ASCO DECOMMISSIONING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

Registered No: SC180242

Contents

ASCO Decommissioning Limited
Officers and professional advisers

Directors	P I France S Mitchell G N Paver
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 Paull LLP 1 Union Wynd Aberdeen AB10 1SL
Bankers	HSBC Bank plc 95-99 Union Street Aberdeen AB11 6BD

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415 (A) of the Companies Act 2006 and has not prepared a strategic report nor given certain disclosures in the Directors' report from which it is exempt.

Principal activities and business review

The Company is a wholly owned subsidiary of ASCO Holdings Limited. The Company's principal activity is that of the management of waste from both offshore and onshore.

There have not been any significant changes in the Company's principal activities in the year. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results and dividends

The loss for the financial year was £1,126,000 (2020: profit of £665,000). During the year, dividends totalling £nil were paid (2020: £nil). The Directors recommend that no further dividend be paid and the loss for the financial year will be transferred to the retained earnings reserve.

Shareholders' equity decreased to £13.4m (2020: £14.5m) at the end of the financial year.

Post balance sheet events

There have been no material events between 31 December 2021 and the date of authorising of the financial statements that would require adjustment to the financial statements or disclosure. The current economic and geopolitical challenges being experienced in the market are likely to positively impact investment in our traditional oil and gas market in the short to medium term, however there is no direct impact on the activities of the Company.

Future developments

The future results of the Company have been considered in the context of the wider group as set out below and addressed in the operating review in the Zander Topco Limted financial statements.

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

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

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

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 (loss)/profit are not necessary or appropriate for an understanding of the development, performance or position of the business.

Going concern

The Company is part of the ASCO Group ("the Group") ultimately owned by Zander Topco Limited. As such the Company is a party to the group funding arrangements and reliant on continued financial support from the Group. The Company has received a letter of support confirming that the Group will provide or procure sufficient funds as necessary to allow ASCO Decommissioning Limited to continue its operations for at least 12 months after these financial statements are signed.

Details of the ultimate parent and controlling parties are set out at note 16.

The matters considered by the Directors in assessing the going concern basis of preparation are set out at note 1.2.

Principal risks and uncertainties

The risks associated with Covid-19 disruption are waning across the world, but we must remain prepared for future escalations and be cognisant of the lessons learned since March 2020. As an organisation our preparedness and resilience has increased substantially through the knowledge gained and processes implemented over the past period. Volatility in the commodity price of oil and gas remains a primary uncertainty. Geopolitical matters continue to cause fluctuations that we need to be prepared to respond to e.g. where exploration activity is accelerated we need to be positioned to deliver on rapidly increased service requirements, some that may be in new markets. As a business we are also working to spread the breadth of our services and markets to diversify our portfolio and reduce our exposure to commodity price fluctuations.

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.

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.

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

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

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 period. 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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.

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:

G N Paver
Director
24 June 2022

Independent auditors' report to the members of ASCO Decommissioning Limited

Report on the audit of the financial statements

Opinion

In our opinion, ASCO Decommissioning Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 as at 31 December 2021; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The Company relies on continued financial support from Zander Topco Limited ("the Group"). The Company and the Group are reliant on the current financing arrangements to continue as a going concern. However, it is possible that the Group's current owners will sell the business within the going concern assessment period which is 12 months from the date of the signing of the financial statements. In the event of a sale, the 'change of control' clause within the current debt facility would be triggered which could result in the debt facility becoming repayable immediately. The Group does not currently have the funds to enable it to repay the borrowing facilities if required and does not currently know whether it will be able to reach agreement with its existing lenders or be able to secure additional funding from other sources or, in the event of a sale, obtain funding from any acquirer or the terms on which any such funding is provided by any party. As such, the Company may not be able to access financial support from the Group , when required, which would impact the ability of the Company to meet its liabilities as they fall due. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

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

Reporting on other information

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

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

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

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

Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

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

- Enquiries made of the Board of Directors, certain key management personnel, the Health, Safety, Environment & Quality team and in-house legal team in relation to their awareness of any instances of actual or potential litigation and claims or non-compliance with laws and regulations;
- Review of minutes of meetings of the Board of Directors;
- Identifying and testing journal entries with specific focus on entries within unusual account combinations in response to risk of management override;
- Challenging the directors in respect of the key judgements made in respect of accounting estimates; and
- Review of financial statement disclosures and testing to supporting documentation where applicable, to assess compliance with applicable laws and regulations.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Bruce Collins

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

ASCO Decommissioning Limited
Income statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	4	1,084	4,682
Cost of sales		(1,176)	(3,380)
GROSS (LOSS)/PROFIT		(92)	1,302
Administrative expenses		(64)	(106)
Net impairment loss on financial assets	5	(945)	(500)
OPERATING (LOSS)/PROFIT	6	(1,101)	696
Interest payable and similar expenses	7	(25)	(31)
(LOSS)/PROFIT BEFORE TAXATION		(1,126)	665
Tax on (loss)/profit	8	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,126)	665

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, therefore no separate statement of comprehensive income has been presented.

Notes on pages 13 to 26 are an integral part of these financial statements.

ASCO Decommissioning Limited
Statement of financial position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Right-of-use assets	9	179	193
Investments	10	-	-
		179	193
CURRENT ASSETS			
Debtors	11	13,660	15,523
Cash at bank and in hand		127	267
		13,787	15,790
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(459)	(1,313)
NET CURRENT ASSETS		13,328	14,477
TOTAL ASSETS LESS CURRENT LIABILITIES		13,507	14,670
NON CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	13	(128)	(165)
NET ASSETS		13,379	14,505
CAPITAL AND RESERVES			
Called up share capital	14	668	668
Share premium		1,297	1,297
Retained earnings		11,414	12,540
TOTAL SHAREHOLDERS' FUNDS		13,379	14,505

Notes on pages 13 to 26 are an integral part of these financial statements.

The financial statements on pages 10 to 26 were approved by the board of directors and signed on its behalf by:

G N Paver
Director
24 June 2022

Registered number SC180242

ASCO Decommissioning Limited
Statement of changes in equity
For the year ended 31 December 2021

	Called up share capital	Share premium	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2020	668	1,297	11,875	13,840
Profit for the financial year	-	-	665	665
At 31 December 2020	668	1,297	12,540	14,505
Loss for the financial year	-	-	(1,126)	(1,126)
At 31 December 2021	668	1,297	11,414	13,379

1. GENERAL INFORMATION

1.1 Company information

The financial statements of ASCO Decommissioning Limited for the year ended 31 December 2021 were authorised for issue by the Board of Directors and the statement of financial position was signed on the Board's behalf by G N Paver on 24 June 2022.

ASCO Decommissioning Limited ("the Company") is a private limited company limited by shares and is incorporated in Scotland and domiciled in the United Kingdom.

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.

The following standards and amendments are effective for the financial year beginning as of 1 January 2021:

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

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

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

1.2 Going concern

The Company is part of the ASCO Group ("the Group") ultimately owned by Zander Topco Limited. As such the Company is a party to the group funding arrangements and reliant on continued financial support from the Group. The Company has received a letter of support confirming that the Group will provide or procure sufficient funds as necessary to allow ASCO Decommissioning Limited to continue its operations for at least 12 months after these financial statements are signed.

Details of the ultimate parent and controlling parties are set out at note 16.

As part of its normal annual budgeting process, and in accordance with the terms of the Group's financing agreement of which the Company is a party, the Directors of the Group have prepared detailed trading and cash flow projections for 2022 and 2023. On the basis of these projections, the Group's Directors believe the Group has adequate cash resources for the period to December 2023, which is beyond the period covered by the letter of support, and furthermore that the Group will be in compliance with the covenant requirements set out in its financing agreements. When considering the Group's detailed trading and cash flow projections, the Directors and Group's management have considered the Group's funding requirements and contract (current and potential) back-log.

1. GENERAL INFORMATION (CONTINUED)

1.2 Going concern (continued)

Group management have also applied a severe but plausible downside to its base projections. This includes adjusting for downside risk around key contract assumptions and reliance on a broad but very gradual recovery in the sector. These downsides were then partly offset by items under the control of management such as cost mitigation measures and the ability to manage items such as capital expenditure in the event of market conditions being lower than anticipated. This severe but plausible downside reduces the forecast performance of the business in 2022 to be broadly in line with 2021. The 2021 financial performance reflected only partial recovery from the COVID-19 pandemic and the resultant impact on the oil price and market activity. Based on this severe but plausible downside, the Directors believe that the Group would still have adequate cash resources and would meet the covenant requirements as set out in its financing agreements for the going concern period. Accordingly, the Directors consider the Group can provide support if required by the Company during the going concern assessment period and so the Company's financial statements are prepared on the going concern basis.

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

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

Nevertheless, despite the Directors' view on the unlikely nature of the above scenarios, based on guidance published by the Financial Reporting Council, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern in the event of a future change in control or, at the expiration of the current debt facilities, it is unable to secure refinancing or secure additional funding, which are both outside the control of the Directors. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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 16 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:

- the requirements of paragraphs 10(d), 16, and 134-136 of IAS 1 Presentation of Financial Statements, to include a statement of compliance with IFRS and capital management policies;
- the requirements of IAS 7 Statement of Cash Flows to include a statement of cash flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose the potential impact of new standards and interpretations issued but not yet effective;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose transactions with key management personnel;
- 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;
- the requirements of IAS 8 paragraph 42 to restate the comparative amounts for the prior period presented in which prior period errors occurred and no third balance sheet is presented;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 1 Presentation of Financial Statements to disclose comparatives for movements in tangible assets.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

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 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. ACCOUNTING POLICIES (CONTINUED)

2.4 Taxation

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

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities 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 the profit/loss as reported in the statement of comprehensive income because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The 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.

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

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

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

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

2.5 Revenue recognition

The company provides waste management services. Revenue from providing these services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the services provided because the customer receives and uses the benefits simultaneously.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments

2.6a Financial assets

The Company's financial assets are classified as trade and other receivables. Management determines the identification of financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the Statement of Financial Position date.

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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

The allowance for expected credit losses (ECLs) for intercompany receivables, is calculated on a lifetime basis and is based on the portion of ECLs expected to result from default events possible.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (continued)

2.6b 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 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.

2.7 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.

Company as lessee

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

Right of use assets

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

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Leases (continued)

Lease liabilities

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

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

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

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

The Company's lease liabilities are included in creditors.

Short-term leases and leases of low-value assets

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

2.8 Investments

Investments in subsidiary undertakings are stated at cost less any provision for diminution in value. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in.

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.

Recoverability of amounts owed by group undertakings

The Company assesses the recoverability of intercompany debtors on an annual basis, as well as assessing the need to raise expected credit losses on these financial assets. A comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable. The forecast future cash flows are based on various recovery scenarios available to the parent and subsidiaries, were the debt called at year end.

4. REVENUE

Revenue recognised in the income statement arises from continuing activities in the UK and is analysed as follows:

	2021 £'000	2020 £'000
Provision of services	1,084	4,682

5. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

During the year, an expected credit loss allowance for amounts owed by group undertakings of £945,000 (2020: loss of £500,000) was recognised in the income statement in relation to impaired financial assets. The impairment is calculated as described in note 3, Significant Accounting Estimates and Judgements, and represents the Company's assessment of the group undertakings' ability to repay the amounts owed to the Company on a number of probability weighted scenarios.

6. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2021 £'000	2020 £'000
Depreciation - right of use assets	15	15

Auditors' remuneration

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

	2021 £'000	2020 £'000
Audit services	5	4

The audit fee for the Company is paid by ASCO Holdings Limited.

Directors

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. Directors are paid through ASCO Holdings Limited for all of the services which they provide.

Staff costs

The Company had no employees during the current or previous year.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Interest payable on lease liabilities (note 9)	25	31

8. TAX ON (LOSS)/PROFIT

(a) Income tax expense

	2021 £'000	2020 £'000
Current tax		
UK Corporation tax on (losses)/profits for the year	-	-
Tax on (loss)/profit	-	-

(b) Reconciliation of total tax charge

The total tax for the financial year is lower (2020: lower) than that obtained by applying the standard rate of corporation tax in the UK of 19% (2020: 19%) to the loss (2020: profit) before taxation. The difference is explained below:

	2021 £'000	2020 £'000
(Loss)/profit before taxation	(1,126)	665
UK Corporation tax at standard rate 19% (2020: 19%)	(214)	126
Effects of:		
Expenses not deductible for tax purposes	179	4
Group relief surrendered/(claimed)	35	(130)
Total tax charge	-	-

During the year, the UK corporation tax rate remained unchanged at 19% (2020: 19%).

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

9. RIGHT-OF-USE ASSETS

Amounts recognised in the balance sheet

Right-of-use assets	2021 £'000	2020 £'000
Property	179	193

Additions to the right-of-use assets during 2021 were £nil (2020: £nil).

Lease liabilities	2021 £'000	2020 £'000
Current	(38)	(33)
Non-current	(128)	(165)
	(166)	(198)

Amounts recognised in the income statement relating to leases

Depreciation charge of right of use assets	2021 £'000	2020 £'000
Property	15	15

	2021 £'000	2020 £'000
Interest expense (included in finance cost)	25	31

10. INVESTMENTS

	£'000
Cost and net book value	
At 1 January 2021	-
At 31 December 2021	-

The Company has the following subsidiary undertaking

	Class of shares	% owned	Country of registration	Registered address	Nature of business
NORM Solutions Limited	Ordinary	100%	Scotland	Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ	NORM treatment

11. DEBTORS

	2021 £'000	2020 £'000
Trade debtors	-	128
Amounts owed by group undertakings	13,622	14,987
Prepayments and accrued income	36	347
Other debtors	2	61
	13,660	15,523

The carrying value of trade and other receivables are approximate to fair value. There are no non-current receivables included in the above figures. The Company assesses expected credit losses considering factors influencing risk of default.

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

Amounts owed by group undertakings are stated after allowance for expected credit losses of £1,645,000 (2020: £700,000). The impairment is calculated as described in note 3, Significant Accounting Estimates and Judgements, and represents the Company's assessment of the group undertakings' ability to repay the amounts owed to the Company on a number of probability weighted scenarios.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Trade creditors	36	363
Amounts owed to group undertakings	321	389
Lease liabilities	38	33
Accruals and deferred income	64	528
	459	1,313

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

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£'000	£'000
Lease liabilities (note 9)	128	165

14. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
333,751 (2020: 333,751) A ordinary shares of £1 each	334	334
333,751 (2020: 333,751) B ordinary shares of £1 each	334	334
	668	668

15. 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 2021 amounted to £94,267,000 (2020: £94,674,000).

16. 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 financial statements of ASCO Group Limited, 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. ASCO Group Limited is the smallest group for which group financial statements are drawn up.

On 18 December 2020 the company's ultimate parent company and controlling party changed as set out below.

Period up to 18 December 2020

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

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

From 18 December 2020

The ultimate parent company is Zander Topco Limited, a company registered in England which is ultimately owned by a consortium of investors who are also lenders to the Group. Zander Topco Limited is the largest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

17. EVENTS AFTER THE REPORTING PERIOD

There have been no material events between 31 December 2021 and the date of authorising of the financial statements that would require adjustment to the financial statements or disclosure. The current economic and geopolitical challenges being experienced in the market are likely to positively impact investment in our traditional oil and gas market in the short to medium term, although the impact of recent windfall tax changes has yet to be established. There is no direct impact on the supply chain or operational activities of the business.