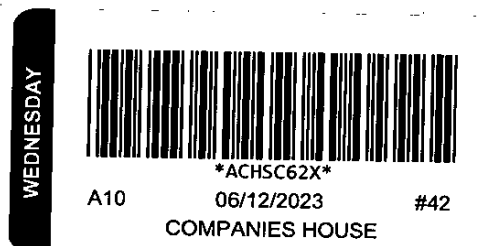


Registered Number: SC122818

ATR Lifting Solutions Limited

**Annual Report and Financial Statements
for the Year Ended 31 December 2022**



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Directors and Advisors

Directors

Mr E Leask

Mr K Moorhouse (appointed 21 January 2022)

Secretary

Blackwood Partners LLP

Registered Office

Blackwood House

Union Grove Lane

Aberdeen

AB10 6XU

Solicitor

Blackwood Partners LLP

Blackwood House

Union Grove Lane

Aberdeen

AB10 6XU

Directors' Report

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

The directors have taken the small companies' exemption from preparing the strategic report.

Principal activities

The principal activity of ATR Lifting Solutions Limited, "the Company", was the provision of lifting, tooling and power equipment solutions (sale, rental, and inspection services) to a range of critical industries including the energy, infrastructure, power, environmental and renewable energy sectors.

On 1 September 2022, as part of an internal Centurion Group legal reorganization, the trade and certain assets of the Company were transferred to Centurion UK Rentals & Services Limited, a fellow group company, and the Company ceased operational activities.

Directors

The directors, who served through the year and to the date of this report, were as follows:

Mr E Leask

Mr K Moorhouse (appointed 21 January 2022)

Business review and outlook

The Company is a wholly owned subsidiary of Centurion Group Limited, a Cayman registered company. Centurion Group Limited and its subsidiary undertakings, collectively referred to as the "Group", is a global leader in the supply of rentals and services to a range of critical industries including the energy, minerals, infrastructure, power, environmental and renewable energy sectors. The Group has a global reach with operations in key service locations: Canada, America, UK & Europe, Caspian, Middle East, South East Asia and Australia.

As noted above, on 1 September 2022, as part of an internal Centurion Group legal reorganization, the trade and certain assets of the Company were transferred to Centurion UK Rentals & Services Limited, a fellow group company, and the Company ceased operational activities.

The Company recorded a loss in the year of £259k (2021: profit of £46k).

Principal risks and uncertainties

The directors consider the principal risk and uncertainties to be those affecting the Group. Principal risks and uncertainties faced by the Group include geographical, political, fiscal, operational, commodity price volatility and financial risks. The Group's compliance framework, policies and management processes seek to mitigate adverse effects of these on the performance of the Group.

Dividends

There were no dividends paid or declared in the current or prior year.

Financial risk management policies and objectives

The Company's activities expose it to financial risks including capital and liquidity risk. The Company does not use derivatives to manage its' financial risk or for speculative purposes. The financial risk management policies are operated at Group level.

Capital risk

The Company manages its capital as part of a group wide strategy to ensure that entities within the Group, including the Company's subsidiaries, will be able to continue to operate as going concerns.

Liquidity risk

As an dormant company there is a limited requirement for working capital. The Company has access to funding from related group companies to meet obligations if needed.

Directors' Report (continued)

Audit exemption statement

For the year ended 31 December 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the Board and signed on its behalf by:



E Leask
Director

1 November 2023

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Income Statement

For the year ended 31 December 2022

		2022	2021
	Notes	£000	£000
Revenue	4	11,966	14,415
Cost of sales		(9,649)	(10,855)
Gross profit		2,317	3,560
Administrative expenses		(2,312)	(3,240)
Other operating income	5	-	9
Operating profit	5	5	323
Finance expense and similar charges	6	(263)	(278)
(Loss)/profit before taxation		(258)	45
Taxation	8	(1)	1
(Loss)/profit for the year		(259)	46

The result for the current and prior year is derived from continuing operations. There are no items of other comprehensive income in the year and therefore no separate statement of comprehensive income has been presented.

Statement of Financial Position

As at 31 December 2022

	Notes	2022 £000	2021 £000
NON-CURRENT ASSETS			
Property, plant and equipment	9	-	504
Right-of-use assets	10	4,434	4,708
Goodwill	11	-	6
Amounts owed by group companies	13	6,363	1,241
Total non-current assets		10,797	6,459
CURRENT ASSETS			
Inventories	12	-	823
Trade and other receivables	13	310	4,807
Cash at bank and in hand		56	520
Total current assets		366	6,150
Total assets		11,163	12,609
CURRENT LIABILITIES			
Trade and other payables	14	1,866	4,247
Amount owed to group companies	14	8,450	7,062
Lease liability	10	342	354
Total current liabilities		10,658	11,663
Net current liabilities		(10,292)	(5,513)
Total assets less current liabilities		505	946
NON-CURRENT LIABILITIES			
Long-term provisions	15	85	85
Lease liability	10	5,042	5,224
Total non-current liabilities		5,127	5,309
Net liabilities		(4,622)	(4,363)
EQUITY			
Called-up share capital	18	105	105
Other equity reserves	18	105	105
Accumulated losses	18	(4,832)	(4,573)
Shareholders' deficit		(4,622)	(4,363)

For the financial year ended 31 December 2022 the Company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the Company to obtain audit of its accounts for the year ended 31 December 2022 in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements of ATR Lifting Solutions Limited (registered number SC122818) were approved by the board of directors and signed on its behalf by:



E Leask
Director
1 November 2023

Statement of Changes in Equity

For the year ended 31 December 2022

	Called-up share capital £000	Other equity reserves £000	Accumulated losses £000	Total £000
Balance at 1 January 2021	105	104	(4,619)	(4,410)
Profit and total comprehensive profit for the year	-	-	46	46
Share based payments (note 17)	-	1	-	1
Balance at 31 December 2021	105	105	(4,573)	(4,363)
Loss and total comprehensive loss for the year	-	-	(259)	(259)
Share based payments (note 17)	-	-	-	-
Balance at 31 December 2022	105	105	(4,832)	(4,622)

Notes to the Financial Statements

For the year ended 31 December 2022

1. General information

ATR Lifting Solutions Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office is given on page 1.

The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

2. Significant accounting policies

The principal accounting procedures are set out below and have been applied consistently for all years presented in the financial statements.

2.1 Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, and related party disclosures.

Where relevant, equivalent disclosures have been given in the group accounts of Centurion 3 Limited, a company registered in Scotland. The Group accounts of Centurion 3 Limited are available to the public and can be obtained as set out in note 21.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements are presented in pound sterling (GBP), which is the currency of the primary economic environment in which the Company operates.

2.2 Going Concern

The Company is party to the Group borrowing facilities under which it is an obligor and a guarantor (note 20). As a result, cash flow projections, including working capital requirements, are developed and managed at Group level. At the date of this report the Group has cash and cash reserves of \$17m, and the ability to draw down a further \$45m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. On 3 October 2022, the Group upsized its existing multi currency credit facility by \$92m from \$266m to \$358m.

Having assessed the Group financial position, the trading prospects and liquidity including possible downside through the going concern period, being 12 months subsequent to the approval of these financial statements, the directors have developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Additionally, the directors have, at the time of approving the financial statements, developed a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and has obtained confirmation from the parent company (note 21) of continuing financial support in the 12 month period subsequent to the approval of these financial statements.

Accordingly, the directors continue to adopt the going concern basis in their preparation of the annual financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.3 Adoption of new revised standards

The Company has adopted all new and revised standards effective for the period beginning 1 January 2022. The adoption of these standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.4 Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Revenue recognition

The Company recognises revenue from the following major sources:

- Hire of equipment and personnel;
- Labour and inspection; and
- Sale of equipment

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue in respect of tool rental and associated personnel is recognised over the period which the rentals occur at the rates contracted with customers.

2.5.2 Revenue from labour and inspection

Revenue in respect of labour and inspection contracts is recognised over the period which the service is performed at the rates contracted with customers.

2.5.3 Revenue from sale of equipment

Revenue from the sale of equipment is recognised when control of the goods has transferred, being when the equipment has been shipped to the customer and the customer has acknowledged receipt of the equipment.

2.6 Foreign currencies

2.6.1 Functional and presentation currency

For the purpose of the Financial Statements, the results and financial position of the Company are expressed in Pounds Sterling ('£'), which is the functional currency of the Company and the presentation currency for the financial statements.

2.6.2 Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.7 Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to contributions.

2.8 Taxation

2.8.1 Current tax

Current tax payable or receivable is based on taxable result for the year. Taxable profit or loss differs from the result as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

2.8.3 Current and deferred tax

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the income statement, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Leasehold land and buildings	lower of 25 years or lease period
Hire Fleet	1 to 5 years
Other Plant and Equipment	3 to 8 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

2.10 Right of use assets

The right of use assets comprise the initial measurement of the corresponding lease liability (see note 2.11), lease payments made at or before the commencement day, any initial direct costs and any costs associated with returning the asset to a standard specified in the lease. They are subsequently measured at cost less accumulated depreciation and impairment.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in note 2.19.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

2.11 Leases

2.11.1 The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as a lease with total payments less than £5,000). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.11 Leases (continued)

2.11.1 The Company as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined by reference to the risk-free interest rate as adjusted by the Company's external borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the year presented.

The right of use assets are presented as a separate line in the Statement of Financial Position.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2.11.2 The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.11 Leases (continued)

2.11.2 The Company as lessor (continued)

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is measured at the weighted average cost. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.13 Provisions

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

The amount recognised as a provision is the best estimate of the present value of the expenditures required to settle the obligation using a pre-tax rate that reflects the current assessment of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2.14 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14.1 Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.1 Financial assets (continued)

Classification of financial assets (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). The nature of the Company's financial assets is such that they largely meet the above conditions and therefore are subsequently measured at amortised cost.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL"). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.1 Financial assets (continued)

Impairment of financial assets (continued)

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.1 Financial assets (continued)

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

Significant accounting policies (continued)

2.15 Financial liabilities and equity instruments

2.15.1 Classification of debt or equity

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

2.15.2 Equity instruments

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

2.15.3 Financial liabilities

Financial liabilities are classified as either trade and other payables or borrowings or other financial liabilities.

2.15.4 Other Financial liabilities measured at amortised cost

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. This category of financial liabilities includes trade and other payables and finance debt.

2.15.5 Derecognition of financial liabilities

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

2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less and bank overdrafts where there is a right of set-off.

2.17 Share based payments

The Company's ultimate parent company has granted rights to its equity instruments to certain employees of the Company. Such arrangements are accounted for as equity-settled share-based payment arrangements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

2.18 Exceptional and adjusting items

Items that are considered material either because of their size or their nature, are shown as exceptional and adjusting items, to assist the understanding of the Company's underlying performance, within their relevant income statement category and are explained in the notes to the financial statements.

2.19 Impairment

2.19.1 Tangible assets

During each reporting period the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

Significant accounting policies (continued)

2.19 Impairment (continued)

2.19.2 Goodwill

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit. Cash-generating units to which goodwill is allocated are tested for impairment at least annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.19.3 Recoverable amount

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.19.4 Subsequent reversal of impairment

Where an impairment loss for tangible assets subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.20 Government grant

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Key sources of estimation uncertainty and critical judgments

In the application of the Company's accounting policies, outlined in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no key sources of estimation uncertainty and critical judgments impacting these financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

4. Revenue

Analysis by category

	2022	2021
	£000	£000
Hire of equipment	5,378	7,519
Sale of goods	4,884	4,569
Labour & Inspection	1,704	2,327
	11,966	14,415

Analysis by geography

	2022	2021
	£000	£000
Europe	11,341	14,250
USA	5	1
Canada	534	-
Asia Pacific	44	129
Rest of World	42	35
	11,966	14,415

5. Operating profit

	Notes	2022	2021
		£000	£000
Operating profit is stated after charging/(crediting):			
Employee benefit expense	7	2,040	2,921
Depreciation of property, plant and equipment	9	176	242
Depreciation of right of use asset	10	448	434
Inventory expense		4,088	4,835
Foreign exchange gain			
- Realised		(3)	(6)
Profit on disposal of property, plant and equipment		(29)	(153)
Government grant for the purpose of immediate financial support		-	9
Auditors' remuneration			
- Audit of these financial statements		-	27

In 2022, government grants of £nil (2021: £9k) were received as part of various government initiatives to provide immediate financial support as a result of the Covid-19 pandemic. These have been recognised as other operating income in the year. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

6. Finance expense and similar charges

	2022	2021
	£000	£000
Interest on leases	263	278
	263	278

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

7. Employee benefit expense

	2022	2021
	£000	£000
Wages and salaries	1,801	2,599
Social security costs	196	261
Other pension costs	43	61
	2,040	2,921

	2022	2021
	No.	No.
Average monthly number of employees during the year was:		
- Operations	47	48
- Sales and administration	19	18
	66	66

The directors did not receive any remuneration from the Company for their services to this company. The remuneration of the directors is borne by another group company.

8. Taxation

	2022	2021
	£000	£000
Current tax		
Foreign tax in current year	1	(1)
Total current tax charge/(credit)	1	(1)
Deferred tax		
Current year	-	-
Total deferred tax charge	-	-
Total income tax charge/(credit)	1	(1)

Reconciliation of income tax expense

The income tax expense for the year is reconciled to the accounting (loss)/profit as follows:

	2022	2021
	£000	£000
(Loss)/profit before taxation	(258)	45
(Loss)/profit before taxation multiplied by standard rate of UK corporation of 19% (2021: 19%)	(49)	9
Expenses not deductible	3	3
Group relief for nil consideration	13	(29)
Unrecognised deferred tax asset	33	17
Withholding taxes and unrelieved overseas taxes	1	(1)
Tax charge/(credit) for the year	1	(1)

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8. Taxation (continued)

The UK Budget announcement on 3 March 2021 proposed to increase the UK Corporation Tax rate to 25% from 1 April 2023. This rate change was substantively enacted on 24 May 2021. As this was substantively enacted before the reporting date, the UK deferred tax balances as at 31 December 2022 have been measured at 25%.

At 31 December 2022 a deferred tax asset arising from timing differences of £nil (2021: £10,854k) has not been recognised as its recoverability is subject to future profitability and is uncertain.

9. Property, plant and equipment

	Leasehold Land and Buildings £000	Hire Fleet £000	Other Plant and Equipment £000	Total £000
Cost				
Balance at 1 January 2022	529	9,080	2,927	12,536
Additions	26	873	12	911
Disposals	(555)	(9,953)	(2,939)	(13,447)
At 31 December 2022	-	-	-	-
Accumulated depreciation				
Balance at 1 January 2022	457	8,695	2,880	12,032
Charge for the year	18	142	16	176
On disposals	(475)	(8,837)	(2,896)	(12,208)
At 31 December 2022	-	-	-	-
Net book value				
At 31 December 2022	-	-	-	-
At 31 December 2021	72	385	47	504

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

10. Leases

	Offices and buildings £000	Other plant and equipment £000	Total £000
Right of use asset			
Cost			
At 1 January 2022	7,267	127	7,394
Additions	-	174	174
At 31 December 2022	7,267	301	7,568
Accumulated depreciation			
At 1 January 2022	2,647	39	2,686
Charge for the year	402	46	448
At 31 December 2022	3,049	85	3,134
Net book value			
At 31 December 2022	4,218	216	4,434
At 31 December 2021	4,620	88	4,708

	Offices and buildings £000	Other plant and equipment £000	Total £000
Lease liabilities			
At 1 January 2022	5,488	90	5,578
Additions		174	174
Interest expense	258	5	263
Repayment of lease liability	(581)	(50)	(631)
At 31 December 2022	5,165	219	5,384

A maturity analysis of the Company's IFRS 16 lease liability is shown below:

	2022 £000	2021 £000
Lease Liabilities		
Current	342	354
Non-Current	5,042	5,224
	5,384	5,578

The amounts charged to operating profit and amounts charged to finance costs are as follows:

	2022 £000	2021 £000
Depreciation charge for right of use assets		
- Offices and buildings	402	402
- Other plant and equipment	46	32
Charged to operating profit	448	434
Interest expense related to lease liabilities	263	278
Charge to (loss)/profit before tax	711	712

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

10. Leases (continued)

The Company leases various properties, vehicles, and other plant and equipment. The majority of the lease liabilities relates to properties with leases generally entered into for fixed periods. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Company recognised a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

11. Goodwill

	£000
At 1 January 2022	6
Impairment	(6)
31 December 2022	-

12. Inventories

	2022 £000	2021 £000
Finished goods and goods for resale	-	1,014
Provision for obsolete inventory	-	(191)
	-	823

13. Trade and other receivables

	2022 £000	2021 £000
Trade debtors	-	2,885
Prepayments and accrued income	-	1,886
Other debtors	310	36
	310	4,807

Non-current amounts due from Group companies of £6,363k (2021: £1,241k) are non-interest bearing and have no formal repayment terms. The counterparties comprise intermediate parent companies and fellow subsidiaries within the Centurion 3 Limited group.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

14. Trade and other payables

	2022 £000	2021 £000
Trade creditors	412	3,280
Other taxes and social security costs	37	62
Accruals and deferred income	1,369	904
Other creditors	48	1
	1,866	4,247

Amounts due to Group companies of £8,450k (2021: £7,062k) are non-interest bearing and have no formal repayment terms. The counterparties comprise intermediate parent companies and fellow subsidiaries within the Centurion 3 Limited group.

15. Provisions

	Dilapidations Provision £000
At 1 January 2022 and 31 December 2022	85

The provision represents a dilapidations provision to restore leasehold properties to their original condition at the expiration of the lease term.

16. Retirement benefit plans

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Pension costs charged in the year amounted to £43k (2021: £61k). Pension contributions of £nil (2021: £nil) were outstanding at 31 December 2022.

17. Share based payments

The Company's parent, Centurion Group Limited ("CGL"), has a share option plan for certain employees of its subsidiaries. Under this plan, options are awarded to purchase CGL shares at a future date for a price set at grant date (exercise price). Outstanding options at 31 December 2022 are exercisable at a range of strike prices up to \$2.01 and vest over periods ranging from zero to four years.

Options lapse at the earliest of the following:

- Attempt to transfer or reassign or have any charge or other security interest created over them (except in the event of the holder's death, in which case they are transferrable to the option holder's personal representatives); or
- Date specified in the option certificate; or
- Expiry of a period of seven years following the date of grant; or
- When the option holder becomes bankrupt or make voluntary arrangement with their creditors or takes similar steps under laws of any jurisdiction that correspond to those provisions of the insolvency act; or
- When the recipient ceases to hold office or employment, or the recipient gives or receives notice to terminate employment with a Group company:
 - Before the first anniversary of the date of grant the recipient shall forfeit the whole option;
 - Before the second anniversary of the date of grant the recipient shall forfeit two thirds of the option;
 - Before the third anniversary of the date of grant the recipient shall forfeit one third of the option.

At 31 December 2022 nil employees (2021: 1 employee) participated in these schemes.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

18. Share capital and reserves

	2022	2021
	£000	£000
Allotted, called up and fully paid		
105,000 Ordinary Shares of £1 each	105	105

Other equity reserves

	Capital redemption reserve £000	Share based payments £000	Total £000
Balance at 1 January 2022	104	1	105
Movement in the year	-	-	-
Balance as at 31 December 2022	104	1	105

Accumulated losses

	2022	2021
	£000	£000
Balance at beginning of year	(4,573)	(4,619)
(Loss)/profit for the year	(259)	46
Balance at end of year	(4,832)	(4,573)

19. Related party balances and transactions

The Company has taken advantage of the exemption available in IAS 24 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

20. Contingent liability

The Company is party to the Group borrowing facilities and arrangements. Under these arrangements, the Group has pledged its shares in the subsidiaries and granted a debenture over its assets. The outstanding amount under the borrowing facilities at 31 December 2022 was £182m (\$220m) (2021: £121m (\$163m)).

21. Controlling party

The ultimate holding company is Centurion Group Limited, a company incorporated and registered in the Cayman Islands (Registered office: c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands). The majority of the equity of Centurion Group Limited is owned by SCF VIII AIV LP and SCF VII AIV LP, Cayman Islands limited partnerships, which in turn are considered to be controlled by its general partner, LE Simmons & Associates Inc, a Delaware corporation whose controlling party is its president, L E Simmons.

The smallest and largest group which consolidates the results of the Company is Centurion 3 Limited, a company registered in Scotland (Registered office: Blackwood House, Union Grove Lane, Aberdeen, United Kingdom, AB10 6XU), whose financial statements are publicly available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.