

ASCO DECOMMISSIONING LIMITED (FORMERLY ENVIROCO LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

Registered No: SC180242

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ASCO Decommissioning Limited (formerly Enviroco Limited)
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ASCO Decommissioning Limited (formerly Enviroco Limited)
Officers and professional advisers

| | |
|-----------------------------|--|
| Directors | A J Brown M J Walker C J Lennox |
| Company Secretary | F N McIntyre |
| Registered Office | ASCO Group Headquarters Unit A, 11 Harvest Avenue D2 Business Park Dyce Aberdeen AB21 0BQ |
| Independent Auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol, 431 Union Street, Aberdeen AB11 6DA |
| Solicitors | Burness Paul LLP 1 Union Wynd Aberdeen AB10 1SL |
| Bankers | HSBC Bank plc 2 Queens Road Aberdeen AB15 4ZT |

ASCO Decommissioning Limited (formerly Enviroco Limited)
Strategic report

Introduction

The directors present their Strategic Report on the Company for the year ended 31 December 2017.

Principal activities

The company is a wholly owned subsidiary of ASCO Holdings Limited. The company's principal activity during 2016 was the management of waste from both offshore and onshore. The services provided include marine and industrial tank cleaning, hazardous and non-hazardous waste management, decommissioning support, drill cuttings processing, container hire and training and advisory services.

On 1 January 2017 the company transferred the trade and assets of the waste management operations to ASCO UK Limited, another company in ASCO Group and from this date the company is largely dormant, retaining its investment in NORM Solutions Limited and the freehold property at Damhead, the latter of which was disposed of on 31 March 2017.

On 7 February 2018, the company's name changed from Enviroco Limited to ASCO Decommissioning Limited as the business was refocussed to capture opportunities arising in decommissioning of offshore installations in the UKCS.

Business Review

Shareholders' equity remained at £14.1m at the end of the financial year.

KPIs

ASCO Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company other than revenue and operating profit are not necessary or appropriate for an understanding of the development, performance or position of the business.

The key performance indicators of the group are discussed in the Group's financial statements, and do not form part of this report.

Principal risks and uncertainties

The Company operates in the oil and gas sector which is a market driven, cyclical industry where activity is closely correlated with the market price for oil and gas. Changes in such prices may lead to an increase or decrease in our activity levels. A sharp drop in the market oil and gas price during Q4 2014, which continued through 2016 and which has recovered slightly during 2017 and 2018 reduced activity throughout the industry as new projects were cancelled or delayed. This has led to increased competition in the market place which has put further downward pressure on prices.


We mitigate the impact of this risk through endeavouring to secure longer term contracts with our clients where possible. Where appropriate we employ a flexible cost model such that we are able to change manning levels as activity changes

We operate a governance structure which should help to 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.

Although many of our customers have historically been blue chip international oil companies, we also work for independent operators, and, for ships agency services, vessel owners. 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. Where possible we will seek payments in advance of services. We have robust escalation processes to chase overdue accounts with regular reviews with our senior management team.

Approved by the Board and signed on its behalf by:



M J Walker
Director
26 April 2018

ASCO Decommissioning Limited (formerly Enviroco Limited)
Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The profit for the financial year was £32,000 (2016: loss of £864,000). During the year, dividends totalling £nil were paid (2016: £8.0m). The directors recommend that no dividend be paid and the profit for the financial year will be transferred to the retained earnings reserve.

A more detailed review of the business is given in the Strategic Report.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. This is mitigated to some extent by performing credit checks. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified trigger event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Environmental policy

The Company recognises the importance of its environmental responsibilities. The directors are aware of the need to comply with environmental regulations and are subject to regular visits by the Scottish Environmental Protection Agency in Scotland and the Environmental Agency in England.

Directors

The directors of the Company who were in office during the year and up to date of signing the financial statements are set out on page 1.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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

In the case of each director in office at the date the Directors' Report is approved:

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

ASCO Decommissioning Limited (formerly Enviroco Limited)
Directors' report

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 year and is currently in force.

The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Approved by the Board and signed on its behalf by:



M J Walker
Director
26 April 2018

Report on the audit of the financial statements

Opinion

In our opinion, ASCO Decommissioning Limited (formerly Enviroco Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position; the Income statement, the Statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
26 April 2018

ASCO Decommissioning Limited (formerly Enviroco Limited)
Income statement
For the year ended 31 December 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|------|---------------|---------------|
| Revenue | 4 | - | 30,242 |
| Cost of sales | | - | (27,696) |
| GROSS PROFIT | | - | 2,546 |
| Administrative expenses | | (72) | (2,516) |
| Exceptional items | 5 | 151 | (878) |
| OPERATING PROFIT/(LOSS) | 6 | 79 | (848) |
| Interest payable and similar charges | 8 | (47) | (90) |
| PROFIT/(LOSS) BEFORE TAXATION | | 32 | (938) |
| Tax on profit/(loss) | 9 | - | 74 |
| PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR | | 32 | (864) |

All of the Company's activities relate to continuing operations and the income statement has been prepared on that basis. The Company has no other comprehensive income other than as presented above.


Notes on pages 12 to 25 are an integral part of these financial statements.

ASCO Decommissioning Limited (formerly Enviroco Limited)
Statement of financial position
As at 31 December 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|------|---------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | 237 | 4,497 |
| Investments | 11 | - | - |
| | | <u>237</u> | <u>4,497</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | - | 351 |
| Debtors | 13 | 14,191 | 5,084 |
| Cash at bank and in hand | | - | 8,680 |
| | | <u>14,191</u> | <u>14,115</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 14 | <u>(45)</u> | <u>(4,227)</u> |
| NET CURRENT ASSETS | | <u>14,146</u> | <u>9,888</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>14,383</u> | <u>14,385</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(252)</u> | <u>(286)</u> |
| NET ASSETS | | <u>14,131</u> | <u>14,099</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 668 | 668 |
| Share premium | | 1,297 | 1,297 |
| Retained earnings | | 12,166 | 12,134 |
| TOTAL SHAREHOLDERS' FUNDS | | <u>14,131</u> | <u>14,099</u> |

Notes on pages 12 to 25 are an integral part of these financial statements.

The financial statements on pages 9 to 25 were approved by the board of directors and signed on its behalf by:



M J Walker
Director
26 April 2018

ASCO Decommissioning Limited (formerly Enviroco Limited)
Statement of changes in equity
For the year ended 31 December 2017

| | Called up share capital £'000 | Share premium £'000 | Retained earnings £'000 | Total £'000 |
|---------------------|-------------------------------------|---------------------------|-------------------------------|----------------|
| At 1 January 2016 | 668 | 1,297 | 20,998 | 22,963 |
| Result for the year | - | - | (864) | (864) |
| Dividends paid | - | - | (8,000) | (8,000) |
| At 31 December 2016 | 668 | 1,297 | 12,134 | 14,099 |
| Result for the year | - | - | 32 | 32 |
| At 31 December 2017 | 668 | 1,297 | 12,166 | 14,131 |

1. GENERAL INFORMATION

The financial statements of ASCO Decommissioning Limited (formerly Enviroco Limited) for the year ended 31 December 2017 were authorised for issue by the Board of Directors and the statement of financial position was signed on the Board's behalf by M J Walker on 26 April 2018.

ASCO Decommissioning Limited (formerly Enviroco Limited) ("the Company") is a private limited company incorporated and domiciled in the Scotland.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared on a going concern basis under the historical cost convention.

The specific accounting policies adopted which are consistently applied in preparing the financial statements are described below. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000) unless otherwise indicated.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity'. The Company is a 'qualifying entity' as it is included in the consolidated financial statements of ASCO Group Limited. Note 21 gives details of the Company's controlling entities. The Company's shareholders have confirmed their agreement to the presentation of reduced disclosures.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full.

In particular, the Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d), 16, 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (b) the requirements of IAS 7 Statement of Cash Flows;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of IFRS 7 Financial Instruments: Disclosures;

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Group financial statements

The Company is exempt from preparing consolidated financial statements in accordance with section 400 of the Companies Act 2006. The financial statements of the Company are included within the consolidated financial statements of its ultimate UK holding company, ASCO Group Limited, a company registered in England.

2.3 Foreign currencies

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

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 year end rates of exchange. All exchange differences arising are reported as part of the results for the year.

2.4 Taxation

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

2.4a Current tax

Current income tax is based on the taxable result for the year and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable income differs from loss as reported in the income statement 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 Company is part of a group that obtains the benefits of tax losses from other group companies in the form of group relief. Group relief is provided for nil consideration between group companies.

2.4b Deferred tax

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

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the income statement.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Financial liabilities

The Company's management determines the identification of financial liabilities at initial recognition. The Company's financial liabilities include payables and loans with fellow group companies.

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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.

2.6 Tangible fixed assets

Tangible fixed assets are 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.

Depreciation is provided 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:

| | |
|---------------------|------------------------------|
| Buildings | 25 years |
| Short leasehold | over the period of the lease |
| Plant and equipment | 2 to 10 years |

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Fixed asset investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment.

2.9 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.

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the lease term and their estimated useful lives. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the length of the lease.

2.10 Pensions

The Company participates in a group defined contribution scheme. The charge to the income statement is the amount of contributions payable to the scheme in the year.

2.11 Revenue recognition

Revenue derived from the supply of waste management and industrial services is recognised upon provision of the services. Revenue is recognised on the basis of services provided to date and revenue is deferred in circumstances where it has not yet been earned. Costs incurred on providing the services in terms of these contracts are recognised in the period in which they are incurred.

Revenue derived from the supply of services is recognised upon provision of the services. Revenue is recognised on the basis of services provided to date and revenue is deferred in circumstances where it has not yet been earned.

2.12 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 to which they best relate.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. An explanation of key uncertainties or assumptions used by the management in accounting for these items is explained, where material, in the respective notes.

4. REVENUE

Revenue is derived from the Company's principal activities and is stated net of value added tax. All revenue in 2016 was in relation to sales in the UK. There were no trading revenues in 2017.

5. 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 to which they best relate. During the year, exceptional items detailed below have been included separately in the income statement.

| | 2017 £'000 | 2016 £'000 |
|------------------------------|-------------------|-------------------|
| Gain on sale of fixed assets | (151) | - |
| Site closure costs | - | 878 |
| | <u> </u> | <u> </u> |

During the year, the company disposed of a property resulting in a gain on sale of £151,000. During the prior year, the company incurred exceptional costs following its decision to terminate operations at one of its waste processing facilities.

ASCO Decommissioning Limited (formerly Enviroco Limited)
Notes to the financial statements
Year ended 31 December 2017

6. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

| | 2017 £'000 | 2016 £'000 |
|--|-------------------|-------------------|
| Depreciation - owned assets | 25 | 1,434 |
| Depreciation - assets held under hire purchase contracts | 22 | 158 |
| Operating lease rentals | - | 1,022 |
| Gain on disposal of fixed assets | - | (23) |
| | <u> </u> | <u> </u> |

Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

| | 2017 £'000 | 2016 £'000 |
|----------------|-------------------|-------------------|
| Audit services | 15 | 15 |
| | <u> </u> | <u> </u> |

7. STAFF COSTS

| | 2017 £'000 | 2016 £'000 |
|-----------------------|-------------------|-------------------|
| Wages and salaries | - | 4,667 |
| Social security costs | - | 439 |
| Other pension costs | - | 176 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |
| | - | 5,282 |
| | <u> </u> | <u> </u> |

ASCO Decommissioning Limited (formerly Enviroco Limited)
Notes to the financial statements
Year ended 31 December 2017

7. STAFF COSTS (CONTINUED)

Average monthly number of persons employed

| | 2017 No. | 2016 No. |
|----------------|-------------|-------------|
| By activity: | | |
| Administration | - | 30 |
| Operations | - | 99 |
| | <u>-</u> | <u>129</u> |

The directors were also directors of other group companies. They do not consider it possible to determine the proportion of their remuneration that is specifically related to their services as directors of the Company.

8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Interest payable on finance leases | <u>47</u> | <u>90</u> |

9. TAX ON PROFIT/(LOSS)

(a) Income tax expense/(credit)

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Current tax | | |
| UK Corporation tax on profits/(losses) for the year | <u>-</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (70) |
| Effect of changes in tax rate | - | (4) |
| | <u>-</u> | <u>(74)</u> |
| Tax charge/(credit) on profit/(loss) | <u>-</u> | <u>(74)</u> |

ASCO Decommissioning Limited (formerly Enviroco Limited)
Notes to the financial statements
Year ended 31 December 2017

9. TAX ON PROFIT/(LOSS) (CONTINUED)

(b) Reconciliation of total tax charge/(credit)

The charge/(credit) for the year is lower (2016: lower) than that obtained by applying the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) to the profit / (loss) before taxation. The difference is explained below:

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Profit / (loss) before taxation | 32 | (938) |
| UK Corporation tax at standard rate 19.25% (2016: 20.00%) | 7 | (188) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 2 |
| Income not taxable | - | (30) |
| Fixed asset differences | (29) | 117 |
| Tax rate changes | - | 17 |
| Group relief not paid for | 22 | - |
| Deferred tax not recognised | - | 8 |
| Total tax charge/(credit) for the year | - | (74) |

The Company did not recognise deferred income tax assets of £72,000 (2016: £76,000) and £44,000 (2016: £nil) in respect of losses that can be carried forward against future taxable income and other timing differences that will reverse in future periods respectively.

During the year, the UK corporation tax rate changed from 20% to 19%, effective 1 April 2017.

ASCO Decommissioning Limited (formerly Enviroco Limited)
Notes to the financial statements
Year ended 31 December 2017

10. TANGIBLE FIXED ASSETS

| | Land & Buildings £'000 | Plant & Equipment £'000 | Total £'000 |
|---------------------------------|------------------------------|-------------------------------|----------------|
| Cost | | | |
| At 1 January 2017 | 4,203 | 11,853 | 16,056 |
| Disposals | (1,852) | - | (1,852) |
| Group transfer | (2,012) | (11,853) | (13,865) |
| At 31 December 2017 | 339 | - | 339 |
| Accumulated Depreciation | | | |
| At 1 January 2017 | 1,825 | 9,734 | 11,559 |
| Charge for the year | 47 | - | 47 |
| Disposals | (1,034) | - | (1,034) |
| Group transfer | (736) | (9,734) | (10,470) |
| At 31 December 2017 | 102 | - | 102 |
| Net Book Value | | | |
| At 31 December 2017 | 237 | - | 237 |
| At 31 December 2016 | 2,378 | 2,119 | 4,497 |

During the year, assets with a cost of £13,865,000 and accumulated depreciation of £10,470,000 were transferred to ASCO UK Limited.

Land and buildings comprise:

| | 2017 £'000 | 2016 £'000 |
|-----------------|---------------|---------------|
| Heritable | - | 792 |
| Short Leasehold | 237 | 1,586 |
| | 237 | 2,378 |

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10. TANGIBLE FIXED ASSETS (CONTINUED)

The net carrying value of tangible fixed assets includes the following in respect of held under finance leases or hire purchase contracts:

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Plant and Equipment | - | 268 |
| Land and Buildings | 237 | 259 |
| | <u>237</u> | <u>527</u> |
| Depreciation charge for the year in respect of lease assets | <u>22</u> | <u>158</u> |

11. INVESTMENTS

| | £'000 |
|--|----------|
| Cost and net book value At 1 January 2017 | - |
| At 31 December 2017 | <u>-</u> |

The Company has the following interests in an associated undertaking

| | Class of shares | % owned | Country of registration | Registered address | Nature of business |
|------------------------|-----------------|---------|----------------------------|---|-----------------------|
| NORM Solutions Limited | Ordinary | 50% | Scotland | Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ | NORM treatment |

Peterhead Decommissioning Limited was dissolved on 10 March 2017.

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12. STOCKS

| | 2017 £'000 | 2016 £'000 |
|----------------|---------------|---------------|
| Finished goods | - | 351 |

The difference between the purchase price of stocks and their replacement cost is not material.

The cost of inventories recognised as an expense and included in "cost of sales" amounted to £nil (2016: £nil).

13. DEBTORS

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Trade debtors | - | 1,968 |
| Amounts owed by group undertakings | 12,715 | 5 |
| Prepayments and accrued income | - | 1,165 |
| Other debtors | 1,476 | 1,946 |
| | <u>14,191</u> | <u>5,084</u> |

The carrying value of trade and other receivables are approximate to fair value. There are no non-current receivables included in the above figures.

Amounts owed by group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | - | 1,881 |
| Amounts owed to group undertakings | 23 | 1,011 |
| Finance lease creditor | 22 | 63 |
| Accruals and deferred income | - | 1,272 |
| | <u>45</u> | <u>4,227</u> |

Amounts owed to group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

ASCO Decommissioning Limited (formerly Enviroco Limited)
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15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2017 £'000 | 2016 £'000 |
|-----------------------------------|---------------|---------------|
| Finance lease creditor | 252 | 286 |
| Split as follows: | | |
| Repayable within 1 year (note 14) | 22 | 63 |
| Repayable 1-5 years | 124 | 121 |
| Repayable over 5 years | 128 | 165 |
| | <u>274</u> | <u>349</u> |

16. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 333,751 (2016: 333,751) A ordinary shares of £1 each | 334 | 334 |
| 333,751 (2016: 333,751) B ordinary shares of £1 each | 334 | 334 |
| | <u>668</u> | <u>668</u> |

17. CONTINGENT LIABILITIES

The group bank loans and overdraft are secured by standard securities over certain properties of the group and bonds and floating charges over the assets of a number of group companies. Cross guarantees also exist with other group companies. The contingent liability of the Company under these arrangements at 31 December 2017 amounted to £134,712,000 (2016: £145,062,000).

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18. COMMITMENTS

At 31 December the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| No later than one year | - | 378 |
| Later than one year and no later than five years | - | 800 |
| Later than five years | - | 388 |
| | <u>-</u> | <u>1,566</u> |

19. PENSION COMMITMENTS

The Company participates in the group defined contribution scheme. The pension charge shown in note 7 represents contributions payable by the Company to the defined contribution scheme and amounted to £nil (2016: £176,000). The amount outstanding at 31 December 2017 was £nil (2016: £nil).

20. RELATED PARTIES

The following transactions were carried out with related parties:

| | Sales to related party | Purchases from related party | Loan balance due from related party | Balance due from related party |
|------------------------|---------------------------|------------------------------------|---|--------------------------------------|
| 2017 | £'000 | £'000 | £'000 | £'000 |
| NORM Solutions Limited | - | 2 | 1,476 | 1,476 |
| 2016 | £'000 | £'000 | £'000 | £'000 |
| NORM Solutions Limited | 66 | 319 | 1,476 | 1,483 |

Amounts owed by NORM Solutions Limited are unsecured, interest free, repayable on demand and have no fixed repayment date.

21. CONTROLLING PARTIES

The Company is a subsidiary undertaking of ASCO Holdings Limited, a company registered in Scotland. Copies of its financial statements can be obtained from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

The ultimate parent company is ASCO Group Holdings Limited, a company registered in Jersey.

The financial statements of ASCO Group Limited, the ultimate UK holding company, which reflect the consolidation of the Company, are available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

The ultimate controlling party is limited partnerships constituting Doughty Hanson & Co V, a fund managed by Doughty Hanson & Co Managers Limited.

22. EVENTS AFTER THE REPORTING PERIOD

On 7 February 2018 the company changed its registered name from Enviroco Limited to ASCO Decommissioning Limited.