ASCO DECOMMISSIONING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Registered No: SC180242

ASCO Decommissioning Limited

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ASCO Decommissioning Limited
Officers and professional advisers

Directors	T M R Pettigrew (appointed 29 August 2023) S Mitchell A R W Wright (appointed 3 July 2023) P I France (resigned 29 August 2023) G N Paver (resigned 30 June 2023)
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 2022.

The annual report has been prepared in accordance with the special provisions relating to small companies under section 415 (A) of the Companies Act 2006, hence includes neither a strategic report nor certain disclosures in the Directors' report from which the Company is exempt under section 414 (B) of the Companies Act 2006.

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 profit for the financial year was £980,000 (2021: loss of £1,126,000). During the year, dividends totalling £nil were paid (2021: £nil). The Directors recommend that no further dividend be paid and the profit for the financial year will be transferred to the retained earnings reserve.

Total shareholders' funds increased to £14.4m (2021: £13.4m) at the end of the financial year.

Post balance sheet events

Events since the balance sheet date have been disclosed at note 17.

Future developments

The future developments 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 Limited 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.

Based on the market opportunities and operational improvements underway the ASCO Group Board remain confident in making further progress in 2023.

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

Going concern

The financial statements have been prepared on a going concern basis because ASCO Group Limited has agreed to provide or procure sufficient funds as necessary to allow ASCO Decommissioning Limited to continue its operations for at least 12 months from the date of issuing these financial statements.

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 activity levels. 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 statement of financial position 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 the date of signing the financial statements are set out on page 1.

Statement of directors' responsibilities in respect of the financial statements

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, 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.

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:

A R W Wright
Director
27 September 2023

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 2022 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, including 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 2022; 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

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

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 2022 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 in respect of the financial statements, 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 with unusual account combinations in response to the risk of management override; and
- Challenging the directors in respect of the key judgements made in respect of accounting estimates.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the 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.

Julie Watson

Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
28 September 2023

ASCO Decommissioning Limited
Income statement
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	3,054	1,084
Cost of sales		(1,961)	(1,191)
GROSS PROFIT/(LOSS)		1,093	(107)
Administrative expenses		(92)	(49)
Net impairment loss on financial assets	5	-	(945)
OPERATING PROFIT/(LOSS)	6	1,001	(1,101)
Interest payable and similar expenses	7	(21)	(25)
PROFIT/(LOSS) BEFORE TAXATION		980	(1,126)
Tax on profit/(loss)	8	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		980	(1,126)

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 (2021: nil), therefore no separate statement of comprehensive income has been presented.

Notes on pages 13 to 24 are an integral part of these financial statements.

ASCO Decommissioning Limited
Statement of financial position
As at 31 December 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Tangible assets *	9	164	179
Investments	10	-	-
		164	179
CURRENT ASSETS			
Debtors	11	14,016	13,660
Cash at bank and in hand		1,794	127
		15,810	13,787
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(1,531)	(459)
NET CURRENT ASSETS		14,279	13,328
TOTAL ASSETS LESS CURRENT LIABILITIES		14,443	13,507
NON-CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	13	(84)	(128)
NET ASSETS		14,359	13,379
CAPITAL AND RESERVES			
Called up share capital	14	668	668
Share premium		1,297	1,297
Retained earnings		12,394	11,414
TOTAL SHAREHOLDERS' FUNDS		14,359	13,379

Notes on pages 13 to 24 are an integral part of these financial statements.

* The classification of assets acquired under a financing agreement has been corrected from right-of-use assets to tangible assets with 2021 restated accordingly as set out at note 9.

The financial statements on pages 10 to 24 were approved by the board of directors and signed on its behalf by:

A R W Wright
Director
27 September 2023

Registered number SC180242

ASCO Decommissioning Limited
Statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Share premium	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000
At 1 January 2021	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
Profit for the financial year	-	-	980	980
At 31 December 2022	668	1,297	12,394	14,359

1. GENERAL INFORMATION

1.1 Company information

The financial statements of ASCO Decommissioning Limited for the year ended 31 December 2022 were authorised for issue by the Board of Directors and the statement of financial position was signed on the Board's behalf by A R W Wright on 27 September 2023.

ASCO Decommissioning Limited ("the Company") is a private limited company limited by shares and is incorporated and registered 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 financial statements have been prepared on a going concern basis because ASCO Group Limited has agreed to provide or procure sufficient funds as necessary to allow ASCO Decommissioning Limited to continue its operations for at least 12 months from the date of issuing these financial statements.

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 have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16;
- Onerous contracts - Cost of Fulfilling a Contract - Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework - Amendments to IFRS 3.

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 2022 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 2023 and 2024. On the basis of these projections, the Group's Directors believe the Group has adequate cash resources to continue operationally for the foreseeable future, 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. These downsides were then partly offset by items under the control of management, including the ability to manage items such as capital expenditure and business overheads in the event of market conditions being lower than anticipated. 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.

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 2022.

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 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.

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.

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 expected credit losses (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.

2.14 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.

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

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

Depreciation is 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:

Leasehold property	over the life of the lease

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:

	2022 £'000	2021 £'000
Provision of services	3,054	1,084

5. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

During the year, an expected credit loss allowance for amounts owed by group undertakings of £nil (2021: loss of £945,000) 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 PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2022 £'000	2021 £'000
Depreciation - owned assets	15	15

Auditors' remuneration

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

	2022 £'000	2021 £'000
Audit services	6	5

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

	2022 £'000	2021 £'000
Interest payable on asset financing	21	25

8. TAX ON PROFIT/(LOSS)

(a) Income tax expense

	2022 £'000	2021 £'000
Current tax		
UK Corporation tax on profits/(losses) for the year	-	-
Tax on profit/(loss)	-	-

(b) Reconciliation of total tax charge

The total tax for the financial year is lower (2021: higher) than that obtained by applying the standard rate of corporation tax in the UK of 19% (2021: 19%) to the profit (2021: loss) before taxation. The difference is explained below:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	980	(1,126)
UK Corporation tax at standard rate 19% (2021: 19%)	186	(214)
Effects of:		
Expenses not deductible for tax purposes	-	179
Group relief (claimed)/surrendered	(186)	35
Total tax charge	-	-

During the year, the UK corporation tax rate remained unchanged at 19% (2021: 19%).

The deferred tax rate of 25% reflects changes to the UK corporation tax rate substantively enacted on 11 March 2021 due to take effect from 1 April 2023.

9. TANGIBLE ASSETS

	Land & Buildings £'000 Restated
Cost	
At 1 January 2022 **(restated)**	339
At 31 December 2022	339
Accumulated Depreciation	
At 1 January 2022 **(restated)**	160
Charge for the year	15
At 31 December 2022	175
Net Book Value	
At 31 December 2022	164
At 31 December 2021 (restated)	179

The full opening balances of assets acquired under a financing agreement has been corrected from right-of-use assets to tangible assets with 2021 restated accordingly.

10. INVESTMENTS

	£'000
Cost and net book value	
At 1 January 2022	-
At 31 December 2022	-

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

	2022 £'000	2021 £'000
Trade debtors	336	-
Amounts owed by group undertakings	13,659	13,622
Prepayments and accrued income	-	36
Other debtors	21	2
	14,016	13,660

The carrying value of trade and other receivables at 2022 and 2021 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 (2021: £1,645,000). 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

	2022 £'000	2021 £'000
Trade creditors	171	36
Amounts owed to group undertakings	358	321
Other creditors	44	38
Accruals and deferred income	958	64
	1,531	459

Amounts owed to group undertakings at 2022 and 2021 are unsecured, interest free, repayable on demand and have no fixed repayment date.

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

	2022 £'000	2021 £'000
Other creditors	84	128

14. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
333,751 (2021: 333,751) A ordinary shares of £1 each	334	334
333,751 (2021: 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 2022 amounted to £84,436,000 (2021: £94,267,000).

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.

Period to 10 August 2023

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.

From 11 August 2023

The ultimate parent undertaking is Project Advance Topco Limited, a company registered in England, whilst the ultimate controlling party is limited partnerships constituting Endless Fund V, a fund managed by Endless LLP. Project Advance Topco Limited was incorporated on 26 May 2023.

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end on 11 August 2023 the previous owners of Zander Topco Limited, the former ultimate parent company, sold their ownership of that company to Project Advance Bidco Limited. As a result of this transaction, the ultimate parent undertaking has changed as described at note 16. The change of ownership was completed in conjunction with a restructuring of the Group's debt facilities, with previous bank loans extinguished and new debt facilities, comprising loan notes totalling £100m and revolving credit facilities of £15m, put in place.

There have been no further material events between 31 December 2022 and the date of authorising of the financial statements that would require adjustment to the financial statements or disclosure.