before tax - continuing operations	455
Tax calculated at domestic tax rates applicable to profits in the respective countries	342
Tax effect of:	
- Expenses not deductible for tax purposes	291
- Income not taxable	43
- Movement in deferred tax not provided	2,324
- Overseas tax	305
- Change in tax rates	(181)
- Adjustment in respect of prior years	6
- Other differences	534
Income tax charge	3,664

11. INCOME TAX CHARGE (CONTINUED)

During the period, the UK corporation tax rate remained unchanged at 19%.

In the Spring Budget 2021, the UK Government announced that, from 1 April 2023, the UK corporation tax rate would increase to 25%. This new law was substantively enacted on 11 March 2021. The effective deferred tax rate has as a result increased from 19% to 25%.

12. INVESTMENTS

The Group's investments in joint ventures and subsidiaries are set out in notes 12a and 12b. The Group's investment in an associate company is held at a value of £1,000 (2020: £1,000) and is included in note 28.

12a. INVESTMENTS IN JOINT VENTURES

	2021 £'000
On acquisition	598
Share of profit	93
Exchange movement	(13)
At 31 December	678

Share of JV assets represents the Group's interests in Kristiansund Base AS.

Commitments and contingent liabilities in respect of joint ventures

At the end of 2021, ASCO Norge AS, a subsidiary of the Group, had guaranteed 50% of the value of a property lease held by its joint venture Kristiansund Base AS at a total value of 62m NOK (£5m) over 11 years. Both companies are privately incorporated.

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint ventures.

12b. SUBSIDIARIES

All subsidiary undertakings (as detailed in note 28) are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

13a. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
On acquisition (note 26)	27,939	14,391	42,330
Additions	30	3,124	3,154
Disposals	-	(1,136)	(1,136)
Exchange rate variance	(14)	(58)	(72)
At 31 December 2021	27,955	16,321	44,276
Accumulated depreciation			
Charge for the period	2,394	4,468	6,862
Exchange rate variance	4	9	13
At 31 December 2021	2,398	4,477	6,875
Net book value			
At 31 December 2021	25,557	11,844	37,401

Depreciation expense of £6,082,000 has been charged in 'cost of sales', £780,000 in 'administrative expenses'.

The assessment of impairment is covered under impairment test in note 14 intangible assets.

13b. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Where the Group is a lessee

Amounts recognised in the balance sheet

Right-of-use assets	2021 £'000
Property	51,063
Large plant, vehicles and equipment	7,814
Small plant, vehicles and equipment	3,872
	62,749

Additions to the right-of-use assets during 2021 were £6,405,000.

Lease liabilities	2021 £'000
Current	11,448
Non-current	69,850
	81,298

Amounts recognised in the Consolidated Statement of Comprehensive Income relating to leases

Depreciation of right-of-use assets	2021 £'000
Property	8,200
Large plant, vehicles and equipment	2,918
Small plant, vehicles and equipment	1,857
	12,975

	2021 £'000
Interest expense (included in finance cost)	6,215
Expense relating to short-term and low value leases (included in cost of sales and administrative expenses)	7,215

13c. INVESTMENTS IN FINANCE SUBLEASES

Where the Group is a lessor

The Group has entered into two sublease arrangements as a lessor in relation to properties that are considered finance leases. As the leases transfer substantially all of the risks and rewards of ownership of the assets, they are classified as finance leases.

	2021 Current receivables £'000	2021 Non-current receivables £'000
Finance leases - gross receivables	519	7,434
Unearned finance income	(169)	(5,483)
	350	1,951

	2021 £'000
Gross receivables from finance leases	
- No later than 1 year	519
- Later than 1 year and no later than 5 years	930
- Later than 5 years	6,504
	7,953
Unearned future income on finance leases	(5,652)
Net investment in finance leases	2,301

	2021 £'000
The net investment in finance leases may be analysed as follows	
- No later than 1 year	350
- Later than 1 year and no later than 5 years	444
- Later than 5 years	1,507
Net investment in finance leases	2,301

No allowance for expected credit losses is required in 2021.

14. INTANGIBLE ASSETS

	Goodwill £'000	Customer relationships £'000	Trademarks £'000	Development costs £'000	Software £'000	Total £'000
Cost						
On acquisition (note 26)	39,312	5,343	8,459	168	7,049	60,331
Additions	-	-	-	-	46	46
Exchange rate variances	(171)	(24)	(37)	-	-	(232)
At 31 December 2021	39,141	5,319	8,422	168	7,095	60,145
Accumulated amortisation						
Amortisation for period	-	1,066	767	17	1,575	3,425
Exchange rate variances	-	(2)	(1)	-	-	(3)
At 31 December 2021	-	1,064	766	17	1,575	3,422
Net book value						
At 31 December 2021	39,141	4,255	7,656	151	5,520	56,723

Amortisation of £3,425,000 is included separately in the consolidated statement of comprehensive income.

As at 31 December 2021 there are 4 remaining annual amortisation periods in respect of customer relationships, 10 in respect of trademarks and 11 in respect of development costs.

14. INTANGIBLE ASSETS (CONTINUED)

Impairment test

Management reviews the business performance based on geography. Management has identified the main CGUs to be the UK, Norway, Canada, Australia and other. Intangible assets are monitored by management at the level of these CGUs. The following is a summary of the intangible assets allocation for each of the CGUs:

2021	On acquisition £'000	Additions £'000	Amortisation £'000	Foreign exchange £'000	Closing £'000
UK	43,431	46	(3,034)	-	40,443
Norway	9,645	-	(391)	(276)	8,978
Canada	2,105		-	50	2,155
Other	5,147	-	-	-	5,147
Total	60,328	46	(3,425)	(226)	56,723

The recoverable amount of all CGUs has been determined based on fair value less costs of disposal calculations. These calculations use post-tax cash flow projections based on financial budgets and forecasts approved by management covering a three-year period. Group budgets and forecasts are built up from detailed analysis carried out by individual business units at a local level and applying a central contingency where appropriate. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The budgets and forecasts are based on estimates and assumptions regarding, in particular, the expected market outlook, and retention of customers beyond end of current fixed term contracts unless notice has been given.

The Group recognises that there may be potential financial implications in the future from climate change risk. The Group expects that climate change policies, legislation and regulation will increase, and likely on accelerating timelines in order to meet the Government targets. Such changes may increase associated costs and administration requirements. These, in due course, may well have an impact across a number of assumptions underlying the impairment assessment. However, as at the balance sheet date, the Group believes there is no material impact on balance sheet carrying values of either assets or liabilities. Although this is an estimate, it is not considered a critical estimate as management's view is that at the end of the current reporting period there is no significant risk of climate change resulting in a material adjustment to the carrying value of assets and liabilities within the next financial year.

The key assumptions used for the fair value less costs of disposal calculations are as follows:

2021	UK	Norway	Australia	Canada	Other
Long term growth rate	2.2%	1.8%	2.5%	2.0%	2.0%
Post tax discount rate	11.7%	12.4%	13.0%	12.6%	17.0%

14. INTANGIBLE ASSETS (CONTINUED)

These assumptions have been used for the analysis of each geographical CGU within the Group and are considered to be consistent with those a market participant would use. The assumptions used in the fair value discounted cash flows are not based on observable market data and as such the valuation method is classified as level 3 in the fair value hierarchy.

A sensitivity analysis has been performed on the basis that the expected long term growth rate fell by 0.5% and that the discount rates are 1.0% higher than those above in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review.

The sensitivity analysis shows that a 0.5% point change in growth rate would result in a £5.7m reduction in the fair value less costs of disposal and a potential impairment of £3.0m. A 1.0% point change in the discount rate results in a £6.7m reduction in the fair value less costs of disposal and a potential impairment of £4.1m. The resultant impairments would be in the UK with no impairment of the other CGUs. The carrying value of goodwill will continue to be monitored going forward.

15. INVENTORIES

	2021 £'000
Finished goods	2,309

During the period, stock amounting to £nil was written off to the income statement.

16. TRADE AND OTHER RECEIVABLES

	2021 £'000
Trade receivables	45,744
Loss allowance for expected credit losses	(96)
	45,648
Prepayments	3,063
Accrued income	12,035
Other debtors	432
Investments in subleases (note 13c)	350
Corporation tax	153
	61,681

The carrying value of trade and other receivables are approximate to fair value. There are no non-current receivables included in the above figures. The Group has no significant concentration of credit risk, with exposure spread over a number of customers. The Group assesses expected credit losses considering factors influencing risk of default. With the exception of the amount shown above, no further allowance for expected credit losses is considered required in 2021.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The assumptions included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the Group reviews and updates default rates, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant.

Movements on the Group provision for impairments of trade and other receivables are as follows:

	2021 £'000
On acquisition	809
Net impairment losses on financial assets	86
At 31 December	895

Of the above, £800,000 relates to other debtors.

As at December, the ageing analysis of trade receivables is as follows:

	2021 £'000
Current	43,713
Past due less than 90 days	1,761
Past due more than 90 days less than 120 days	73
Past due more than 120 days	101
	45,648

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. Amounts shown as past due but not impaired in the above table are considered to be recoverable in full based on the Group's experience of receiving payments from customers within a reasonable timeframe and the nature of discussions ongoing with customers in relation to those older balances.

17. CASH AT BANK AND IN HAND

The cash balance of £18,107,000 includes £614,000 of restricted cash separately held in order to settle overseas payroll tax obligations.

18. TRADE AND OTHER PAYABLES

	2021 £'000
Trade payables	20,527
Other taxation and social security	1,370
Accruals	19,126
Deferred income	645
Other payables	8,688
	50,356

19. FINANCIAL LIABILITIES

Current	2021 £'000
Bank loans (secured)	9,500
	9,500
Lease liabilities (note 13b)	11,448
	20,948

Non-current	2021 £'000
Bank loans (secured)	93,566
	93,566
Lease liabilities (note 13b)	69,850
	163,416

On 19 October 2021, the Group obtained a further extension of existing banking and debt facilities to 31 December 2023.

19. FINANCIAL LIABILITIES (CONTINUED)

Cross Guarantees

Cross guarantees also exist with other group companies. The contingent liability of the Group under these arrangements at 31 December 2021 amounted to £94,267,000.

Secured Bank Loans

The bank term loans are secured by bond and floating charges over certain assets of the Group and standard securities over certain properties of the Group.

As at 31 December 2021, bank term loan B had an outstanding liability due of £94,672,000. Following agreement with lenders on 19 October 2021, the former repayable in full date of 12 August 2022 has been extended to 31 December 2023. Subject to a margin ratchet mechanism in the facility agreement, the loan bears interest at a rate of SONIA plus 5.0%.

As at 31 December 2021 the bank revolving credit facility was drawn to £9,500,000. Following agreement with the lenders on 19 October 2021, the facility has an expiry date of 31 December 2023. The amount drawn bears interest at a rate of SONIA plus 5.0%.

Capitalised debt arrangement fees of £1,106,000 are presented within secured bank loans.

The Group complied with financial covenants as set out at note 22(e).

Secured Lease Liabilities

Lease obligations for plant, vehicles and equipment are typically secured over the assets concerned.

20. DEFERRED TAX LIABILITIES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2021
	£'000
Deferred tax assets	(464)
Deferred tax liabilities	6,994
Deferred tax liabilities (net)	6,530

The net movement on the deferred income tax account is as follows:

	2021
	£'000
On acquisition	5,267
Credit to income statement (note 11)	1,257
Foreign exchange difference	6
At 31 December 2021	6,530

The deferred tax balances are analysed as follows:

2021	Short term temporary differences	Accelerated tax depreciation	Intangible assets	Total
	£'000	£'000	£'000	£'000
Deferred tax assets	(373)	(70)	(21)	(464)
Deferred tax liabilities	(1,057)	5,073	2,978	6,994
Deferred tax liabilities (net)	(1,430)	5,003	2,957	6,530

20. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £8,467,000 in respect of losses that can be carried forward against future taxable income and £137,000 in respect of fixed asset temporary differences.

No deferred tax liability has been recognised in respect of unremitted earnings of subsidiaries. It is likely that the majority of overseas earnings will qualify for the UK dividend exemption and the Group can control the distribution of dividends by its subsidiaries. In some countries, local tax is payable on the remittance of a dividend. If dividends were to be remitted from these countries, additional tax would be payable.

21. PROVISIONS

	Dilapidations and other 2021 £'000
On acquisition	1,883
Adjustment to provision during the year	185
At 31 December	2,068

Analysis of total provisions:

	2021 £'000
Non-current	2,068
Total	2,068

An discounted provision of £2,068,000 has been recorded in respect of the estimated cost for dilapidations on certain leased properties, which the Group is obliged to remediate prior to returning. During the period, £nil was spent on leasehold repairs.

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

22. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance team (Group Finance) under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market Risk

Foreign exchange risk

The Group has a number of subsidiary companies whose revenue and expenses are denominated in currencies other than Pounds Sterling, primarily the US Dollar, Norwegian Krone, Canadian Dollar, Australian Dollar and Trinidad and Tobago Dollar, as listed in note 28. The revenues and costs of these entities are largely denominated in their own or common currencies, therefore the foreign exchange risk on these balances are naturally hedged on consolidation.

The operating profit of the Group is affected by fluctuations in foreign exchange rates when results denominated in other currencies are translated to Pounds Sterling.

A movement of 10% is considered to represent a material fluctuation of exchange rates.

If the Pound Sterling had been 10% stronger against all other main currencies of the Group, this would give rise to a reduction of £1.0m in the Group's reported operating profit. If the Pound Sterling had been 10% weaker against all other main currencies of the Group, this would give rise to an increase of £1.3m in the Group's reported operating profit.

Some of the Group's fuel sales are denominated in USD, with the corresponding costs typically denominated in GBP. Where such transactions arise, the Group uses forward contracts to fix the GBP to USD exchange rates in order to mitigate any risks involved with regard to currency fluctuations between the date of the sale being agreed and the date in which the customer advances payment to settle the debt.

(b) Credit Risk

Credit risk is managed locally by each of the trading entities, all of whom follow similar procedures and comply with the policies of the Group as set out in the accounting manual. Each local entity is responsible for managing and analysing credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, local finance teams assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

(c) Interest rate risk

The Group is exposed to interest rate risk on its secured bank loans. The interest rates applicable are set based on fixed margins over LIBOR to 29 October 2021, and SONIA daily rate with compounding thereafter as described at note 19.

A movement of 1% is considered to represent a material fluctuation of interest rates.

If the LIBOR / SONIA rates had been 1% higher during 2021, then the profit before taxation for the Group would have been £1.0m higher. If the LIBOR / SONIA rates had been 1% lower during 2021, assuming a floor rate of 0%, then the profit before taxation for the Group would have been £0.1m lower.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated and monitored at group level. The rolling forecasts of the Group's liquidity requirement is monitored to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

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

At 31 December 2021	Less than 3 months £'000	Between 3 months & 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings (ex finance lease liabilities)	9,500	-	93,566	-	-
Lease liabilities	2,862	8,586	9,537	20,459	39,854
Trade and other payables	50,356	-	-	-	-

(e) Capital risk

The capital structure of the Group consists of shareholders' equity, debt and cash. The primary objective of the Group's capital management is to ensure that it maintains robust capital ratios in order to comply with external covenants, support its business and maximise shareholder value. Following the refinancing completed in December 2020, the Group monitors capital using net debt to EBITDA cover ratio and interest cover ratio and remained in compliance with the requirements of its loan documents during the period. Covenants are measured quarterly by reference to the last twelve months financial data.

The ratio of net debt to adjusted EBITDA at 31 December 2021 was 4.8 times. This ratio is calculated by dividing net debt by adjusted EBITDA, excluding the impact of IFRS 16, Leases. The interest cover ratio is calculated by dividing adjusted EBITDA by net finance expense, excluding the impact of IFRS 16, and was 3.2 times for the year ended 31 December 2021.

23. CASH FLOW INFORMATION

(a) Cash generated from operations

	2021
	£'000
Profit before income tax from continuing operations	455
Adjustments for:	
- Depreciation (note 13a)	6,862
- Depreciation of right of use assets (note 13b)	12,975
- Amortisation (note 14)	3,425
- Impairment of trade and other receivables (note 16)	86
- Recognition of finance sublease (note 6)	(2,133)
- (Profit)/loss on disposal of property, plant & equipment (note 7)	(485)
- Finance costs (net of Finance Income) (notes 9 and 10)	13,013
- Foreign exchange movement on financing	751
- Impairment of right of use assets (note 13b)	14
Changes in working capital	
- Inventories	(1,038)
- Trade and other receivables	(14,843)
- Trade and other payables	6,182
	25,264

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2021
	£'000
Net book amount	1,136
Gain on disposal of property, plant & equipment (note 7)	485
Proceeds from disposal of property, plant & equipment	1,621

23. CASH FLOW INFORMATION (CONTINUED)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	2021 £'000
Cash	18,107
Borrowings	(103,066)
Lease liabilities	(81,298)
Net debt	(166,257)

Borrowings presented above consist of the Group's long and short term borrowings, net of capitalised debt arrangement fees, as well as shareholder loans. Finance lease liabilities together with liabilities arising on application of IFRS 16, Leases, are included within Lease liabilities.

	Borrowings £'000	Leases £'000	Subtotal £'000	Cash £'000	Total £'000
On acquisition	(102,706)	(90,165)	(192,871)	23,453	(169,418)
Cash flows	-	14,175	14,175	(5,346)	8,829
Movements in capitalised deal fees	(362)	-	(362)	-	(362)
Leases recognised	-	(5,965)	(5,965)	-	(5,965)
Foreign exchange adjustments	-	659	659	-	659
Net debt as at 31 December 2021	(103,068)	(81,296)	(184,364)	18,107	(166,257)

Cash flows related to Leases represent the repayment of principal. Leases recognised represents the net increase in liabilities from new leases in the year, less any liabilities derecognised on the early termination of a lease. Additions to right of use assets which arise due to adjustments to provisions for dilapidations (note 21) do not give rise to increases in lease liabilities.

The non-cash investing and financing activities is shown in the below table:

	2021 £'000
Gain on finance sublease	2,133
Additions in relation to right of use assets	6,405

24. COMMITMENTS & CONTINGENCIES

(i) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	2021 £'000
Property, plant and equipment	-

(ii) Guarantees

HSBC Corporate Trustee Company (UK) Limited, as Security Agent, holds standard securities in respect of certain properties in addition to a bond and floating charge over the Group's assets, as security over the bank facility.

(iii) Lease contracts not yet commenced

The Group has no material lease contracts committed to but not yet commenced at 31 December 2021.

25. RELATED PARTY TRANSACTIONS

Zander Topco Limited, registered in the United Kingdom, is the largest and smallest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

The following transactions were carried out with related parties:

(a) Transactions with related parties

2021	**Amounts owed by related parties £'000**
During the period there were transactions with the following related parties:	
Kristiansund Base AS	85

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

Key management includes group based directors, and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	2021
	£'000
Salaries and other short-term employment benefits	4,137
Company contributions to defined contribution plan	89
Total	4,226

(c) Directors - remuneration paid by subsidiaries:

	2021
	£'000
Aggregate emoluments	1,779
Company contributions to defined contribution plan	-
Total	1,779

The compensation receivable by the highest paid director in the period was £1,419,000, including £nil company pension contributions that were made on his behalf. Included within remuneration is £nil related to loss of office.

(d) Loans to related parties

There were no loans advanced to key management or associates during the current period. There were no outstanding balances due to the group from key management or associates at the period-end.

26. INVESTMENT IN SUBSIDIARY

On 18 December 2020, the Zander Topco Limited through its subsidiary company Zander Midco Limited acquired 100% of the issued share capital of ASCO Group Limited, obtaining control of ASCO Group Limited and its subsidiaries. The transaction has been accounted for as a business combination.

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Fair value
	£'000
Property, plant and equipment	42,330
Right of use assets	70,025
Other intangible assets	21,019
Investments	1,558
Deferred income tax assets	405
Inventories	1,269
Trade and other receivables	47,610
Cash at bank and in hand	23,453
Trade and other payables	(45,567)
Financial liabilities - current	(22,144)
Income tax payable	(617)
Financial liabilities - non current	(170,727)
Provisions	(1,883)
Deferred tax liabilities	(5,672)
Total identifiable assets acquired and liabilities assumed	(38,941)
Goodwill arising on acquisition	39,312
Total consideration	371

Allocation of goodwill to cash generating units set out at note 14.

The goodwill arising on acquisition represents the enhanced value of the interaction of the assets, people, services, reputation and capabilities of the group. None of the goodwill is expected to be deductible for tax purposes.

26. INVESTMENT IN SUBSIDIARY (CONTINUED)

Net cash inflow arising on acquisition:

	£'000
Directly attributable consideration	(371)
Less: cash and cash equivalent balances acquired	23,452
Net cash inflow arising on acquisition:	23,081

The goodwill arising on the acquisition of ASCO Group Limited was based on comparing the consideration paid with the fair value of the identifiable assets acquired and liabilities assumed. This was taken to be the fair value less costs to sell (FVLCTS) of the group at the date of acquisition (18 December 2020) based on an external enterprise valuation of the group.

A review was then undertaken to assess the carrying value of the assets and liabilities at the time of acquisition with each major class of assets and liabilities being assessed. For all assets and liabilities, the fair value was deemed to be the same as the book value, except for the following two for which fair value adjustments were deemed to be necessary:

- Goodwill in ASCO Group Limited removed to arrive as a fair value on acquisition of nil;
- The shareholder loan notes were waived as part of the acquisition and therefore have a fair value of nil on acquisition.

In addition, an assessment was then made of the intangible assets on acquisition with a fair value being attributed to the value of the customer relationships and to the trademarks of the business. The fair value of the customer relationships relates mainly to the relationships and contracts in the UK and Norway and reflects the value of the ongoing customer relationships. The fair value of the trade names of the business which are identifiable intangible assets.

There were no contingent liabilities identified at the time of the acquisition.

There is no contingent consideration or deferred consideration as part of the acquisition.

ASCO Group Limited has contributed £431,162,000 and £3,721,000 to the Group's revenues and net loss respectively from the acquisition date on 18 December 2020 to 31 December 2021. Had the acquisition occurred on 27 November 2020, the date of incorporation of Zander Topco Limited and the first date of the accounting period, the Group's revenue for the period to 31 December 2021 would have been £450,014,000 and the Group's net loss for the period would have been £3,882,000.

27. EVENTS AFTER THE REPORTING YEAR

There have been no further material events between 31 December 2021 and the date of authorising of the Consolidated Financial Statements that would require adjustment to the Consolidated Financial Statements or disclosure.

Zander Topco Limited
Parent company statement of financial position
At 31 December 2021

	Note	2021 £'000
NON-CURRENT ASSETS		
Investments	28	-
CURRENT ASSETS		
Trade and other receivables	29	1
TOTAL CURRENT ASSETS		1
TOTAL ASSETS		1
CURRENT LIABILITIES		
Trade and other payables	30	(527)
TOTAL LIABILITIES		(527)
NET LIABILITIES		(526)
CAPITAL AND RESERVES		
Equity share capital	31	1
Retained earnings		(527)
TOTAL EQUITY		(526)

Notes on pages 32 to 65 and 68 to 70 are an integral part of these financial statements.

The loss for the parent company for the period was £527,000.

All payments made during the period were met by fellow group companies through intercompany accounts. As the Company did not enter into cash settled transactions during the current and prior period, a statement of cash flows has not been prepared.

The financial statements on pages 27 to 70 were approved by the board of directors and signed on its behalf by:

P I France
Director
29 April 2022

Zander Topco Limited
Parent company statement of changes in equity
For the period 27 November 2020 to 31 December 2021

	Equity share capital £'000	Accumulated losses £'000	Total equity £'000
Issued on incorporation	1	-	1
Loss for the period	-	(527)	(527)
Total comprehensive expense	-	(527)	(527)
At 31 December 2021	1	(527)	(526)

Notes on pages 32 to 65 and 68 to 70 are an integral part of these financial statements.

28. INVESTMENTS

Investments in subsidiary undertakings are stated at cost.

	2021
Subsidiaries at cost	£
On acquisition	1
At 27 November 2020 and 31 December 2021	1

The Group's subsidiaries at 31 December 2021 are listed below.

	Class of shares	% owned	Registered office address	Nature of business
Zander Midco Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company

The share capital of the following entities is held by an intermediate holding company:

	Class of shares	% owned	Registered office address	Nature of business
Advanced Logistics LLC	Ordinary US$1	25%	207 Acacia Drive, Lafayette, LA 70508, USA	Logistic support services
ASCO (DC2) Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO (DC3) Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO (DC4) Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO (St Lucia) Limited	Ordinary US$1	100%	Offices of Corporate Services St Lucia (1996) Ltd, St Lucia	Holding company
ASCO Acquisitions Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO Australia Pty Limited	Ordinary Aus$1	100%	Level 1, 9 Havelock Street, West Perth, WA 6005, Australia	Logistic support services
ASCO Canada Limited	Ordinary C$1	100%	1100-1959 Upper Water Street, Halifax, NS, B3J3E5, Canada	Oil services
ASCO Caspian Holdings SA	Ordinary US$1	100%	Federico Boyd Ave. No.18 and 51st Street Scotia Plaza, 11th Floor, P.O.Box 0816-03356 Panama, Republic of Panama	Dormant
ASCO Decommissioning Limited	Ordinary £1	100%	ASCO Group Headquarters	Waste management
ASCO Freight Management Limited	Ordinary £1	100%	ASCO Group Headquarters	Freight management
ASCO Group Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO Holdings Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO Holdings Norge AS	Ordinary NOK1	100%	Risavika Havnering 235, Postboks 250, Tananger, 4098, Norway	Dormant
ASCO JV Holdings Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services
ASCO Logistics Limited	Ordinary US$1	100%	Fifth Floor, Newtown Centre, 30-36 Maraval Road, Newtown, Port of Spain, Trinidad, W.I.	Oil services
ASCO Marine Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services

28. INVESTMENTS (CONTINUED)

	Class of shares	% owned	Registered office address	Nature of business
ASCO Norge AS	Ordinary NOK1	100%	Risavika Havnering 235, Postboks 250, Tananger, 4098, Norway	Oil services
ASCO Properties Limited	Ordinary £1	100%	ASCO Group Headquarters	Property services
ASCO Senegal LLC	Ordinary XOF1	100%	47, Boulevard de la Republique, Zeme etage Cabinet Geni & Kebe, Dakar, Senegal	Oil services
ASCO Transport & Logistics Pty Ltd	Ordinary Aus$1	100%	Level 4, 673 Murray Street, West Perth, WA 6005,Australia	Oil services
ASCO Trinidad Limited	Ordinary US$1	100%	Fifth Floor, Newtown Centre, 30-36 Maraval Road, Newtown, Port of Spain, Trinidad, W.I.	Oil services
ASCO UK Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services
ASCO Ventures Limited	Ordinary £1	100%	ASCO Group Headquarters	Dormant
Enviroco Limited	Ordinary £1	100%	ASCO Group Headquarters	Dormant
Enviroco Trinidad Limited	Ordinary US$1	100%	Fifth Floor, Newtown Centre, 30-36 Maraval Road, Newtown, Port of Spain, Trinidad, W.I	Dormant
Kristiansund Base AS	Ordinary NOK1	50%	Bruhagen Industripark, Baseveien 105, 6531 Averøy, Norway	Oil services
Manatokan Oilfield Services Inc.	Ordinary C$1	100%	General Delivery, Iron River, Alberta, T0A 2A0, Canada	Oil services
NORM Solutions Limited	Ordinary £1	100%	ASCO Group Headquarters	Waste management
North Sea Lifting Limited	Ordinary £1	100%	ASCO Group Headquarters	Safety training
NS Lifting America Inc.	Ordinary US$1	100%	1254 Enclave Parkway, Suite 625, Houston, TX 77077, USA	Safety training
OBM Limited	Ordinary £1	100%	ASCO Group Headquarters	Personnel
Seletar Shipping Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services

ASCO Group Headquarters are based at Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ in the United Kingdom.

During the year, ASCO Senegal LLC was established.

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

29. TRADE AND OTHER RECEIVABLES

	2021 £'000
Other debtors	1

30. TRADE AND OTHER PAYABLES

	2021 £'000
Amounts owed to group undertakings	527

31. EQUITY SHARE CAPITAL

Group and parent company

	Number of shares '000	Equity share capital £'000	Total £'000
At 27 November 2020 and 31 December 2021	1	1	1

On incorporation, 1,001 ordinary shares of £1.00 each were issued at £1.00 each.

The holders of ordinary shares are entitled to one vote per share held. The other shareholders are only entitled to vote in exceptional circumstances as defined in the Articles of Association.

32. ACCUMULATED LOSSES

The loss for the parent company for the period was £527,000 representing company administration costs. The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a statement of comprehensive income for the parent company.

The parent company had no employees during the period.