

**NRC Environmental Services (UK)
Limited (formerly Sureclean
Limited)**

Report and Financial Statements

Year Ended

31 December 2016

Company Number SC185760



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NRC Environmental Services (UK) Limited

Company Information

Directors	N. A. Challis A. Harman G. Shor
Company secretary	Burness Paull LLP
Registered number	SC185760
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ

NRC Environmental Services (UK) Limited

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NRC Environmental Services (UK) Limited

Strategic Report For the Year Ended 31 December 2016

Business review

NRC Environmental Services (UK) Limited achieved a turnover of £6,644,950 (2015 - £10,831,199) in the period with a net loss before taxation of £1,712,602 (2015 - £116,510).

The company increased its overseas turnover primarily due to significant projects in West Africa which helped underpin the revenues for the period, whilst domestic sales became increasingly challenging as the year progressed as a consequence of the falling oil price globally. This has significantly reduced the profitability of the oil and gas sector which has sought to reduce costs via activity reduction (e.g. decommissioning oil rigs) or via cost cutting measures. As the company is a supplier mainly to this industry the demand for the company's services has fallen. The company has become loss making but maintains a positive but reduced EBITDA level in the face of an increasing cost base as economies of scale previously benefitted from are lost or reduced along with the reduction in revenue.

NRC is actively looking at diversification into other business sectors, taking current capabilities with slight modifications to equipment and moving into more land based civil works. Further opportunities are also being explored in the sewage maintenance and water sectors.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as follows:-

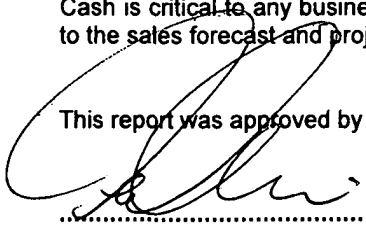
- Liquidity risk: the company operates within its available cash resources and, following the acquisition by NRC, liquidity no longer poses a threat to the company due to the support provided by the NRC group.
- Market risk: the demand for the company's services in the market has declined significantly since the global fall in oil prices. The company is exposed to further reduction in demand from the market which could increase the rate of losses. With active measures taken to move into other sectors, it is anticipated that diversification to the current business will compensate for the reduction in business.
- Credit risk: the company policy is to minimise exposure to losses of defaulting customers with credit terms only being granted to customers who satisfy the credit worthiness procedure. Credit limits are reviewed regularly in conjunction with debt ageing and collection history.
- Currency risk: the company policy is to reduce currency exposure with any large projects, where necessary, hedged against to mitigate any currency loss.

Financial key performance indicators

In reviewing performance of the company, the Board considers key performance indicators including sales, gross profit margin, overheads, net profit margin and EBITDA which are monitored monthly against the forecast and, where necessary, corrective action is highlighted and implemented. The company reviews sales on a 13 week look ahead basis identifying in advance any shortfalls or peaks which affect resources and enable the business to plan accordingly. The company monitors equipment usage on a daily basis providing a comprehensive overview of requirements, future investment and priorities for refurbishment and maintenance. Cash is critical to any business and therefore is managed on a daily basis with a 13 week look ahead matched to the sales forecast and projected cash balances.

This report was approved by the board on 31 OCTOBER 2017

and signed on its behalf.


.....
N. A. Challis
Director

NRC Environmental Services (UK) Limited

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The company provides a specialised cleaning service and rental of specialised equipment.

The directors who served during the year were:

J. M. Barron (resigned 7 July 2016)
N. A. Challis
A. Harman
G. Shor

Going concern

During the year the company has made a loss of £1,732,984 (2015 - £135,550) but has net current assets of £5,014,586 (2015 - £6,041,545) and net assets of £10,713,588 (2015 - £12,446,545). The ultimate parent company has confirmed that it intends to provide financial support over at least a period of 12 months from the date of approval of these financial statements. The directors believe that it is therefore appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from financial support ceasing to be made available.

Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

Future developments

The Directors expect the oil and gas sector to remain challenging in 2018, expecting a small upturn in the market activity later in the year. In addition to optimising its oil and gas services, the company will continue to develop its overseas activities with a particular focus on West Africa, The Middle East, The Far East and Trinidad in collaboration with NRC group affiliates.

Change in company name

Subsequent to 31 December 2016 the company has changed its legal name from Sureclean Limited to NRC Environmental Services (UK) Limited.

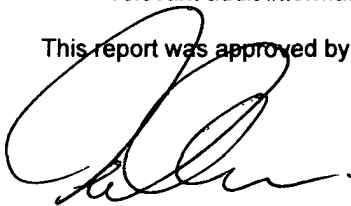
Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 31 OCTOBER 2017

and signed on its behalf.


.....
N. A. Challis
Director

NRC Environmental Services (UK) Limited

Directors' Responsibilities Statement

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

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

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

NRC Environmental Services (UK) Limited

Independent Auditor's Report to the Members of NRC Environmental Services (UK) Limited

We have audited the financial statements of NRC Environmental Services (UK) Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

NRC Environmental Services (UK) Limited

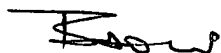
Independent Auditor's Report to the Members of NRC Environmental Services (UK) Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Alastair Rae (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Glasgow
United Kingdom

8 November 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NRC Environmental Services (UK) Limited

**Profit and Loss Account
For the Year Ended 31 December 2016**

	Note	2016 £	2015 £
Turnover	3	6,644,950	10,831,199
Cost of sales		(3,036,086)	(4,507,583)
GROSS PROFIT		3,608,864	6,323,616
Administrative expenses		(4,956,037)	(5,923,182)
Redundancy costs	10	(306,295)	(408,914)
OPERATING LOSS	4	(1,653,468)	(8,480)
Interest receivable and similar income	7	1,727	-
Interest payable and similar expenses	8	(60,861)	(108,030)
LOSS BEFORE TAX		(1,712,602)	(116,510)
Tax on loss	9	(20,382)	(19,040)
LOSS FOR THE YEAR		(1,732,984)	(135,550)

There was no other comprehensive income in the year (2015 - £nil).

The notes on pages 9 to 24 form part of these financial statements.

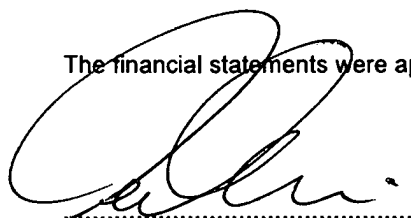
NRC Environmental Services (UK) Limited
Registered number: SC185760

Balance Sheet
As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Tangible assets	11		6,010,156		7,111,128
			6,010,156		7,111,128
CURRENT ASSETS					
Stocks	12	919,541		1,138,367	
Debtors: amounts falling due after more than one year	13	90,781		-	
Debtors: amounts falling due within one year	13	4,835,471		5,835,407	
Cash at bank and in hand		445,739		834,882	
		6,291,532		7,808,656	
Creditors: amounts falling due within one year	14	(1,276,946)		(1,767,111)	
NET CURRENT ASSETS			5,014,586		6,041,545
TOTAL ASSETS LESS CURRENT LIABILITIES			11,024,742		13,152,673
Creditors: amounts falling due after more than one year	15		(148,700)		(513,187)
PROVISIONS FOR LIABILITIES					
Deferred grants	18	(162,454)		(192,914)	
			(162,454)		(192,914)
NET ASSETS			10,713,588		12,446,572
CAPITAL AND RESERVES					
Called up share capital	20		250,500		250,500
Share premium account	19		807,952		807,952
Capital redemption reserve	19		372,000		372,000
Profit and loss account	19		9,283,136		11,016,120
			10,713,588		12,446,572

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

31 OCTOBER 2017



N. A. Challis
Director

The notes on pages 9 to 24 form part of these financial statements.

NRC Environmental Services (UK) Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	250,500	807,952	372,000	11,151,670	12,582,122
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	-	(135,550)	(135,550)
At 1 January 2016	250,500	807,952	372,000	11,016,120	12,446,572
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	-	(1,732,984)	(1,732,984)
AT 31 DECEMBER 2016	250,500	807,952	372,000	9,283,136	10,713,588

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies

1.1 General Information

NRC Environmental Services (UK) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the information page and the nature of the company's principal activities is set out in the directors' report. The financial statements have been prepared on a going concern basis in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sureclean Holdco Limited as at 31 December 2016 and these financial statements may be obtained from Companies House.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.4 Going concern

The financial statements have been prepared on a going concern basis.

As part of their assessment as to whether the use of the going concern basis is appropriate, the directors assess whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors make this assessment in respect of a period of at least 12 months from the date of approval of the financial statements.

During the year the company has made a loss of £1,732,984 however has net current assets of £5,014,586 and net assets of £10,713,588. The ultimate parent company has confirmed that it intends to provide financial support over the next 12 months if required. The directors believe that it is therefore appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from financial support ceasing to be made available.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised in respect of specialised cleaning services provided to customers at the point at which the service is provided and the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 Operating leases: the company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing significant parts of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following bases:

Freehold property -	2% - 15% straight line
Plant and machinery -	10% - 50% straight line
Motor vehicles -	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administration expenses' in the profit and loss account.

1.8 Operating leases: the company as lessor

Rentals income from operating leases is credited to the profit and loss account on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.9 Research and development costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project. Costs not meeting these criteria are taken to the Profit and Loss Account.

1.10 Valuation of investments

Investments in subsidiaries are measured at cost less provision for impairment.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

1. Accounting policies (continued)

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.14 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) At fair value with changes recognised in the profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of recoverable value, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.16 Creditors

Short term creditors are measured at the transaction price.

1.17 Foreign currency translation

Functional and presentation currency

The company and group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

1.18 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.19 Leased assets: the company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the company so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.20 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.21 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually for impairment and a number of factors are taken into account. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock is reviewed annually for any potential indicators of impairment taking into account the condition of the stocks and the historic utilisation of the stocks. Where required an impairment is processed.

The debtors are reviewed for any potential irrecoverable amounts and where applicable a specific provision for doubtful debts are raised.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

3. Turnover

An analysis of turnover by class of business is as follows:

	2016	2015
	£	£
Rigwork	1,039,884	4,548,654
Offshore	3,734,920	5,091,006
Civil	1,870,146	1,191,539
	6,644,950	10,831,199

Analysis of turnover by country of destination:

	2016	2015
	£	£
United Kingdom	6,183,244	9,247,673
Rest of the world	461,706	1,583,526
	6,644,950	10,831,199

4. Operating loss

The operating profit/(loss) is stated after charging/(crediting):

	2016	2015
	£	£
Research & development charged as an expense	2,754	-
Depreciation of tangible fixed assets - owned	1,224,507	1,431,519
Depreciation of tangible fixed assets - held under hire purchase contracts	254,703	307,771
(Profit)/Loss on sale of tangible fixed assets	(2,000)	(87,139)
Fees payable to the company's auditor for the audit of the company's annual financial statements	27,000	25,750
Operating leases - property	283,112	346,748
Difference on foreign exchange	(31,875)	-
Defined contribution pension cost	152,252	222,228

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	3,084,157	5,049,650
Social security costs	373,996	589,823
Cost of defined contribution scheme	152,252	222,288
	<u>3,610,405</u>	<u>5,861,761</u>

The company has a total of 87 (2015 - 119) employees consisting of 56 operational staff members (2015 - 67) and 31 administration staff members (2015 - 52).

6. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	162,466	439,656
	<u>162,466</u>	<u>439,656</u>

The highest paid director received remuneration of £162,466 (2015 - £122,115).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 - £20,000).

7. Interest receivable

	2016	2015
	£	£
Bank interest receivable	1,727	-
	<u>1,727</u>	<u>-</u>

8. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	-	537
Hire purchase interest payable	60,861	107,493
	<u>60,861</u>	<u>108,030</u>

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

9. Taxation

	2016	2015
	£	£
Corporation tax		
Adjustments in respect of previous periods	<u>(4,929)</u>	<u>(158,150)</u>
	<u>(4,929)</u>	<u>(158,150)</u>
Foreign tax		
Foreign tax on income for the year	<u>25,311</u>	<u>143,513</u>
	<u>25,311</u>	<u>143,513</u>
Total current tax	<u>20,382</u>	<u>(14,637)</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>33,677</u>
Total deferred tax	<u>-</u>	<u>33,677</u>
Taxation on profit on ordinary activities	<u>20,382</u>	<u>19,040</u>

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016	2015
	£	£
Loss on ordinary activities before tax	(1,712,602)	(116,511)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(342,520)	(23,593)
Effects of:		
Expenses not deductible for tax purposes	1,189	3,339
Fixed asset timing differences	10,558	11,729
Adjustments to tax charge in respect of prior periods	(4,929)	(158,150)
Short term timing difference leading to an increase in taxation	96,555	10,759
Qualifying charitable donations unutilised	-	967
Trade losses carried back	-	30,476
Foreign tax credits not used	25,311	143,513
Deferred tax not recognised	234,218	-
Total tax charge for the year	20,382	19,040

Factors that may affect future tax charges

There are carried forward tax losses of £1,003,910 (2015 - £1,045,752) that have not been recognised.

10. Redundancy costs

	2016	2015
	£	£
Redundancy costs	306,295	408,914
	306,295	408,914

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2016	2,849,891	15,418,773	621,295	18,889,959
Additions	15,683	350,560	11,995	378,238
At 31 December 2016	<u>2,865,574</u>	<u>15,769,333</u>	<u>633,290</u>	<u>19,268,197</u>
Depreciation				
At 1 January 2016	261,629	10,936,873	580,329	11,778,831
Charge for the year	57,520	1,390,376	31,314	1,479,210
At 31 December 2016	<u>319,149</u>	<u>12,327,249</u>	<u>611,643</u>	<u>13,258,041</u>
Net book value				
At 31 December 2016	<u>2,546,425</u>	<u>3,442,084</u>	<u>21,647</u>	<u>6,010,156</u>
At 31 December 2015	<u>2,588,262</u>	<u>4,481,900</u>	<u>40,966</u>	<u>7,111,128</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	<u>1,418,802</u>	1,937,646
	<u>1,418,802</u>	<u>1,937,646</u>

12. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>919,541</u>	1,138,367
	<u>919,541</u>	<u>1,138,367</u>

Stock recognised in cost of sales during the year as an expense was £384,210 excluding the stock impairment for the year (2015 - £441,941).

An impairment loss of £197,471 (2015 - £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

13. Debtors

	2016	2015
	£	£
Due after more than one year		
Deferred tax asset	90,781	-
	90,781	-
	2016	2015
	£	£
Due within one year		
Trade debtors	1,335,442	1,839,087
Amounts owed by group undertakings	2,854,076	2,935,643
Other debtors	284,385	505,777
Prepayments and accrued income	336,258	464,119
Tax recoverable	25,310	-
Deferred taxation	-	90,781
	4,835,471	5,835,407

14. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	575,447	319,211
Amounts owed to group undertakings	545	545
Other taxation and social security	72,240	411,313
Obligations under finance lease and hire purchase contracts	367,684	551,631
Other creditors	114,456	87,133
Accruals and deferred income	146,574	397,278
	1,276,946	1,767,111

Net obligations under finance leases and hire purchase contracts are secured over the assets to which they relate.

15. Creditors: Amounts falling due after more than one year

	2016	2015
	£	£
Net obligations under finance leases and hire purchase contracts	148,700	513,187
	148,700	513,187

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016	2015
	£	£
Within one year	367,684	551,631
Between 1-2 years	122,300	364,487
Between 2-5 years	26,400	148,700
	516,384	1,064,818

17. Deferred taxation

	2016
	£
At beginning of year	90,781
Charged to profit or loss	-
At end of year	90,781

The deferred tax asset is made up as follows:

	2016
	£
Accelerated capital allowances	90,781
	90,781

18. Accruals and deferred income

	Government grants £
At 1 January 2016	192,914
Utilised in year	(30,460)
At 31 December 2016	162,454

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

19. Reserves

Share premium account

The share premium arose on the purchase of the company's shares by the shareholders.

Capital redemption reserve

The capital redemption reserve arose on a restructure of the share capital in 2014.

Profit and loss account

The profit and loss account represents the cumulative historical profits and losses to date less any dividends historically paid.

20. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
2,505,000 Ordinary shares of £0.10 each	250,500	250,500
	<u><u>250,500</u></u>	<u><u>250,500</u></u>

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £152,252 (2015: £222,288). Contributions totalling £95,539 (2015: £27,810) were payable to the fund at the Balance Sheet date and are included in creditors.

22. Commitments under operating leases - lessee

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Not later than 1 year	336,000	336,000
Later than 1 year and not later than 5 years	1,344,000	1,344,000
Later than 5 years	924,000	1,344,000
	<u><u>2,604,000</u></u>	<u><u>3,024,000</u></u>

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

23. Related party transactions

During the year cash of £nil (2015 - £2,528,462) was advanced by NRC Environmental Services (UK) Limited to NRC International Services Limited, a fellow group company in the JF Lehman & Company group. Expenses were borne on behalf of NRC Environmental Services (UK) Limited by NRC International Services Limited amounting to £155,126 (2015 - £nil). At 31 December 2016 NRC International Services Limited owed Sureclean Limited an amount of £2,373,336 (2015 - £2,528,462).

24. Parent and ultimate controlling party

Sureclean Limited is wholly owned by Sureclean Holdco Limited which is ultimately owned by JF Lehman & Company. JF Lehman & Company, incorporated in the US, is both the ultimate parent undertaking and the controlling party at 31 December 2016.

Sureclean Holdco Limited is the smallest group for which the company is included in consolidated financial statements. These are publicly available and can be obtained from Companies House. JF Lehman & Company is the largest group for which the company is included in a consolidation. These are not publicly available.

25. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Sureclean International Limited	Ordinary	100 %	The company provides a specialised cleaning service and rental of specialised equipment.
Sureclean AS	Ordinary	100 %	The company provides a specialised cleaning service and rental of specialised equipment.

Name	Registered office
Sureclean International Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ C/o Leif Kielsen, Regnskapskontor, Hanaveien 4, 4327
Sureclean AS	Sandnes, Norway

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Sureclean International Limited	(223,739)	135,987
Sureclean AS	-	-