

**NRC Environmental Services (UK)
Limited**

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number SC185760

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NRC Environmental Services (UK) Limited

Company Information

Directors	J J Peterson C T Swinbank J Michaud T E Gottsegen M Reese
Company secretary	Burness Paull LLP J Selden
Registered number	SC185760
Registered office	50 Lothian Road Festival Square Edinburgh EH3 9WJ
Auditor	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF
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 2019

Business review

NRC Environmental Services (UK) Limited achieved a turnover of £5,581,629 (2018 - £6,736,632) in the year with a net loss before taxation of £1,908,895 (2018 - loss of £1,571,183). The loss after taxation was £1,908,895 (2018 - loss of £1,545,873)

Turnover from overseas territories have decreased from £86,103 to almost zero. Domestic sales have continued to be challenging as the year progressed as a consequence of falling oil prices globally and COVID19. 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 in the face of an increasing cost base as previously established economies of scale are lost or reduced along with the reduction in revenue.

The company 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, uncertainties and financial instruments

Market risk: while the demand for the company's services in the market has declined significantly since the global fall in oil prices, more recent improvements in the oil and gas market and renewed general stability in the oil price suggest a slightly more optimistic outlook. With active measures taken to move into other sectors, it is anticipated that diversification to the current business will compensate for the current reduction in business.

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. These 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,

This report was approved by the board on

12/18/2020

and signed on its behalf.



M Reese
Director

NRC Environmental Services (UK) Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The company provides a specialised cleaning service and rental of specialised equipment for the oil and gas and civil sectors.

Directors

The directors' who served during the year and subsequently after the year were:

J.J. Peterson (appointed 19 June 2019)
N. A. Challis (resigned 27 September 2019)
A. Harman (resigned 19 June 2019)
G. Shor (resigned 19 June 2019)
T. E. Gottsegen (appointed 10 October 2019)
J. Michaud (appointed 10 October 2019)
M. Reese (appointed 10 October 2019)
C. T. Swinbank (appointed 10 October 2019)

Matters contained in the strategic report

The business review, principal risks, uncertainties and financial instruments and key performance indicators have been included within the strategic report.

Going concern

During the year the company has made a loss of £1,908,895 (2018 - £1,545,873) and had net current liabilities of £5,139,409 (2018: net current liabilities £1,941,725) and net assets of £5,470,015 (2018 - £7,378,910). 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 being withdrawn.

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 Management expect the oil and gas sector to remain challenging in 2021, expecting a small upturn into the civils sector of the business. In addition to optimising its oil and gas services, the company will continue to develop its non oil and gas services in the UK market and develop its overseas activities with a particular focus on West Africa and Mexico in collaboration with NRC group affiliates.

NRC Environmental Services (UK) Limited

**Directors' Report
For the Year Ended 31 December 2019**

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, 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 laws 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.

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.

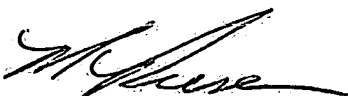
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General meeting.

This report was approved by the board on 12/18/2020 and signed on its behalf.



M Reese
Director

NRC Environmental Services (UK) Limited

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of NRC Environmental Services (UK) Limited (the 'company') for the period ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

NRC Environmental Services (UK) Limited

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Mercer & H&L

Andrew Lawes MA MSc FCA (Senior Statutory Auditor)
for and on behalf of Mercer & H&L

Chartered Accountants
Statutory Auditor

22 December 2020

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AF

NRC Environmental Services (UK) Limited
Registered number: SC185760

Profit and Loss Account
For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	5,581,629	6,736,632
Cost of sales		(5,433,701)	(5,860,953)
GROSS PROFIT		147,928	875,679
Administrative expenses		(1,933,298)	(2,390,895)
Exceptional administrative expenses	9	(119,554)	(38,453)
OPERATING LOSS	4	(1,904,924)	(1,553,669)
Interest payable and similar expenses	7	(3,971)	(17,514)
LOSS BEFORE TAX		(1,908,895)	(1,571,183)
Tax on loss	8	-	25,310
LOSS FOR THE FINANCIAL YEAR		(1,908,895)	(1,545,873)


There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

The notes on pages 9 to 23 form part of these financial statements.

NRC Environmental Services (UK) Limited
Registered number: SC185760
Balance Sheet
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Tangible assets	10		2,680,348		3,610,307
Investments	11		<u>7,929,076</u>		<u>7,929,076</u>
			10,609,424		11,539,383
CURRENT ASSETS					
Stocks	12	364,380		399,322	
Debtors: amounts falling due within one year	13	3,893,625		3,983,470	
Cash at bank and in hand	14	<u>174,252</u>		<u>242,678</u>	
		4,432,257		4,625,470	
Creditors: amounts falling due within one year	15	<u>(9,571,666)</u>		<u>(6,567,195)</u>	
NET CURRENT LIABILITIES			(5,139,409)		(1,941,725)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,407,015</u>		<u>9,597,657</u>
Creditors: amounts falling due after more than one year	16		-		(2,218,750)
NET ASSETS			<u>5,470,015</u>		<u>7,378,910</u>
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		<u>4,039,563</u>		<u>5,948,458</u>
			<u>5,470,015</u>		<u>7,378,910</u>

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


M Reese
Director
12/18/2020

The notes on pages 9 to 23 form part of these financial statements.

NRC Environmental Services (UK) Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	250,500	807,952	372,000	7,494,331	8,924,783
COMPREHENSIVE INCOME FOR THE YEAR					
Loss for the year	-	-	-	(1,545,873)	(1,545,873)
At 1 January 2019	250,500	807,952	372,000	5,948,458	7,378,910
Loss for the year	-	-	-	(1,908,895)	(1,908,895)
AT 31 DECEMBER 2019	250,500	807,952	372,000	4,039,563	5,470,015

The notes on pages 9 to 23 form part of these financial statements.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1. Accounting policies

1.1 General Information

NRC Environmental Services (UK) Limited is a private company, limited by shares, registered in Scotland and incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the company 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 financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

This information is included in the consolidated financial statements of US Ecology Inc, at 31 December 2019 and these financial statements are publicly available on the SEC government website. CIK number 0001783400.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.4 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

1.5 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 £1,908,895 (2018: £1,545,873) and had net current liabilities of £5,139,409 (2018: £1,941,725) and net assets of £5,470,015 (2018: £7,378,910). The ultimate parent company has confirmed that it intends to provide financial support for at least 12 months from the date of the approval of the financial statements, 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 being withdrawn.

1.6 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.

1.7 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.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

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 basis:

Freehold property	- 2% - 15% straight line
Plant and machinery	- 10% - 32% straight line
Motor vehicles	- 20% 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 in the profit and loss account.

1.8 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.

1.9 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 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.10 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1.11 Valuation of investments

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

1.12 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.

1.13 Debtors

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

1.14 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.

1.15 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 debtors and creditors, 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 the 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.

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 the recoverable amount, 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.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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.

1.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.17 Creditors

Short term creditors are measured at the transaction price.

1.18 Foreign currency translation

Functional and presentation currency

The company'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.

1.19 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.

1.20 Leased assets: the company as lessee

Assets obtained under hire purchase contracts 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.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1.21 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.

1.22 Taxation

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.

1.23 Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NRC Environmental Services (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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 stock. Where required an impairment is recognised in the profit and loss account.

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

As part of the acquisition of NRC WWS Ltd (formerly known as Clean Line Waste Water Solutions Limited) the company recorded a contingent liability for considerations to be paid on performance targets specified in the Sales and Purchase Agreement. The accuracy of contingent considerations requires management to make judgements and estimates around the future performance of the relevant business to determine likely future payments. Estimates payments are calculated using known results and financial projections.

3. Turnover

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

	2019 £	2018 £
Rigwork	2,130,289	1,029,333
Offshore	1,549,284	2,533,807
Civil	1,902,056	3,173,492
	<u>5,581,629</u>	<u>6,736,632</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	5,423,633	6,650,529
Rest of the world	157,996	86,103
	<u>5,581,629</u>	<u>6,736,632</u>

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

4. Operating loss

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

	2019	2018
	£	£
Research & development charged as an expense		64
Depreciation of tangible fixed assets -owned	990,159	1,237,219
Depreciation of tangible fixed assets - held under hire purchase contracts	34,813	122,300
Profit on sale of tangible fixed assets	(24,772)	(8,000)
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	12,000	15,500
Operating leases – property	<u>385,205</u>	<u>373,650</u>

5. Employees

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	2,196,746	2,723,424
Social security costs	228,254	309,837
Cost of defined contribution scheme	97,217	125,447
	<u>2,522,216</u>	<u>3,158,708</u>

The company has a total of 61 (2018 - 75) monthly average number of employees consisting of 52 operational staff members (2018 - 65) and 9 administration staff members (2018 - 10).

6. Directors' remuneration

During the year no director received remuneration (2018 - £Nil) from the company. Remuneration paid through NRC Servicing Limited is disclosed in the accounts of that company.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

7. Interest payable and similar expenses

	2019	2018
	£	£
Finance leases and hire purchase contracts	<u>3,971</u>	<u>17,514</u>

8. Taxation

	2019	2018
	£	£
Corporation tax		
Adjustments in respect of previous periods	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Foreign tax in respect of prior periods	<u>-</u>	<u>(25,310)</u>
	<u>-</u>	<u>(25,310)</u>
Total current tax	<u>-</u>	<u>(25,310)</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Effect of tax rate change on opening balance	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u><u>-</u></u>	<u><u>(25,310)</u></u>

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(1,908,895)</u>	<u>(1,571,183)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(362,690)	(298,525)
Effects of:		
Expenses not deductible for tax purposes	18,000	2,292
Fixed asset differences	47,744	-
Foreign tax credits not recoverable	-	(25,310)
Group relief	152,120	221,179
Deferred tax not recognised	144,826	74,514
Total tax charge for the year	<u><u>-</u></u>	<u><u>(25,310)</u></u>

Deferred Tax assets not provided for in the financial statements are as follows:

Fixed Asset timing difference	259,416	226,077
Short term timing difference	2,007	1,514
Tax loss	415,880	320,131
Total tax charge for the year	<u><u>677,303</u></u>	<u><u>547,722</u></u>

There are no unprovided deferred tax liabilities.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

9. Exceptional costs - Administrative expenses

	2019 £	2018 £
Redundancy	119,554	38,453
	<u>119,554</u>	<u>38,453</u>

10. Tangible Fixed Assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2019	2,991,866	15,944,211	621,295	19,557,372
Additions	-	96,139	-	96,139
Disposals	-	(17,500)	(112,987)	(130,487)
At 31 December 2019	2,991,866	16,022,850	508,308	19,523,024
Depreciation				
At 1 January 2019	1,028,679	14,300,188	618,198	15,947,065
Charge for the year	374,722	648,279	1,971	1,024,972
Disposals	-	(17,500)	(111,861)	(129,361)
At 31 December 2019	1,403,401	14,930,967	508,308	16,842,676
Net book value				
At 31 December 2019	<u>1,588,465</u>	<u>1,091,883</u>	<u>-</u>	<u>2,680,348</u>
At 31 December 2018	<u>1,963,187</u>	<u>1,644,023</u>	<u>3,097</u>	<u>3,610,307</u>

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

	2019 £	2018 £
Plant and machinery	<u>-</u>	<u>98,197</u>

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
Considerations settled on completion	4,535,326
Contingent Consideration	3,393,750
Total Investment in acquisition	<u>7,929,076</u>

Investment in subsidiary undertakings consist of a 100% holding in the issued share capital of NRC WWS Ltd (formerly known as Cleanline Waste Water Solutions Ltd) a wholly owned subsidiary acquired March 2018. NRC WWS Ltd is registered in England and Wales.

12. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>364,380</u>	<u>399,322</u>

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

Stock recognised in cost of sales during the year as an expense (excluding impairment) was £254,461 (2018 - £301,658).

An impairment loss of £Nil (2018 - £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock. The cumulative amount of the provision recognised against stock held is £298,168 (2018 - £298,168).

13. Debtors

	2019 £	2018 £
Trade debtors	1,228,947	1,081,258
Amounts owed by group undertakings	2,276,431	2,323,437
Other debtors	70,368	70,232
Prepayments and accrued income	317,879	508,543
	<u>3,893,625</u>	<u>3,983,470</u>

There is no impairment to debtors.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>174,252</u>	<u>242,678</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	153,612	270,022
Amounts owed to group undertakings	5,990,640	4,768,594
Other taxation and social security	147,358	163,503
Obligations under finance lease and hire purchase contracts	-	26,400
Deferred Contingent Consideration	3,018,750	1,175,000
Accruals and deferred income	261,306	163,676
	<u>9,571,666</u>	<u>6,567,195</u>

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

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

	2019 £	2018 £
Deferred Contingent Consideration	<u>-</u>	<u>2,218,750</u>
	<u>-</u>	<u>2,218,750</u>

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	<u>-</u>	<u>26,400</u>

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

18. Financial Instruments

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost	3,749,998	3,717,605
	<u>3,749,998</u>	<u>3,717,605</u>
Financial liabilities measured at amortised cost	6,405,559	5,228,692
	<u>6,405,559</u>	<u>5,228,692</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, intercompany balances and cash

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, intercompany balances, obligations under finance lease and accruals

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

	2019 £	2018 £
Allotted, called up and fully paid		
2,505,000 (2018 - 2,505,000) Ordinary shares of £0.10 each	<u>250,500</u>	<u>250,500</u>
The shares have equal voting, dividend and capital distribution rights.		

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 £97,217 (2018: £125,447). Contributions totalling £Nil (2018: £nil) were payable to the fund at the balance sheet date and are included in creditors.

NRC Environmental Services (UK) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

22. Commitments under operating leases - lessee

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	423,318	373,650
Later than 1 year and not later than 5 years	1,559,205	1,494,600
Later than 5 years		336,000
	1,982,523	2,204,250

23. Related party transactions

The company has taken advantage of the exemption not to disclose transactions with other wholly owned group companies.

24. Parent and ultimate controlling party

The company's ultimate parent undertaking and controlling party is US Ecology Inc, which is incorporated in the USA. The company's immediate parent company is Sureclean Holdco Limited (UK) which is incorporated in the United Kingdom. Consolidated financial statements, including the company, are prepared by the ultimate parent undertaking, copies of which are available publicly on the SEC government website. CIK number 0001783400.

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 is dormant
Sureclean AS	Ordinary	100%	The company is dormant
NRC WWS Ltd	Ordinary	100%	The company maintains and repairs drains

Name	Registered Office
Sureclean International Limited	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Sureclean AS	C/o Leif Kielsen, Regnskapskontor, Hanaveien 4, 4327 Sandnes, Norway
NRC WWS Ltd	Unit D Russell Road, Rock Ferry, Wirral, CH42 1LU