

**ASCO Group Limited**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**Registered No: 07853258**

ASCO Group Limited  
Annual report and consolidated financial statements  
For the year ended 31 December 2022

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ASCO Group Limited  
Officers and professional advisers

<b>Directors</b>	T M R Pettigrew A R W Wright
<b>Company Secretary</b>	F N McIntyre
<b>Registered Office</b>	Great Yarmouth Offshore Supply Base South Denes Road Great Yarmouth Norfolk United Kingdom NR30 3LX
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol, 431 Union Street Aberdeen AB11 6DA
<b>Solicitors</b>	Burness Paul LLP 1 Union Wynd Aberdeen AB10 1SL
<b>Bankers</b>	HSBC Bank plc 95-99 Union Street Aberdeen AB11 6BD

ASCO Group Limited  
Strategic report

The directors present the Strategic Report for the year ended 31 December 2022.

### Principal activities

ASCO is a leading global provider of logistics and materials management services supporting projects onshore and offshore. We provide our services to a wide range of industries including the Renewables, New Energy, Oil and Gas and Decommissioning sectors. The company operates across five continents and eight countries. Headquartered in Aberdeen, Scotland, ASCO operates from over 70 locations worldwide and employs approximately 1,500 people.

ASCO's innovative processes and systems mean the company is at the forefront of driving supply chain efficiency, providing full transparency of the entire process from vendors to end users. The fully integrated suite of support includes logistics, transport and freight, supply base management, aviation services, warehousing and storage solutions, materials management, fuel and bulk provision, marine services, training, lifting and assurance, personnel provision and environmental services.

We combine this with specialist technical and advisory services across marine, materials, inventory and lifting operations, and world-class technology via its proprietary integrated Logistics Management System (iLMS), to meet the needs of energy operators across the world.

With over 50 years of logistics and materials management experience, ASCO's expertise and capability help customers by transforming operational efficiency and improving processes. ASCO's continued execution of innovative low-carbon strategies mark them as the supplier of choice in supporting a sustainable future.

### CEO statement

Our strong financial performance in 2022 was achieved against a backdrop of continuing conflict in Ukraine, geopolitical uncertainty, and significant inflationary concerns.

The performance is a result of the dedication and hard work of our workforce. I would like to thank every colleague for living our values in support of our purpose to safely support the global energy industry for the good of all of our colleagues, the local community, our clients and investors.

Our fundamental obsessions of safety, service and sustainability are well embedded in the business and are a major contributing factor in our ability to secure substantive growth opportunities, both domestically and internationally.

We were pleased to secure a number of new contracts during the year, and we also continued our recent international expansion success by commencing operations in Suriname, strengthening our presence in the Caribbean and South America.

Strong progress continues to be made in developing and executing our sustainability plans. We launched our first sustainability report in the summer that highlighted the work undertaken so far to create a more sustainable business and setting out our plans for a net zero future.

Our Equality, Diversity and Inclusion committee was strengthened with members from across the business joining the committee to continue the drive to be an employer of choice that has a diverse and inclusive culture where everyone feels valued and has the ability to contribute to the success of the company.

The health and well-being of our colleagues remains our number one priority. Unfortunately, we saw a slight increase in the number of people that were hurt while at work. During the year we introduced a number of new initiatives including a training programme for all leaders in the organisation, leading by example. We also introduced worksite engagement visits that allow management, in a more informal way, to spend time with small groups of colleagues and receive direct feedback on a range of topics. The formal site leadership programme remains in place that focuses on adherence to process and safety performance, with the number of visits increasing during the year.

Glenn Hurren announced his decision to retire early in 2023 and Mike Pettigrew was appointed in October 2022 to replace Glenn as UK Managing Director. Mike will also take up the position of Group CEO from 2 October 2023.

The sale of the Group to new owner Endless Fund V, a fund managed by Endless LLP, was completed in August 2023 as described at page 8 and note 27.

## **Section 172 of the Companies Act**

The Board of Zander Topco Limited (Project Advance Topco Limited from 11 August 2023) manages the overall governance and strategy of the ASCO Group.

As a Board of Directors we recognise the importance of maintaining an active dialogue with our stakeholders. Engaging with our stakeholders and acting in a way that promotes the long-term success of the Company, while taking into account the impacts of our business decisions on our stakeholders, is central to our strategic thinking and our statutory duty in accordance with Section 172(1) of the Companies Act 2006.

We understand that it is important to behave responsibly, and ethically at all times, in line with our values to ensure that the business operates to the highest standards of business conduct and good governance. Our aim is to contribute to the long-term success of the Company and continue to nurture our reputation as a responsible, successful Group that delivers value to our stakeholders as stated in our Company purpose.

The Board of Directors considers that in the decisions taken during the financial year they have acted in a way they consider in good faith and most likely to promote the success of the Company, having regard to matters defined in section 172(1)(a) to (f) of the Companies Act.

The Board of Directors approved the yearly update to the 2019 -2024 strategy that is detailed below in the strategic report and that sets out the interests of employees, the promotion of good relations with customers and suppliers and the wellbeing of the environment and communities in which ASCO operates. Decisions are taken with full consideration of their consequences for the long-term and the maintenance of ASCO's reputation for high standards of business conduct and ethics.

The Board of Directors recognises our shareholders and lenders as an important stakeholder group and engages with them regularly to share business performance metrics and provide clarity on the future direction of the business. In 2022 we were able to hold quarterly update meetings on-line. We also held a number of one-on-one meetings and calls with individual shareholders and lenders.

The sustainability of the business is for the benefit of all stakeholders including the shareholders, lenders, staff, supply chain, customers and the communities where we operate.

## **Financial Highlights**

Group sales were £637.9m (2021: £419.4m), up 52.2% with UK fuels revenues accounting for £212.8m of the £218.5m increase. Underlying services revenue increased by £5.7m reflecting a stronger performance in the UK offset by some reductions in our international operations.

Overall our EBITDA from continuing operations excluding exceptional items increased by 20.7% to £22.2m (2021: £18.4m).

## **Zander Topco Limited Board**

The Board of Zander Topco Limited is made up of a Non-Executive Chair, four Non-Executive Directors and one Executive Director. Further details of the role of the Board and governance processes established are set out in the Corporate governance report.

## UK Business

The UK business is mainly centred on quayside logistics, material management, environmental and bunkering services. In the UK we have three main offshore supply bases in Peterhead, Aberdeen and Great Yarmouth and we operate from a number of other locations based on operational requirements.

### Activity

The UK business continued to see higher demand across each of its main service lines with activity as measured by tonnes across the quayside up by 6.3% versus the prior year. Our fuels bunkering business saw a 5.9% improvement on the prior year and the environmental business saw revenue increase by 8.2%.

### Commercial

The UK commercial team has continued to perform strongly and in 2022 secured several new clients. In addition, we have retained and extended several key contracts and markedly grown UK market share. Based on customer feedback our differentiation has stemmed not from price but from our core focus on safety and service, alongside our market leading materials management and process improvement capabilities.

Our proactive approach to sales and strengthening of the management team has seen a number of the smaller business units achieve significant growth in the year with our freight management business increasing revenue by 18.6% and our lifting training and assurance business, NSL, achieving revenue growth of 31.8% after a number of years of decline. In our environmental business NORM Solutions had a strong year securing a number of new clients. The business increased the facility footprint to accommodate the new clients and prepare for anticipated future activity.

Our waste transfer stations also made a very positive contribution to results, with onshore work levels helping to offset lower offshore activity. Our work on large decommissioning and produced water projects reinforced our wider business expertise, with us successfully managing multiple large-scale projects on behalf of a wide range of clients.

Our bulks business was impacted in March with the commencement of hostilities in the Ukraine. This provided a tailwind for trading and we anticipate that this will continue for some time, albeit with potential challenges related to availability of marine gas oil (MGO) supply volumes in the market.

### Supply chain

Significant work was undertaken during the year to formalise the disposal routes for our environmental business, secure MGO volumes for our contracted customers and roll out HVO (Hydrotreated vegetable oil) to other operational sites in support of our sustainability objectives. Work was also focused on upgrading our transport fleet, forklifts and cranes with strategies put in place.

### Operations

The One Hub initiative that commenced in 2021 continues to progress with many of the North Scotland operations teams now co-located in our Operations Control Centre (OCC) at our UK and Group HQ in Aberdeen. This model is already paying dividends with improved communication, collaboration, and efficiency. Locating the OCC within our administrative hub has also had the benefit of bringing these two previously disparate elements together to work more effectively and gain greater insight and empathy for one another's work.

Following the successful award of a large contract in Aberdeen during Q1, the operations team focused their time on safely delivering the service. Collaboration workshops and efficiency improvements have been worked on during the year and we expect to see the impact from these in 2023 and beyond.

During the year significant investment was made in equipment and facilities. In Great Yarmouth the decision was made to relocate the main offices into another building creating a more useable quayside operation. This work is expected to complete in 2023.

## International Business

2022 was a challenging year for the international business compared with the very strong performance in 2021. The majority of this has been driven by regional dips in drilling activity, particularly in Norway, Canada, and Trinidad. There were however a number of promising elements that contribute to an optimistic outlook for 2023 and beyond.

**Norway:** there was a reduced level of drilling activity across our customer base in Norway which resulted in a 34% reduction in the tonnes across the quayside. This is expected to be temporary with a positive outlook for activity levels as we look forward to 2023 and beyond. Good progress was made at securing contract renewals and extensions with excellent relationships with our key clients. We benefited from further grant awards from the Norwegian Coastal Administration in 2022 to support the continued digitalisation of all of the bases.

**Trinidad (and Suriname/Guyana):** 2022 performance in Trinidad was substantively behind our expectation due to a combination of limited drilling activity from our two main clients and delays in transition to a new, more profitable contracting model. At the end of 2022 we were advised of the loss of a major customer. This did not impact 2022 but will impact results for 2023. We commenced operations in Suriname during the year and see further opportunities emerging for Shore Base operations in the region.

**Australia:** The Australian Business Unit is continuing its path to recovery, from both the pandemic and the loss of a major contract in 2020. Performance was below forecast levels due to the extended time taken to establish Perth warehouse operations - driven by both country wide recruitment challenges and material supply delays. The Camps and Logistics business in the Perth Basin saw a substantive upswing in activity and this is anticipated to continue into 2023. Activity in Darwin Marine Supply Base was lower than anticipated due to limited berthing capacity at the base whilst planned repair works were completed, however we saw high levels of occupancy in our Darwin warehouse facility.

**Canada:** The business unit continued to experience a challenging market in 2022 with on-going recruitment challenges slowing progress in Western Canada for Manatoka service lines. This is an industry wide challenge for all service providers. The buoyant market/commodity price has caused some slowdown in opportunities for Manatoka as Operators elect to keep production facilities operating and not shutdown for maintenance/cleaning at the same frequency. We have seen increased deployment of our robotic tank cleaning equipment following a significant investment in 2021.

Our operations in New Brunswick and Newfoundland continued to perform in line with expectation.

**Senegal:** The business performed well in 2022 with positive recognition for the work undertaken to promote local capability and the development of local personnel. This recognition and the strong performance of the team has opened opportunities in the wider region.

**International Other:** We continue to follow a measured and considered approach in developing additional international markets. The success in Suriname and Senegal has been established without expending significant capital and has focussed on our key differentiators of people, processes, and experience. This presents a sustainable business model for growth in other markets.

## Employees

As our activity has continued to increase we have made selective additions to our headcount to support our growth and to gradually improve the quality and experience of our frontline managers and supervisors. This was supplemented by our leading by example training to further develop leadership capability within the business.

We have continued to complete an annual employee survey with a high level of participation and engagement. This has shown a positive trend in terms of overall employee satisfaction over the past few years despite the challenging conditions due to the COVID-19 pandemic, and the cost of living crisis.

The pay review for 2022 saw a standard increase given across the business with targeted increases as we continued to tackle inequity in roles and variances in terms and conditions. We aim to conclude the UK pay and equity project in the 2023 pay review.

## **Environment, Social and Governance (ESG)**

ASCO has continued to develop its governance structure during 2022 and seeks to take a leading approach in terms of compliance.

The Corporate Governance report gives further details of Board and broader governance arrangements. Further progress has been made during the year in terms of risk management and developing risk registers across the business. A risk workshop was held with the Board and senior management to review the outputs from the risk reviews and reflect on how these impacted our strategy going forward. These updated principal risks have been incorporated into the risk review as set out in the Director's report on page 25.

Recognising our commitments to sustainability and protecting the environment we have voluntarily incorporated a new section in our annual report covering the Taskforce on Climate related Financial Disclosures ('TCFD'). This sets out our governance arrangements, key responsibilities, our key climate related risks, risk management and further disclosure of our scope 1, 2 and 3 emissions, generation and management of waste and consumption of water across all of our operations. During 2022 we also published our first sustainability report which is available on our website: [www.ascoworld.com](http://www.ascoworld.com).

ASCO is committed to maintaining a reduction in Group emissions as set out by our five-year plan to reduce scope 1, 2, and 3 emissions by 30%, 15%, and 25% respectively, by 2024; to set a solid foundation to becoming a net zero business by 2040. We are currently outperforming our scope 1 and 2 targets through a suite of initiatives which have taken place across the Group. Although our scope 3 emissions have increased this year, this has been a result of business growth as we look to expand our operations in Senegal. We are continually improving our environmental data collection and reporting methods through the introduction of market-based scope 2 reporting and ongoing review of our activity data.

## **Company Culture**

Our culture remains firmly rooted in our three fundamental obsessions for Safety, Service and Sustainability. This has been the foundation of our success over the past few years and has helped enhance our reputation with our customers and to build high levels of employee engagement and trust. Safety performance has continued to be a challenge in 2022. Efforts were doubled to ensure that, even after the challenges of COVID-19, employees remained focussed on the fundamental elements of operational safety. This included a new training programme for key managers and supervisors focused around safety leadership and behaviours.



### Key Performance Indicators (KPIs)

The Group's activities are managed by teams of dedicated people whose performance is monitored by a series of key performance indicators. At the highest level these are based on profitability, including EBITDA, cash, debt and liquidity management. These are commented on in further detail within the Financial review.

Operationally, the number one priority is the safety of all our people and anyone who may be affected by our work activities. Key performance indicators including LTIF (lost time injury frequency) and TRCF (total recorded case frequency) are generated and reported against both targets and prior years, both monitoring performance and highlighting to staff the emphasis the Group places on safety. For the year to 31 December 2022, the LTIF and TRCF were recorded as 0.34 and 1.07 respectively (2021: 0.24 and 0.72 respectively). Both the LTIF and TRCF are stated at a rate per 200,000 person hours worked. Whilst the increase in the lost time injury and recorded case frequency rate against the prior year are disappointing the Company remains committed to maintaining a culture where the health & safety of our employees is paramount. We have continued to invest in our systems and processes and undertaken additional management training to further develop our safety leadership.

### Project Dynamo

Project Dynamo is an ongoing improvement programme with the objective of generating efficiency across the ASCO Group. The focus of Project Dynamo remains on growth, cost reduction and efficiency. In 2022 we identified 7 workstreams to focus on:

- ASCO net zero - providing a coordinated approach to deliver our commitment of achieving Net Zero by 2040 or sooner;
- HR optimisation - delivering an automated, efficient, and effective management and reporting approach for all staff from recruitment through the entire employment life cycle;
- ASCO Integrated Management system (AIMs) improvement to bring better governance and effectiveness of the company's management system;
- Procure to Pay to provide a streamlined process that delivers clear insight and control over spending;
- Integrated planning to more accurately capture client forecast operational activity so that we are better able to deliver quality services;
- Digitalisation aimed at a number of improvements to the iLMS product suite to drive the digital agenda through consistency, transparency and control; and
- Governance to deliver improved Governance and Risk Management to the organisation.

### Strategy 2019-2024

In 2019, ASCO implemented a strategic "reset" building its business around the fundamental obsessions of Safety and Service Excellence. This was augmented in 2020 with the addition of our Sustainability obsession. These changes have delivered a tangible difference in the engagement we have with all stakeholders. The obsessions are now fully embedded across the Group and are at the heart of everything we do.

During 2022 we refreshed our strategy as part of a review with our Board and senior management. This included an updated vision and mission statement. Our vision is to be a vibrant company supporting the world's energy demands, delivering a sustainable environment for future generations. Our mission is to simplify our customers' logistics and material management requirements by providing a comprehensive and efficient lifecycle service.

### **Principal risks and uncertainties**

Further progress was made during the year in terms of developing risk registers across the business and for identifying our principal risks, including the workshop run with our board of directors.

The risks and uncertainties faced by the Group in the course of its day to day operations are set out in the Director's report at page 25. These include potential repercussions from fluctuations in the global energy market, geopolitical risk, cybersecurity threats, currency movements and inflation, compliance with laws and regulations, climate change and the energy transition and credit exposures.

### **Outlook**

Energy transition is driving increased investment in new markets such as carbon capture and offshore wind that will support our long-term objective of transitioning from a service industry for the oil and gas industry to one servicing all aspects of the energy supply chain.

Whilst uncertainty remains regarding investment plans from the oil and gas industry especially in the North Sea due to fiscal policy we believe that the current oil price, energy security and current planned investments provide a positive back drop for future growth.

Our strategy for growth is embedded in the business and we anticipate further opportunities as we expand our service offering to new sectors, alongside building expanded relationships with our core customers by increasing the breadth of our service offering.

Subsequent to the year-end, on 11 August 2023, the previous owners of Zander Topco Limited, the former ultimate parent company, sold their ownership of that company to Project Advance Bidco Limited. As a result of this transaction, the ultimate parent undertaking has changed as described at note 25. The change of ownership was completed in conjunction with a restructuring of the Group's debt facilities, providing a solid platform to allow management to focus on the future plans for the Group.

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

ASCO Group Limited  
Corporate governance report

ASCO Group Limited is wholly owned by Zander Midco Limited, which is in turn wholly owned by Zander Topco Limited. This Corporate governance report reflects the arrangements and processes in place for the Zander Topco Limited group.

For the year ended 31 December 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has voluntarily applied and reported on the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ('FRC') in December 2018 and available on the FRC website). The Group is in the process of further strengthening its governance processes and believes that a robust governance and internal control methodology will align with building a sustainable business for the long term.

Subsequent to the year-end, on 11 August 2023, the ownership structure of the group changed, as described at note 27. As noted in the Strategic Report at page 8, the directors believe this provides a solid platform for the future of the Group. There have been no material changes to the structures outlined in this Corporate Governance report, being those in place during the financial year, following the change in ownership.

### **Principle 1 - Purpose and leadership**

ASCO has over 50 years of experience as a logistics and materials management provider to the oil & gas, as well as the broader energy industry. We have ongoing operations in 8 countries across a broad range of customers and employ approximately 1,500 personnel in support of our operations.

Our vision is to be a vibrant company supporting the world's energy demands, delivering a sustainable environment for future generations. Our mission is to simplify our customers logistics and material management requirements by providing a comprehensive and efficient lifecycle service. Our strategy is to place our customers at the heart of what we do - building deep levels of collaboration, cooperation and partnership to enhance service delivery, optimise mutual commercial benefit and deliver the highest standards of safety. Our aim is to be the clear supplier of choice in the broader energy industry and to provide an innovative, integrated logistics and materials management service for the good of our employees, the community, our clients and our investors. We aim to foster a culture where we always put safety first, where we are passionate about service performance, where we strive through innovation to be a sustainable business for our communities and the environment and have a workplace that is rewarding, inclusive and respectful to everyone. This will be underpinned by our obsession for safety and service excellence and sustainably managing our business and protecting the planet for the next generation. We have four strategic drivers covering:-

People - building a fair and inclusive culture, celebrating great performance and aiming to be the employer of choice.

Customers - we will work collaboratively and build trust and prove our performance consistently to become a trusted partner.

Growth - we are entrepreneurial building new profitable business in existing and new market segments and geographies.

Innovation - we will drive improved performance based on innovative thinking, digital advances and a culture of learning and continuous improvement.

### **Principle 2 - Board Composition**

The Group has a separate Chairman and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Group are effectively maintained. The Chairman plays a pivotal role in creating the conditions for overall Board and individual Director effectiveness. Following the change in ownership, the Chairman stepped down and a replacement Chairman for the Project Advance Topco Limited group will be appointed in due course. The details below reflect the position prior to the change in ownership on 11 August 2023.

The Directors have equal voting rights when making decisions, except the Chairman, who has a casting vote. All Directors have access to the advice and services of the Group General Counsel and may, if they wish, take professional advice at the Group's expense.

The Zander Topco Board has four independent non-executive directors plus the Group's Chairman and Chief Executive Officer. The size and composition of the board is appropriate to a group of our size and complexity.

## **Principle 2 - Board Composition (continued)**

The duties of the Board are executed partially through committees. The Directors attend and act as chair to relevant committees so that they are able to challenge and influence a broad range of areas across the Group.

The ASCO Management Board has delegated responsibility for the day to day running of the Group and it ensures that the values, strategy and culture align, are implemented and are communicated to the workforce most notably through regular leadership meetings and Town Hall meetings that are available to all employees.

The Board are committed to making the Group an ever-more inclusive environment, thereby fostering a more diverse workforce which should increase diversity at the most senior levels including the Board of Directors and the ASCO Management Board.

## **Principle 3 - Director Responsibilities**

### **Accountability**

Good governance supports open and fair business, ensures that the Group has the right safeguards in place and makes certain that every decision it takes is underpinned by the right considerations. Whilst Board oversight and ultimate decision making is always maintained, key recommendations to support decisions are made by the individuals and committees with the most appropriate knowledge and industry experience.

The Board has a programme of scheduled meetings every year and each Board member has a clear understanding of their accountability and responsibilities. Non scheduled meetings can be arranged to cover urgent matters requiring Board attention and decisions.

The Directors and Committee members are asked to declare their interests at the start of each Board/Committee meeting so as to avoid any conflict of interest issues. As part of the annual audit, each Director is required to complete a Related Party information request, in which they disclose any directorships and/or substantial shareholdings they may have in non-group companies.

### **Committees**

#### **Audit Committee**

The Committee's primary concerns are the integrity of the Group's financial statements; the effectiveness of internal controls; the performance and independence of the external auditors; the establishment and ongoing performance of the internal audit function; and the Group's compliance with legal and regulatory requirements.

The Committee has clearly defined terms of reference which were created early in 2021. These outline the Committee's objectives and responsibilities related to financial reporting and the other primary concerns noted above.

The Audit Committee comprises the Chair plus one other non-executive director and the Group Chief Executive Officer together with the Group Chief Financial Officer. The Board is satisfied that the members of the Audit Committee have the appropriate recent and relevant financial experience.

#### **ASCO Management Board**

The Board delegates authority for day-to-day management of the Group to the ASCO Management Board (AMB) under leadership of the Chief Executive according to an agreed Delegation of Authority.

The AMB meet regularly and consists of individuals responsible for the strategic business units and key functions. A biography for each member of the AMB can be found on the Group's website:

<https://ascoworld.com/about/our-team>

The AMB's duties include formulating strategy proposals for Board approval and ensuring that the agreed strategy is implemented in a timely and effective manner. These are measured and linked to annual incentive plans and personnel development plans.

### Corporate Social Responsibility Committee

As a subset of the AMB the Group has established the Corporate Social Responsibility (CSR) committee chaired by the Group Chief Executive Officer. The primary role of the CSR committee is to assist the AMB and the Board in understanding the views of stakeholders and ensuring that there are mechanisms and processes in place to engage with key stakeholders; the impact of the Group on the community and the environment; and ensuring that these processes and mechanism are fit for purpose. Sub-committees, reporting into the CSR committee, have been formed covering each of Sustainability, Social, Governance, HSSEQ and Employee diversity and inclusion. Duties of the CSR committee include:-

- Assessing and monitoring culture to ensure alignment with the purpose, values and strategies of the Group;
- Oversee workforce engagement and development of diversity and inclusion;
- Oversee and monitor the Group's Health and safety systems and practices;
- Oversee and monitor the Group's processes and mechanisms for building relationships with customers, suppliers and other key stakeholders and understanding their views;
- Oversee and monitor the impact of the Group's operations on the community and the environment;
- Oversee and monitor the charitable activities of the Group; and
- Oversee and monitor compliance with relevant laws and regulations.

### Integrity of information

The Board receives regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs).

Key financial information is collated from the Group's various accounting systems. The Group's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Other key information is prepared by the relevant internal function. The Group has established an internal audit function which tests internal controls, as well as the reporting of data, across the various group business units and functions.

### Principle 4 - Opportunity and Risk

The Board seeks out opportunity whilst mitigating risk.

#### Opportunity

Long term strategic opportunities are highlighted in the annual Group budgeting and business planning process which results in the budget and three year plan being presented to the Group Board each year. The Board seeks out opportunities drawn from the business as well as those presented to the shareholder group. Short term opportunities to improve performance, resilience and liquidity are collated through the quarterly business unit review process, which is attended by members of the Executive Management Team. Longer term strategic aims and objectives are developed and updated annually with senior managers of the group contributing through an annual leadership conference. The outputs from this process are then documented in an updated strategy document which is reviewed by the Board.

#### Risk

During 2022 the Group has continued to develop its risk management framework. Over the course of the year each business unit has received training around risk management and business continuity and has then used this to prepare bottom-up risk registers for their business unit. This was then followed up with a top down review of the principal risks involving the Board of directors of Zander Topco, the ASCO Management Board as well as selected senior managers across the business. It is intended that these risk registers will be reviewed and updated on an annual basis with the Chair of the Audit Committee leading this from a Board perspective. A presentation of the updated risk register will be presented to the Board annually. This will also include a review of climate and environmental related risks linked to voluntary disclosures around the Task Force for Climate related Financial Disclosure (TCFD). The Group's key operational risks and mitigations are outlined in the strategic report and the Directors' report.

The Group's systems and controls are designed to manage, rather than entirely eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not an absolute assurance against a risk materialising.

## **Responsibilities**

The Group has developed an Operating Framework based on its Group Operating Procedures which encapsulates the Group's operating rules, processes, best practice standards and delegated authorities.

Specifically, the Group Board approves any contract above a certain value (determined by the Board) or any transaction that requires an unbudgeted allocation of capital, to ensure that the appropriate level of diligence has been performed in understanding the obligations, risks and terms of the contract. This enables the Group to protect the integrity and long-term sustainability of all its businesses, to meet its strategic objectives and to create value for its shareholders, customers and suppliers.

### **Principle 5 - Remuneration**

The Board's primary objective is to set remuneration at a level that will enhance the Group's human resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of its shareholders. The Board approves the remuneration of the Chief Executive Officer and the basis for incentive pay arrangements for senior executives.

The Group reports its Gender Pay Reporting and publishes this on our website. The Group is an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices (including remuneration) are objective, free from bias and based solely upon work criteria and individual merit.

As part of the Group's focus on Diversity, the Group set up a separate working group made up of managers and employees from across the business to consider diversity in all of its forms.

### **Principle 6 - Stakeholders**

The Board is clear that good governance and effective communication are essential on a day-to-day basis to deliver our purpose and to protect the Group's brand, reputation and relationships with all our stakeholder community including shareholders, customers, employees, suppliers and the local communities in which we work. The Board continues to seek to align the Group's strategic direction with its purpose and to the shareholders' long-term aspirations for sustainability and growth.

The Group's Chief Executive and Chief Financial Officers provide the primary communication route between the Executive Management Team, the Board and the shareholders. Under the shareholders' agreement, the shareholders have the right to appoint Directors to the board of Zander Topco Limited. The appointments of the current non-executive directors of Zander Topco Limited have been approved in accordance with the terms of the shareholders' agreement.

## **External impacts**

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this in part through its commitment to: a culture of zero harm (ensuring the safety, health and wellbeing of everyone who works with us); creating positive environmental and social impact; and seeking to be an employer of choice where everyone is valued and respected.

## **Stakeholders**

The Board promotes accountability and transparency with all external stakeholders.

The Group also has in place its three fundamental obsessions and four strategic drivers which provide the framework for leading, supporting and managing employees well for sustainable results. The Group CEO hosts Town Hall meetings to provide a briefing on the Group's performance and allows individuals to raise questions and concerns. The Group has in place plans to monitor its employees' commitment to its guiding framework by asking members of senior management to submit an annual declaration confirming whether they have complied with the Group's key policies and procedures.

## Stakeholders (continued)

If any employee wishes to highlight any potential breaches to the Code of Conduct, they can contact the independent whistleblowing services provider and a formal investigation follows, with anonymous reporting to the Audit Committee.

The Executive Management Team has overseen a number of initiatives over the past few years to improve employee relations by seeking to expand the menu of flexible benefits on offer, encouraging more flexible working practices and wellbeing initiatives and updating the Group's intranet platform and channels of communication to share information, best practice, achievements and success.

The Group continues to comply with legal requirements in the UK in respect of Gender Pay Reporting and Payment Practices both of which are published externally. The Group is constantly seeking to improve its engagement with all stakeholders and to work collaboratively for the long term benefit of both ASCO and its stakeholders. The Group's website ([www.ascoworld.com](http://www.ascoworld.com)), intranet and social media channels provide extensive and up-to-date news on recent developments.

## Activities of the Board in 2022

The Board operates a forward agenda of standing items appropriate to the Group's operating and reporting cycles. Items requiring Board approval or endorsement are defined clearly. Other items are for monitoring or reviewing progress against strategic priorities, risk management or the adequacy of internal controls.

During 2022 the Board:

- Approved the Annual Report and Consolidated Financial Statements 2021 for ASCO Group Limited;
- Set the Group's 2023 budget and three year business plan;
- Considered the allocation of capital to support the rolling three year business plan;
- Received detailed reports on the Group's operating and financial performance;
- Gave consideration to the Group's safety performance;
- Received updates on progress against strategic programmes and tested the overall strategy against the delivery of shareholders' long term objectives;
- Frequently considered the evolving economic, political and market conditions;
- Considered competitor behaviour, assessing ASCO's performance in comparison to its peers, particularly in regard to market share and service offering;
- Considered opportunities for organic growth and successes in securing new contracts;
- Monitored and assessed the key risks associated with the Group's liquidity;
- Reviewed cash forecasts, cash management and status reports on the Group's funding;
- Participated in a workshop covering key risks and considered the adequacy of mitigation controls;
- Considered future potential capital investment decisions with an assessment made on risk versus reward;
- Received regular reports from the Chair of the Audit Committee;
- Reviewed and approved the Group's remuneration of senior management incentive arrangements;
- Evaluated the short and long terms trends in the oil and gas as well as the broader energy sector that would help to inform the wider business strategy and the Group's long term planning process;
- Approved the annual statement on the Group's tax strategy, which can all be found on the Group's website [www.ascoworld.com](http://www.ascoworld.com); and
- Received regular updates on the Group's Mergers and Acquisitions (M&A) activities.

## External Auditors

PricewaterhouseCoopers LLP were re-appointed external auditors during 2022. The Audit Committee assesses the effectiveness of their performance every year after completion of the annual audit plan and during 2022 the Committee evaluated their performance in relation to the 2021 audit of ASCO Group Limited. The evaluation takes the form of discussions with Management and other members of the Executive Management Team. The calibre of the external auditors, their governance, independence and professionalism continues to receive good feedback. Both management and external auditors are committed to a positive working relationship that enhances the effective and efficient execution of the audit process.

As it is privately owned, the Group is not subject to the same external restrictions in terms of non-audit work provided by the external auditors as if it were a public company, but for good governance has chosen to implement its own policy in relation to the level of their remuneration and the extent of their non-audit services.

Throughout 2022 the Audit Committee was satisfied that the Group's external auditors' engagement policy had been complied with and concluded that the external auditors remained objective and independent and that the audit process was robust.



## Overview

The financial statements of the Group for the year ended 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards and are presented in GBP which is the principal functional and presentational currency of the Group's income streams and cash flows.

## Trading performance

The Group Consolidated Statement of Comprehensive Income is shown on page 35 to these financial statements.

Group revenue has increased overall by 52.2% to £637.9m compared to £419.4m in 2021, with UK fuels revenues accounting for £212.8m of the £218.5m increase. The UK fuels revenue varies with the price of marine gas oil and these movements, both up and down, often have little effect on actual activity levels or profitability but can distort the margin percentage.

For that reason, the £218.5m increase in revenues had a smaller impact on profits, with the Group producing an operating profit of £17.0m in the year compared to an operating profit of £14.5m in 2021. Operating profit before exceptional costs and impairment was £19.4m (2021: profit of £13.1m).

Since 2019, the Group has applied the international accounting standard for leases, IFRS 16. As a consequence of the standard, assets leased in the business previously accounted for within operating profit as lease expenses, are, with certain exceptions, now recorded on the Group's balance sheet with depreciation charge and finance cost replacing lease expenses in the Statement of Comprehensive Income.

The Group monitors capital ratios in order to comply with external covenants as described at note 22(e). The terms of the covenants as set out in the Group's borrowing arrangements exclude the impact of IFRS 16 and leases continue to be accounted for under the former reporting standard (IAS 17) for covenant purposes. A reconciliation between operating profit per these financial statements and the measure included in the lending documents and as measured by management is set out below.

	2022 £m	2021 £m
Operating profit	17.0	14.5
Depreciation (note 13a)	6.1	6.4
Depreciation of right of use assets (IFRS 16) (note 13b)	12.0	12.6
Amortisation (note 14)	3.4	3.4
Exceptional items - impairment of right-of-use assets (note 6)	1.7	-
Exceptional items - impairment of property, plant and equipment (note 6)	0.5	-
Exceptional items - gain on recognition of finance sublease (note 6)	-	(2.1)
Exceptional items - other (note 6)	0.1	0.7
	<hr/>	<hr/>
EBITDA pre exceptional items	40.8	35.5
Non-recurring (income) / costs (net)	(0.1)	0.9
Contribution from joint ventures	0.2	0.2
Lease expenses (IAS 17 vs IFRS presentation)	(18.7)	(18.2)
	<hr/>	<hr/>
<b>EBITDA (adjusted)</b>	<b>22.2</b>	<b>18.4</b>
	<hr/>	<hr/>

### Trading performance (continued)

The underlying earnings before interest, taxation, depreciation and amortisation (EBITDA) of the Group was £22.2m in 2022 compared to £18.4m in 2021, an increase of £3.8m (20.7%). In large part, this reflected a recovery of business activity from the impact of COVID-19, higher commodity prices and related confidence by our customers to undertake more drilling activity in 2022.

The Group recorded net exceptional costs of £2.4m (2021: exceptional gain of £1.4m) made up of an impairment of right-of-use assets of £1.7m, an impairment of property, plant and equipment of £0.5m and costs relating to restructuring and other corporate activities of £0.1m. In 2021 exceptional costs were offset by a gain arising from the recognition of finance subleases (note 6).

The Group incurred a further net £0.1m (2021: costs of £0.9m) of non-recurring income during the year in connection with various corporate reorganisation activities. These are considered to be exceptional for management purposes but are not considered exceptional for statutory financial statements disclosure.

### Depreciation and amortisation

Depreciation of the Group's tangible assets totalled £6.1m (2021: £6.4m) of which £4.1m (2021: £4.2m) related to depreciation of plant and equipment. A further £12.0m (2021: £12.6m) of depreciation was reported on right of use assets. Amortisation of intangible assets, which consist of the value of customer relationships, trade name and Group technology, amounted to £3.4m (2021: £3.4m).

### Exceptional items

During 2022 the Group recognised an impairment of right-of-use assets of £1.7m, an impairment of property, plant and equipment of £0.5m and incurred exceptional items - other of £0.1m, comprising of costs of £0.1m in connection with restructuring activities. In the prior year, exceptional items - other totalled £0.7m and consisted of restructuring activities of £0.2m and costs of £0.5m related to other corporate activities. Also in the prior year, the Group recognised a gain of £2.1m on recognition of a finance sublease.

Costs of £0.2m were incurred relating to changes to the Group's loan agreement with its banking group (note 19), presented within financing costs in the Consolidated Statement of Comprehensive Income. In the prior year, costs of £0.2m were incurred relating to changes to the Group's loan agreement with its banking group.

The total exceptional items recognised in the Consolidated Statement of Comprehensive Income (exceptional items and exceptional finance costs) was a net cost of £2.6m (2021: net gain of £1.2m).

### Finance costs

Net finance costs for the Group in the year amounted to £13.8m (2021: £12.5m) and the analysis is shown in Notes 9 and 10 to the financial statements. A further £0.2m of exceptional costs were incurred in relation to revisions to the Group's debt financing during the year (note 6).

### Taxation

Notes 11 and 20 to the financial statements set out the analysis of the Group's tax charge and breakdown of deferred tax respectively along with the Group's effective tax rate.

The tax charge on continuing operations in the Consolidated Statement of Comprehensive Income has decreased from a charge of £3.7m in 2021, to a charge of £0.7m in 2022. The charge recorded in the year reflects tax payable within the UK and international jurisdictions in which taxable profits were achieved, partially offset by deferred tax credits arising due to the impact of the amortisation of intangible assets. The year-on-year decrease reflects reductions in taxable profits in international jurisdictions and the impact (in the prior year) of increases in deferred tax rates, partly offset by increases in UK taxable profits.

### Capital investment

During the year a total of £5.5m (2021: £3.2m) was invested in fixed assets of which £5.0m (2021: £3.1m) related to plant and equipment. Assets with net book value of £0.1m were disposed of in the year (2021: £1.1m), largely relating to surplus transport assets in Canada and Australia.

ASCO Group Limited  
Financial review (continued)

**Group cash flow and debt**

The Group's consolidated statement of cash flows is shown on page 39 of these financial statements. The Group's debt movement (excluding shareholder loans) in the year was as follows:

	2022 £m	2021 £m
Net debt at 1 January	(87.4)	(88.3)
Increase in cash in the year (net of exchange)	11.3	0.4
Repayment of debt (including asset financing)	0.2	0.5
	<hr/>	<hr/>
Net debt at 31 December	(75.9)	(87.4)
	<hr/>	<hr/>

Net debt in the Group's lending documents is defined as the excess of the Group's long and short term borrowings (including overdrafts) over cash, cash equivalent and other deposits excluding capitalised debt arrangement fees. The net debt balances above do not include the impact of IFRS 16, Leases.

	2022 £m	2021 £m
Bank loans - current (secured) (note 19)	(104.2)	(9.5)
Bank loans - non-current (secured) excluding capitalised deal fees (note 19)	-	(94.7)
Finance lease liabilities - current (secured)	(0.1)	(0.4)
Finance lease liabilities - non-current (secured)	(1.0)	(0.9)
Cash	29.4	18.1
	<hr/>	<hr/>
Net debt at 31 December	(75.9)	(87.4)
	<hr/>	<hr/>

At the end of 2022 the Group held unrestricted cash balances of £28.6m plus unutilised available credit facilities of £5.2m.

Subsequent to the year-end, as a result of the transaction described at note 27, the Group's bank loans were extinguished and new debt funding was put in place.

**Borrowings**

At 31 December 2022 the Group's total bank borrowings, excluding capitalised debt arrangement fees, were £104.2m (2021: £104.2m), 0% (2021: 91%) of which is due to mature in more than one year.

ASCO Group Limited  
Financial review (continued)

**Financial risk management objectives and policies**

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Statement of Financial Position are net of provisions for impairment. Provisions for impairment are determined by measuring expected credit losses of the financial assets held.

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

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

As disclosed in note 27, subsequent to the year end Zander Topco Limited, the former ultimate parent company, was sold to Project Advance Bidco Limited. This change in ownership was completed in conjunction with changes to the Group's debt facilities, with the extinguishment of bank loans and the establishment of new debt funding facilities.



**A R W Wright**  
Group CFO  
27 September 2023

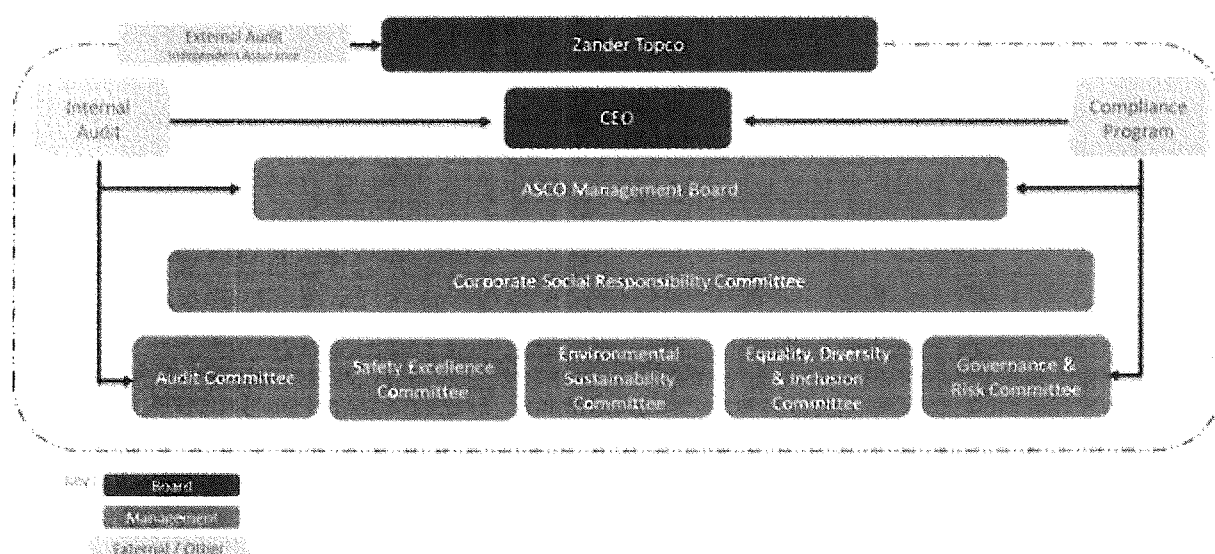
ASCO Group Limited  
Taskforce on Climate-related Financial Disclosures ('TCFD')

ASCO recognises the importance of Taskforce on Climate-related Financial Disclosures (TCFD) reporting to help mitigate the risks posed to the global economy by climate change. As such, we decided in 2022 to include a voluntary disclosure which highlights our current position, with a full disclosure to be published in 2023 which will include a comprehensive list of climate-related risks and opportunities along with scenario analysis.

### Governance

ASCO's Board is responsible for providing external oversight to various committees within the business, including the Environmental Sustainability Committee (ESC) and Governance and Risk Committee (GRC). It holds the Management Board to account when setting targets relating to sustainability and risk through an annual review process to track progress. The Board is committed to strengthening its oversight of climate-related risks and opportunities.

In 2020, Sustainability was added as one of ASCO's three fundamental obsessions; pillars which underpin the strategy across the Group. This led to the creation of ASCO's Environmental Sustainability Policy in 2021 to instil the Group's commitment to net zero by 2040 across the business through continuous review of work practices, challenging the status quo and collaborating to reduce our water and waste footprint. The Board has delegated elements of oversight to the ESC and the GRC.



### Environmental Sustainability Committee

In 2021, ASCO established its Environmental Sustainability Committee (ESC) to promote sustainability globally and lead initiatives that support and engage ASCO's workforce and partners to achieve net zero by 2040. To ensure equal representation from across the business, the committee comprises personnel from each of ASCO's global locations and across our service lines. The chair of the ESC is responsible for providing regular updates to the Corporate Social Responsibility Committee.

Key responsibilities of the ESC are:

- Promote nominations from the workforce in each region to ensure that a full Group representation is achieved and maintained;
- Engage with the key departments and the wider stakeholder group to provide guidance and support where deemed necessary;
- Review and action requests from the workforce, supply chain and clients on all aspects of environmental sustainability;
- Ensure that environmental sustainability activities and support are regularly communicated and promoted to the global workforce, with opportunities made available for the workforce to engage and support any activities that are being progressed;
- Identifying opportunities for the organisation to accelerate its commitment towards being net zero by 2040;
- Engage with our clients and recognised industry groups where we operate to ensure we remain up to date with best practice and promote the organisation existing contributions;
- Actively promote a positive environmental sustainability culture across the organisation; and
- Measure and report on environmental sustainability KPIs that have been set annually.

ASCO's governance structure has been supplemented with the appointment of a dedicated Sustainability Manager, who is responsible for identifying, positioning, and progressing opportunities for ASCO's sustainability strategy in line with the overall business strategy. The Sustainability Manager works closely with General Managers and Heads of Function lines to support opportunities for market development and diversification opportunities and chairs the ESC committee which ultimately reports to the Group Management Board.

### Strategy

The Group Sustainability strategy reflects the United Nations Sustainable Development Goals (UNSDGs) that set the framework and standards for sustainable business practices. To ensure transparent and consistent disclosure of climate-related risks and opportunities, ASCO is committed to aligning its processes with TCFD recommendations. As the Group's risk management process is developed further, a comprehensive list identifying the principal climate-related risks and opportunities throughout our operations will be disclosed. These risks and opportunities will be categorised according to TCFD recommendations, ensuring that key transition and physical risks faced by the Group are included.

Within the current risk management framework climate-related risks and opportunities have been identified including, but not limited to, our operations and involvement in the oil and gas industry, the energy transition, and the geographical location of our operations. For more detail on the Group's principal risks, see risks and uncertainties in the Director's report.

## **Our Plans for Transitioning to a Low Carbon Economy**

Continuing on our work from previous years, we have made significant progress towards our commitment to being a net zero greenhouse gas (GHG) emissions business by 2040. Guided by the steps identified in the ASCO Sustainability Policy, the Group is continuously moving towards decarbonising its operations.

In 2019 we set out a five-year plan which included a linear emissions reduction plan with 2024 targets to reduce scope 1 emissions by 30%, scope 2 emissions by 15%, and scope 3 emissions by 25%. As we enter 2023, we have already hit our targets for scope 1 and 2 emissions as a result of various initiatives which have taken place to address these.

In 2022, we have improved our data collection methods for emissions reporting across all our global operations, raised overall awareness of sustainability issues within ASCO, and added sustainability criteria to procurement processes. As part of our initiatives to reduce our scope 1 emissions, we transitioned our HGV, crane and quayside forklift fleets from diesel fossil-fuel to HVO renewable-fuel and continued to transition our light vehicle fleet to electric in the UK.

Decarbonising our sites is key to ensuring ASCO successfully reaches its net zero and emissions reduction targets. Continued digitalisation of our operations improves efficiency and transparency. Green energy suppliers were used in Norway and the UK in 2022. We are also actively exploring new technology and new energy opportunities that will help ASCO transition to a low-carbon economy. Production of renewable energy from wind and solar for consumption on site shows potential for lowering our scope 2 emissions, with opportunities identified in Norway, the UK, Australia and Trinidad. In 2022 in Norway, 300 m<sup>2</sup> of solar panels were installed at one of our warehouses in Farsund, which is expected to halve our electricity consumption at the site. We are also working on feasibility studies to expand the solar cells and utilise wind turbines on the base. To further reduce our electricity consumption, we have changed all light fixtures to LED in our Trinidad and Damhead, UK sites. We are now working towards making these changes across several of our sites globally. We are also conducting a feasibility study for solar-powered lights in our Granwood site in Trinidad. Further information on our sustainability initiatives across our operations can be found on our website, which we keep updated throughout the year.

To ensure we reach our scope 3 reduction targets, we have included sustainability considerations in our tendering process to promote emissions reduction targets with our suppliers.

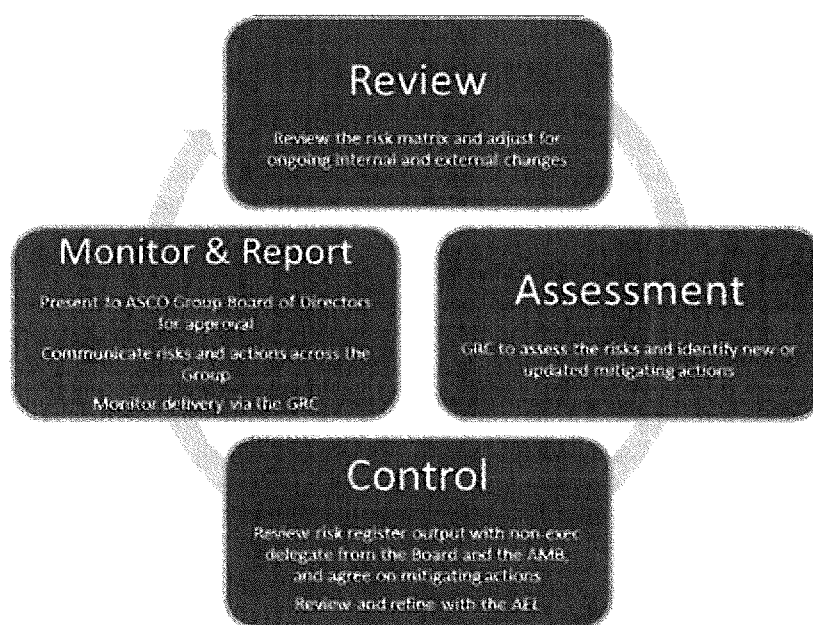
ASCO supports the decarbonisation of the energy industry by leveraging our offshore logistics and materials management experience in oil and gas in new energy developments; this is a key new market opportunity for ASCO as we look towards the energy mix of the future.

ASCO continues to keep its three fundamental obsessions and four strategic drivers at the core of its operations, ensuring that decarbonisation is a key part of improving business performance and enhancing the customer experience in a move towards a sustainable net zero emissions world. See the Group's annual Sustainability Report available on our website for more detail on the ASCO Decarbonisation Roadmap.

## Risk Management

2023 will see the integration of climate-related issues in the overall risk assessment and management process. The Group's Governance and Risk Committee (GRC) will address this to ensure that climate-related risks are being systematically included and considered as part of the Group's overall risk assessment process.

The core risk management process consists of cyclical activities which promote risk management through organisational integration across four key stages:



Within the Group, each business unit carries out a risk assessment on a bi-annual basis to identify the current and future risks and opportunities facing each part of the business. The most significant risks across the business are then presented and discussed in the Group's annual meetings to shape the company strategy. ASCO's annual risk review exercise has the following key objectives:

- To confirm the documented risk identification process is still appropriate;
- To review the list of top-down principal risks facing the business to confirm it remains current and thereafter, the risk mitigation and management processes to address the risk are effective;
- To update the Risk Register for the Group;
- To communicate the updated Risk Register, once updated, to act as a reference point and management tool for senior management and the Board; and
- To address any changes in legislation if or when it is introduced into law.

The Group already considers climate-related issues in its current risk register but aims to further improve this process by applying a systematic approach to all areas of the Group's business operations. Developing the overall risk management process in this way will ensure that climate-related issues are considered at all levels within ASCO.



## Metrics & Targets

ASCO is conscious of its environmental impact throughout its operations. In alignment with this, we have identified key metrics to track and ensure responsible production in our operations. These metrics include our greenhouse gas (GHG) emissions, waste management and water use. In addition, we have introduced intensity metrics in 2022 to measure our emissions reduction performance in relation to our revenue and hours worked across the Group, as gross emissions can vary based on our activities. Increased transparency and dedication to data collection has improved the quality of our reporting since our baseline year in 2019.

For more detail on our metrics and their calculation methodology, please see our Sustainability Report, which will be published later in the year with updated 2022 data.

## ASCO Greenhouse Gas (GHG) Emissions

Emissions reporting is at the core of our environmental performance metrics and key to assessing our progress towards net zero emissions.

The most significant driver for our scope 1 emissions across our sites is diesel; however, we have taken steps to reduce this through the introduction of HVO compatible HGVs and electric vehicles in our transport fleet.

In the UK and Norway, we have green tariffs in place in our electricity contracts, which create considerable reductions in scope 2 emissions in these regions using the market-based reporting method. This type of reporting has been introduced this year, with previous reports having only included the location-based method for scope 2. In addition, we are reducing our scope 2 emissions through initiatives such as exploring renewable energy generation and switching to LED lighting across our sites.

Our scope 3 emissions are calculated from business travel between our sites. An increase in scope 3 can be seen in 2022 as we look to expand our business in Senegal, which has resulted in more flights to and from the UK.

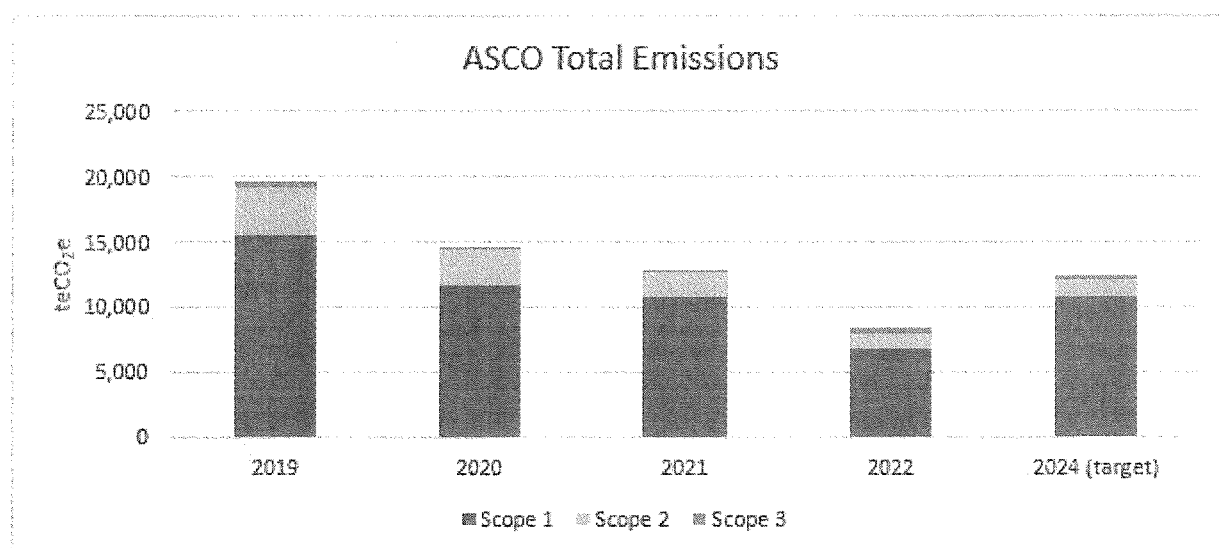


Figure 1. ASCO Total Emissions

*Note: The graph represents market-based scope 2 emissions. Scope 3 only includes Australia, Norway, and UK values to compare vs 2019 baseline. There is an additional 15.26 tCO<sub>2</sub>e in 2022 actual due to Trinidad business travel data collection in 2022.*

ASCO Group Limited  
Taskforce on Climate-related Financial Disclosures ('TCFD') (continued)

### ASCO's Environmental Targets

ASCO's current environmental targets are set out in the table below. Interim targets help us keep track of our progress towards our longer-term environmental goals. For waste, reusing and recycling are the preferred ways for end-of-life waste management, with zero waste to landfill being the goal across the Group. Our first target milestone to achieving this goal is a 30% reduction in waste to landfill and 25% increase in recycled waste by 2024. Initiatives to improve our water metering across our sites are taking place across the Group to enable more accurate water use reporting. Our first target milestone for achieving water reductions across the Group will be a 15% reduction against our 2019 baseline. For more detail on our targets and projects we are undertaking to achieve them, please see our Sustainability Report.

Emissions Sources/Impact	Target by 2024 (against 2019 baseline)	Target by 2040
Scope 1 (te CO <sub>2</sub> )	30% reduction	Net zero
Scope 2 (te CO <sub>2</sub> )	15% reduction	
Scope 3 (te CO <sub>2</sub> )	25% reduction	
Water Management (m <sup>3</sup> )	15% reduction in water consumption	Under development
Waste Management (te)	30% reduction in waste to landfill	
	25% increase in recycling	
Sector Transition (%)	25% of profits are derived from markets other than oil and gas	

ASCO Group Limited  
Directors' report

The directors present his annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

**Results and dividends**

The profit for the year after interest, taxation and non-controlling interest was £4,575,000 (2021: loss of £2,628,000). The directors recommended that no dividend be paid (2021: £nil) and the profit for the year will be credited to the profit and loss reserve.

A more detailed review of the business and future developments is given in the Strategic Report and Financial Review on pages 2 to 18.

**Going concern**

The Group has adequate resources together with the cash inflows generated from its operating activities as set out in note 23 to the financial statements. Having made the appropriate enquiries, including a review of cash flow projections and key sensitivities, in the context of the restructuring of debt facilities after the balance sheet date (as set out at note 27) and conditions attached to new facilities, the directors consider the business is a going concern. Adequate resources exist for the Group to continue in operational existence for the foreseeable future. For these reasons, and those documented in note 2.2 to the financial statements, we continue to adopt the going concern basis in preparing the Group and parent company financial statements.

**Risks and uncertainties**

As with any business, ASCO Group Limited faces a number of risks and uncertainties in the course of its day to day operations. Over the course of 2022 each business unit was involved in preparing and reviewing its own key risks. These risks were then rolled up into a Group risk register which was then reviewed by the Board and the ASCO Management Board. The principal risks and uncertainties, and mitigating actions that are employed by the Group to manage those risks, are noted below.

**Market risk**

The Group continues to have significant operations in the oil and gas sector which is a market driven, cyclical industry where activity is closely correlated with the market prices for oil and gas. These prices are driven by a number of macroeconomic, geo-political and other factors including, in the longer term, the ongoing transition to a lower carbon economy. Changes in such prices may lead to an increase or decrease in our activity levels as we have seen over recent years. During 2022 we have seen an increase in oil & gas prices as a result of the war in Ukraine. If such prices are maintained at higher levels we may experience an increase in customer drilling and other activities as projects become financially viable and longer term confidence improves. In periods of lower commodity prices our customer activity may reduce.

Part of our business is the sourcing, storage and supply of Marine Gas Oil (MGO) to our clients predominantly in the North Sea. As a result of sanctions placed on Russia the supply of MGO has become much tighter and could, in certain circumstances, limit our ability to source product from our supply chain and in turn provide this to our clients.

We mitigate the impact of this risk through endeavouring to secure longer term contracts with our clients and key suppliers where possible. Many of our clients own oil and gas assets where the lifting costs are at the lower end of the spectrum and hence are still able to make positive returns even at lower energy prices. Where possible we employ a flexible cost model such that we are able to change manning levels as activity changes. Each of our businesses and geographies has different exposure and sensitivity to changes in energy prices with Manatokan in Canada and ASCO Transport and Logistics Pty Ltd in Australia being the most susceptible to reduced activity as their work is generally linked to onshore drilling activity. In each of our locations we endeavour to have a positive and collaborative relationship with our key customers and suppliers with the aim of adding long term value to each of our businesses.

#### Geographical & political risk

Our business is focused around certain geographical hubs both at a country and a regional level. As we have seen from recent geo-political events it is possible that the impact of unpredictable things such as war, terrorism or political change may limit our ability to continue our operations. Our operations are also exposed to the risk of natural events such as flood and fire. We seek to mitigate these risks through operating in more than one facility at most locations, developing robust processes and procedures and putting in place appropriate insurance coverage.

We recognise that our business and the market in which we operate is continually evolving and that ASCO must also evolve in order to thrive in the long term. In the North Sea our key operating locations have been focused around the oil & gas operations of our clients. As the Energy Transition picks up pace we recognise that ASCO may need to open up new bases in the locations which will support the new energy sectors such as wind.

#### Customer risk

In certain geographies ASCO is reliant on either a single or small number of key customers. In the event that these contracts are lost in the future this could have a material impact on some of our overseas operations. We seek to mitigate this risk by adopting our strategy of being passionate about our service performance and building trust with our customers through honest and transparent collaboration. We also seek to manage the downside risk by limiting our long term fixed cost commitments which are not covered by our customer contracts and seeking a broader customer mix over time.

Our customer contracts also open us up to the potential for disputes and future litigation. We manage this through robust contracting principles and governance processes which we continue to evolve and strengthen. This is supported by ongoing training and a desire to work with our customers on a collaborative basis for mutual benefit.

#### Compliance with laws & regulations

Our operations expose us to a number of risks around environmental protection, the control of potentially dangerous substances as well as the inherent risks of moving heavy equipment through our logistics operations. There are a number of legal and compliance related measures we are required to adhere to in our day to day operations to ensure the safe delivery of our services. Our customers also place a high expectation on ASCO to deliver an effective and high quality service without harming our employees, contractors, the environment and the communities in which we operate.

We are also bound by requirements to follow tax laws in each of the jurisdictions in which we operate as well as anti-bribery and corruption and other relevant legislation.

Failure to comply with relevant laws and regulations, or meeting the expectations of our customers, could have a negative impact on our business and reputation. We mitigate these risks by putting in place appropriate policies and procedures and through training our personnel to operate safely. In addition we have established governance and review processes to validate that the required processes are operating effectively. We also ensure that relevant employees receive regular training on anti-bribery and corruption and encourage a culture of open communication and continuous improvement. External professional advice is routinely sought in relation to tax and legal compliance. We publish our tax strategy on our website on an annual basis setting out our aim to fully comply with all tax legislation.

#### Energy transition and evolving business model

In the future we expect our business to evolve into supporting the broader energy industry including offshore wind, renewables and new sources of energy such as hydrogen. We expect that this will be a gradual evolution but that this transition will bring new challenges and uncertainties. We believe however that the business is well placed to participate in the changing energy market as it develops. ASCO is actively involved in working with new potential customers in these evolving markets and will continue to develop these in order to gain access to this work as it grows. We anticipate that this may involve such things as opening up new bases in new geographical locations, developing new business models where for example historical rates per tonne may not be appropriate, continually evolving our systems and technology to be best in class and taking a leading position on new alternative fuel types such as HVO, ammonia and hydrogen.

#### Climate change risk

Climate change risk has been identified as one of our long term business risks. Full details of the risk and mitigation measures in place are fully reviewed in the Taskforce on Climate-related Financial Disclosures (TCFD) report on pages 19 to 24.

#### Business continuity risk

The impact of COVID-19 has been significant with ever changing restrictions being placed upon business and movements of people in particular, though this has now largely eased. The Group has developed procedures to seek to protect our personnel during the outbreak including providing additional testing and PPE. The Group actively encouraged all personnel to take up the vaccinations on offer to them as they become available, including offering some worksite clinics, in order to mitigate the impact on the business.

#### Cybersecurity risks

Our operations are dependent upon various IT systems. Threats to IT systems associated with cybersecurity risks continue to grow and evolve including targeted attacks through viruses, malware, phishing as well as potentially by employees. The risks associated with these include the potential loss or misappropriation of funds, loss of data and intellectual property, damage to our reputation and potential for litigation.

Although we employ various controls to mitigate our exposure to such risk, cybersecurity risks are continuing to rapidly evolve with new threats regularly emerging. We have ongoing and regular training for our employees on cyber risks and have also worked with our insurers on training around business continuity planning. Each of our businesses is now developing business continuity plans to assist in ensuring continuity of business operations in the event of an incident.

#### Future talent

ASCO is a service business and is therefore reliant on the sourcing of suitably qualified, experienced and capable employees now and in the future. Following Brexit and the COVID-19 pandemic the UK economy in particular has experienced a tight labour market, with the oil and gas sector also impacted by significant contraction over recent years and a perception of being a declining and polluting industry amongst the general public.

ASCO puts people at the heart of our strategy aiming to have a culture that is fair and inclusive and an aim of being the employer of choice. Our people strategy will need to continue to evolve, particularly as we evolve into the broader energy sector, to ensure that we have the talent to allow our business to continue to thrive into the future.

#### Inflation and funding risk

Over the past 12 months the world economy has seen a significant increase in inflation and interest rates after a long period of historically low rates. Rapid cost escalation can put pressure on margins if ASCO is unable to recover these from our customers. Rising interest rates increase the cash expense of funding debt service costs potentially reducing liquidity, putting pressure on covenants and diverting funds away from new investment opportunities. A stable funding package is also essential to the longer term sustainability of the business.

In response to these risks we have strengthened our commercial processes and governance to ensure that we have the ability to pass on the impact of inflation through our contracts on an annual basis unless this is approved at a senior level. We have also been successful at securing a number of non-contractual price increases where we have been able to demonstrate the ongoing value we bring to our client operations. Cost management remains a key priority including where cost commitments are not matched off against customer contracts for items such as leased facilities.

We have an ongoing positive dialogue with our shareholders and lenders who have been very supportive of the business. Over time the objective remains to reduce the level of debt in the business with a more sustainable capital structure for the long term.

#### Currency related risks

We carry out our operations in a number of countries and are exposed to currency risk as those currencies become stronger or weaker against the Pound Sterling. Our financial results are presented in Pounds Sterling and these results are sensitive to either a relative strengthening or weakening of the major currencies we are exposed to against the Pound Sterling.

The Group employs a number of mechanisms to manage elements of exchange risk. Where possible we will seek to naturally hedge our exposures through matching currency revenue and expenditure which we typically achieve through the autonomous trading of our overseas subsidiaries where revenues and costs are typically in the same local currency. Where this is not possible, we may seek to hedge our currency exposures through the purchase of forward contracts.

ASCO Group Limited  
Directors' report (continued)

Credit related risk

Although many of our customers have historically been blue chip international oil companies we also work for independent operators. Because of the significant capital expenditure requirements for our clients to develop oil and gas assets, and the cyclical nature of commodity prices, some of our clients can become financially distressed, particularly in a sustained downturn.

We seek to mitigate these risks through continuous monitoring of exposures to individual clients. Financial credit checks are required to be performed on new clients, and where possible we seek payments in advance of services, particularly where the financial credit check does not support normal commercial terms being offered. We have robust escalation processes to chase overdue accounts with regular reviews with our senior management team.

**Environment**

The Group recognises the importance of its environmental responsibilities. The directors are aware of the need to comply with environmental regulations and the Group is subject to regular visits by the Environmental Agencies in the regions in which it operates.

The greenhouse gas (GHG) emissions for ASCO Group Limited in the UK are 4,357 tonnes (2021: 6,458 tonnes) of carbon dioxide equivalent (tCO<sub>2</sub>e) at an emissions intensity of 1.545 tCO<sub>2</sub>e (2021: 2.451 tCO<sub>2</sub>e) per road transport mile for the year. This figure includes all material Scope 1 and Scope 2 and the elements of Scope 3 required to be disclosed by the legislation. The GHG emissions are broken down by source as follows:

Emissions Source	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 3 (tCO <sub>2</sub> e)	Total (tCO <sub>2</sub> e)
Fuel combustion: stationary (natural gas)	196	-	-	196
Fuel combustion: mobile (transport fuel)	3,270	-	16	3,286
Purchased electricity	-	802	73	875
<b>Total</b>	<b>3,466</b>	<b>802</b>	<b>89</b>	<b>4,357</b>
Share of total	79.6%	18.4%	2.0%	100.0%

4,357 tonnes of carbon dioxide equivalent over 2,819,750 transport miles equates to 1.545 tCO<sub>2</sub>e per 1,000 road transport miles. In kWh, the energy consumption behind these emissions figures are:

Energy Consumption (kWh)	2022	% of Total
Fuel combustion: stationary (natural gas)	1,074,000	4%
Fuel combustion: mobile (transport fuel)	21,411,000	80%
Purchased electricity	4,147,000	16%
<b>Total</b>	<b>26,632,000</b>	<b>100%</b>

### Environment (continued)

The data contained in this note is calculated and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, March 2019. An 'operational control' approach has been used to define the greenhouse gas emissions boundary. This approach captures emissions associated with the operation of buildings within the scope of the regulation, plus transport; company-owned vehicles used for business travel. Emissions have been calculated using the 2020 conversion factors provided by the Department for Business, Energy & Industrial Strategy.

The ASCO Group always aims to operate at maximum energy efficiency in order to minimise our environmental impact and reduce our operating costs. Energy efficiency measures undertaken in the reporting year include:

- Transitioned our HGV, crane and quayside forklift fleets from diesel fossil-fuel to HVO renewable fuel;
- Switched to LED lighting at our Damhead facility;
- Continue to transition our light vehicle fleet to electric;
- Carried out a solar panel feasibility study for our D2 campus, Aberdeen;
- Introduction of sustainability requirements in tendering process;
- Green tariffs in place in all UK electric contracts;
- Optimise logistics through logistics consolidation and better material visibility using in-house technology and operations control centre (OCC) launched in September 2021. The OCC improves planning, visibility and drives efficiency; and
- Employee engagement to collect ideas, encourage dialogue and behavioural changes.

### Post balance sheet events

Subsequent to the year end, on 11 August 2023, the previous owners of Zander Topco Limited, the former ultimate parent company, sold their ownership of that company to Project Advance Bidco Limited. As a result of this transaction, the ultimate parent undertaking has changed as described at note 25. The change of ownership was completed in conjunction with a restructuring of the Group's debt facilities, with previous bank loans extinguished and new debt facilities put in place.

### Employees

Details concerning employees are shown in note 8 and discussed in the Strategic Report. Good relations with employees are regarded as paramount, and communication is maintained through regular visits by management to all departments and through town hall meetings and employee engagement calls. The Health and Safety of all employees is constantly reviewed.

Internal communication systems have been developed to inform all managers and staff throughout the Group of significant events, including major financial and economic factors that affect the performance of the Group. Employees are provided with information on matters of concern to them, principally through the operation of regular team briefings to every employee.

The Group has well-developed procedures with the appropriate trade unions, where they are recognised, and it is through such procedures and union representation involved that the views of the employees are taken into account in making decisions which are likely to affect their interests. Elsewhere, views of employees are sought as appropriate through the management structure together with an employee satisfaction survey, encouraging involvement in the Group's performance.

Disabled employees are employed where possible and people with disabilities have full and fair consideration for all suitable vacancies. Training is available as necessary and should an employee become disabled when working for the Group, efforts are made to continue their employment and retraining is provided if required.

Most employees are members of company pension schemes.

### Directors

The directors of the company who was in office during the year and up to the date of signing the financial statements was as follows:

- P I France (resigned 29 August 2023);
- T M R Pettigrew (appointed 29 August 2023);
- A R W Wright (appointed 9 August 2023).

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, a director 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Statement of disclosure of information to the auditors

In the case of each director in office at the date the directors' report is approved:

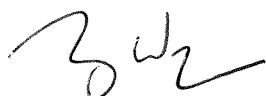
- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that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

### Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

The financial statements on pages 35 to 77 were approved by the board of directors on 27 September 2023 and signed on its behalf by:



**A R W Wright**

Director

27 September 2023



# Independent auditors' report to the members of ASCO Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, ASCO Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent company statements of financial position as at 31 December 2022; the Consolidated statement of comprehensive income, the Consolidated and Parent company statements of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

## **Reporting on other information**

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

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

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

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

### **Strategic report and Director's report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the director for the financial statements**

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

In preparing the financial statements, the director is responsible for assessing the group's and 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 director either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Discussions with the Board of Directors, certain key management personnel, the Health, Safety, Environment, & Quality team and in-house legal team in relation to their awareness of any instances of actual or potential litigation and claims or non-compliance with laws and regulations;
- Review of minutes of meetings of the Board of Directors;
- Identifying and testing journal entries with specific focus on entries with unusual account combinations in response to the risk of management override; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

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

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

### **Use of this report**

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

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

ASCO Group Limited  
Independent auditors' report to the members of ASCO Group Limited

- certain disclosures of director's remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

ASCO Group Limited  
Consolidated statement of comprehensive income  
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Revenue</b>	5	637,880	419,366
Cost of sales		(594,059)	(382,201)
<b>Gross profit</b>		<u>43,821</u>	<u>37,165</u>
Administrative expenses		(21,003)	(20,668)
Amortisation of intangible assets	14	(3,430)	(3,426)
<b>Operating profit before exceptional items</b>		<u>19,388</u>	<u>13,071</u>
Exceptional items	6	(2,409)	1,388
<b>Operating profit</b>	7	<u>16,979</u>	<u>14,459</u>
Finance costs	9	(14,075)	(12,618)
Finance income	10	290	90
Exceptional finance costs	6	(242)	(198)
Foreign exchange gain/(loss) on financing		2,199	(751)
Share of profit of joint ventures	12a	143	93
<b>Profit before tax</b>		<u>5,294</u>	<u>1,075</u>
Income tax charge	11	(719)	(3,703)
<b>Profit / (loss) for the year from continuing operations</b>		<u>4,575</u>	<u>(2,628)</u>
<b>Other comprehensive (expense)/income</b>			
Exchange rate variances on translation of overseas subsidiaries		(911)	454
<b>Total other comprehensive (expense)/income</b>		<u>(911)</u>	<u>454</u>
<b>Total comprehensive income/(expense)</b>		<u>3,664</u>	<u>(2,174)</u>

Notes on pages 40 to 71 and 74 to 77 are an integral part of these financial statements.

ASCO Group Limited  
Consolidated statement of financial position  
As at 31 December 2022

		2022	2021
	Note	£'000	Restated £'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13a	36,541	37,401
Right-of-use assets *	13b	61,995	64,525
Goodwill	14	37,829	37,832
Other intangible assets	14	14,214	17,582
Investments in joint ventures	12a	821	678
Investments in finance subleases	13c	1,596	1,951
Investments	12	1	1
Deferred income tax asset	20	496	464
		<u>153,493</u>	<u>160,434</u>
<b>CURRENT ASSETS</b>			
Inventories	15	4,159	2,309
Trade and other receivables	16	71,600	62,561
Cash at bank and in hand	17	29,447	18,107
		<u>105,206</u>	<u>82,977</u>
<b>TOTAL ASSETS</b>		<u>258,699</u>	<u>243,411</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	(63,439)	(50,355)
Financial liabilities *	19	(114,723)	(21,849)
Provisions	21	(279)	-
Income tax payable		(699)	(977)
		<u>(179,140)</u>	<u>(73,181)</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities *	19	(70,272)	(164,291)
Provisions	21	(2,197)	(2,068)
Deferred tax liabilities	20	(6,549)	(6,994)
		<u>(79,018)</u>	<u>(173,353)</u>
<b>TOTAL LIABILITIES</b>		<u>(258,158)</u>	<u>(246,534)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>541</u>	<u>(3,123)</u>

\* See note 26 for details of the restatement of Right-of-use assets and Financial liabilities as a result of an error.

ASCO Group Limited  
Consolidated statement of financial position (continued)  
As at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>CAPITAL AND RESERVES</b>			
Equity share capital	30	9,673	9,673
Share premium	30	87,060	87,060
Foreign currency translation reserve		(7,799)	(6,888)
Capital contribution reserve	31	232,273	232,273
Accumulated losses		(320,665)	(325,241)
<b>TOTAL EQUITY</b>		<u>541</u>	<u>(3,123)</u>

Notes on pages 40 to 71 and 74 to 77 are an integral part of these financial statements.

The financial statements on pages 35 to 77 were approved by the board of directors and signed on its behalf by:



A R W Wright  
Director  
27 September 2023

ASCO Group Limited  
Consolidated statement of changes in equity  
For the year ended 31 December 2022

	Equity share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total equity £'000
<b>At 1 January 2021</b>	9,673	87,060	(7,342)	-	(322,613)	(233,222)
Loss for the year	-	-	-	-	(2,628)	(2,628)
Other comprehensive income	-	-	454	-	-	454
<b>Total comprehensive expense for the year</b>	-	-	454	-	(2,628)	(2,174)
Capital contribution (note 31)	-	-	-	232,273	-	232,273
<b>At 31 December 2021</b>	9,673	87,060	(6,888)	232,273	(325,241)	(3,123)
Profit for the year	-	-	-	-	4,576	4,576
Other comprehensive expense	-	-	(911)	-	-	(911)
<b>Total comprehensive income for the year</b>	-	-	(911)	-	4,576	3,664
<b>At 31 December 2022</b>	9,673	87,060	(7,799)	232,273	(320,665)	541

Notes on pages 40 to 71 and 74 to 77 are an integral part of these financial statements.



ASCO Group Limited  
Consolidated statement of cash flows  
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	23	43,055	28,435
Income tax paid		(2,051)	(2,038)
<b>Net cash generated from operating activities</b>		<u>41,004</u>	<u>26,397</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(5,513)	(3,183)
Proceeds from sale of property, plant & equipment	23	978	1,621
Principal elements of finance sublease receipts		401	346
Cash received on inception of finance sublease		-	746
Dividend from associate		103	-
<b>Net cash used in investing activities</b>		<u>(4,031)</u>	<u>(470)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(13,298)	(12,066)
Principal elements of lease payments		(12,545)	(13,390)
<b>Net cash used in financing activities</b>		<u>(25,843)</u>	<u>(25,456)</u>
<b>Net increase in cash and cash equivalents</b>		11,130	471
Cash and cash equivalents at beginning of year		18,107	17,729
Exchange gains/(losses) on cash and cash equivalents		210	(93)
<b>Cash and cash equivalents at end of year</b>		<u>29,447</u>	<u>18,107</u>

Notes on pages 40 to 71 and 74 to 77 are an integral part of these financial statements.

ASCO Group Limited  
Notes to the consolidated financial statements  
Year ended 31 December 2022

## 1. GENERAL INFORMATION

ASCO Group Limited ("the Company") is a private limited company limited by shares incorporated in England and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company. The principal activity of the Group is as a leading global provider of logistics and materials management services supporting projects onshore and offshore. These services are provided to a wide range of industries including the Renewables, New Energy, Oil and Gas and Decommissioning sectors across five continents and eight countries. It operates primarily in the UK and Norwegian sectors of the North Sea, Trinidad, Canada, Australia, Senegal and Suriname.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Group's financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, and the Company's financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000) unless otherwise indicated.

The specific accounting policies adopted which are consistently applied in preparing the financial statements are described below.

### 2.2 Going concern

As part of its normal annual budgeting process, the directors have prepared detailed trading and cash flow projections for 2023 and 2024 which form the basis for their going concern assessment. On the basis of these projections, the directors believe the Group has adequate cash resources to continue operationally for the foreseeable future.

When assessing the going concern basis of preparation of the financial statements, the directors and management have considered the Group's and Parent Company's cash flow forecasts, funding requirements and contract (current and potential) back-log.

Management have also applied a severe but plausible downside to its base projections. This includes adjusting for downside risk in relation to securing key contracts. These downsides are partly offset by mitigations under the control of management, including the ability to manage items such as capital expenditure and business overheads in the event of market conditions being lower than anticipated. Based on this severe but plausible downside, the directors believe that the Group would still have adequate cash resources and would meet the covenant requirements as set out in its financing agreements for the going concern period.

The projections indicate adequate performance to satisfy the conditions of restructured debt funding, comprising loan notes of £100m and revolving credit facilities of £15m, put in place following the year-end as set out at note 27.

The directors, having considered all relevant risk factors, believe the Group has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of signing the financial statements. Accordingly, they have adopted the going concern basis in preparing the annual report and financial statements.

### 2.3 Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary and associate undertakings. The results of those subsidiary undertakings based in foreign countries are translated at the average exchange rate for the year and their balance sheets are translated at the year-end exchange rate. Any differences arising from the application of these rates or on opening net assets is accounted for through other comprehensive income. All intra group transactions and balances are eliminated on consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of consolidation (continued)

#### *Goodwill and business combinations*

The identifiable assets and liabilities of the companies acquired are included in the Group's consolidated balance sheet at their fair value at the date of acquisition. The difference between the fair value of the net identifiable assets acquired and the fair value of the purchase consideration is treated as either positive or negative goodwill. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

#### *Impairment review*

The Group performs impairment reviews in respect of goodwill annually. An impairment loss is recognised when the recoverable amount of an asset, calculated as the higher of fair value less costs of disposal and value in use, is less than its carrying amount. In the absence of comparable market transactions, a discounted cash flow model has been used to calculate the recoverable amount. Unless the impairment is identifiable against a specific asset class, any impairment is first allocated to goodwill then to intangible assets followed by property, plant and equipment. Cash-generating units (CGUs) are aligned to the structure the Group uses to manage its business.

### 2.4 Investment in joint ventures

The Group has interests in joint ventures which are jointly controlled entities, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the entities. The arrangements require unanimous agreement for financial and operating decisions among the venturers.

In accordance with IFRS 11, Joint Arrangements, the Group's Joint Ventures are accounted for on an equity accounting basis. The Group's share of the joint ventures' result after tax is presented separately in the income statement and the Group's share of joint ventures' net assets shown as a single line in the balance sheet. Where obligated or where the Group has plans to support the joint venture, the Group's share of net liabilities is shown within current financial liabilities.

### 2.5 Functional currency

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

### 2.6 Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate ruling at the dates of the transaction. Monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. All exchange differences arising are reported as part of the results for the period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts and value added taxes. The Group recognises revenue when performance obligations have been satisfied and for the Company this is when the goods or services have transferred to the customer and the customer has control of these.

#### Sales of goods

Sales of goods primarily relate to sales of marine gas oil (MGO). Sales are recognised when control of the goods has transferred, being when the products are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Sale of services

The Group provides logistics, materials and waste management services. Revenue is recognised over time because the customer receives and uses the benefits simultaneously. The Group has adopted the practical expedient permitted by IFRS 15 and recognises revenue in the amount at which the Group has a right to invoice, as the amount corresponds directly with the value to the customer of the Group's performance to date.

Goods and services may be sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely amount method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice. The value of discounts is not material to the Group's sales.

### 2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the income statement when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives on a straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The rates of amortisation are as follows:

Customer relationships	5 to 10 years
Trademarks	10 to 20 years
Development costs	20 years
Software	5 to 10 years

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

The Group performs annual impairment reviews as described at note 2.3.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of fixed assets is their purchase cost together with any directly related costs of acquisition.

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

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

Depreciation is recognised on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets. There is no depreciation charged on assets when construction is in progress. The rates of depreciation are as follows:

Land and buildings	
- Freehold property	25 to 50 years
- Leasehold property	Over the period of the lease
Plant and equipment	
- Base infrastructure	10 to 25 years
- Fuel infrastructure	10 to 20 years
- Cranes	10 to 15 years
- Forklifts	10 years
- Vehicles	5 to 10 years
- Software applications	5 to 10 years
- Computer equipment	3 to 5 years
- Office furniture	5 years

### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average cost of the most recent inventory purchased. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell.

### 2.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

#### Group as lessee

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Leases (continued)

#### Right of use assets

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

#### Lease liabilities

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

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

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

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

The Group's lease liabilities are included in interest-bearing loans and borrowings.

#### Short-term leases and leases of low-value assets

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

#### Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

Leases in which the Group does transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. On inception of the lease, the Group recognises an asset in the Consolidated Statement of Financial Position presented as an Investment in Finance Sublease at an amount equal to the net investment in the lease. Subsequent recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease. Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks where possible.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Taxation

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

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where the Group operates and generates taxable income. Taxable income differs from the profit/loss as reported in the statement of comprehensive income because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group obtains the benefit of tax losses incurred by any of its UK subsidiaries in the form of group relief. Group relief is provided for nil consideration between group companies other than where there is a non-controlling interest where full value is paid for group and consortium relief obtained.

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

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

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

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

### 2.13 Financial assets

#### Trade and other receivables

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables. The assessment of the Group's exposure to credit risk includes consideration of historical and forward-looking information regarding both the financial position and performance of the counterparty and the general macro-economic environment. The Group reviews its exposure to trade receivables, analysed by age and customer risk profile, together with historic default rates over the previous two financial years and experience of the time taken to collect receivables.

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (continued)

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

### 2.14 Financial liabilities

The Group and parent company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and lease liabilities. Management determines the identification of financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

#### *Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### 2.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

### 2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of that obligation.

### 2.17 Pensions

The Group operates a number of defined contribution schemes. The pension cost charge represents contributions payable by the Group during the accounting period.

### 2.18 Exceptional items

Exceptional items are those significant items which are non-recurring in nature and are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. See note 6 on full details of exceptional items.



### 3. NEW AND FUTURE ACCOUNTING STANDARDS

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Carrying value of goodwill and intangible assets

The Group tests the carrying value of goodwill for impairment annually and other intangible assets when there is an indicator of impairment, in accordance with the accounting policy stated in note 2.3. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal calculations. These calculations require the use of estimates (note 14).

An impairment charge of £1.7m (2021: £nil) in relation to right-of-use assets has been recognised as described at note 14.

An impairment charge of £0.5m (2021: £nil) in relation to property, plant and equipment has been recognised as described at note 13a.

#### (b) Lease accounting

In accordance with the requirements of IFRS 16, 'Leases', significant estimates and judgements have been made with regards to the determination of both the incremental borrowing rate to measure lease liabilities and the likely duration of leases as set out at note 13b.

For subleases where the Group is the lessor, judgements have been made with regards to whether the leases should be classified as finance or operating leases.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### (c) Recoverability of amounts owed by group undertakings (parent entity)

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

##### (d) Impairment of investments (parent entity)

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable. The carrying value of investment in subsidiary was also compared to the enterprise value of the business using the latest net present value of discounted cash flows based on the most recently approved directors' forecast for the related subsidiaries, adjusted for the net debt within those subsidiaries.

#### 5. REVENUE

Revenue recognised in the income statement is analysed as follows:

	2022 £'000	2021 £'000
Sale of goods		
- UK	409,339	196,490
Rendering of services		
- UK	124,920	111,643
- Norway	54,707	68,625
- Canada	19,468	14,773
- Australia	9,028	7,087
- Other	20,418	20,748
	228,541	222,876
Total	637,880	419,366

Segments presented reflect the structure of the Group as discussed at note 14.

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## 6. EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items below to which they best relate. During the year, the total of exceptional items detailed below have been included separately in the income statement.

	2022 £'000	2021 £'000
Within operating costs:		
Gain on recognition of finance sublease (note 13c)	-	(2,133)
Restructuring	236	263
Reversal of impairment of property, plant and equipment and development costs (note 13a and 14)	(91)	-
Impairment of property, plant and equipment (note 13a)	562	-
Impairment of right-of-use assets (note 13b)	1,702	-
Other exceptional costs	-	482
	<u>2,409</u>	<u>(1,388)</u>
Within finance costs:		
Finance restructuring fees	<u>242</u>	<u>198</u>

Impairment of non-current assets is further explained at note 14. Restructuring costs include redundancy payments and general close down costs. Other exceptional costs in the prior year relate to the Group's mergers and acquisitions (M&A) related expenses and corporate governance related expenses in one of the overseas locations.

Finance restructuring fees represent the cost to the Group of securing new or amended debt facilities and, in the prior year, the impairment of deal fees arising as a result of changes to the Group's banking arrangements (note 19).

## 7. OPERATING PROFIT

	2022 £'000	2021 £'000
Operating profit is stated after charging/(crediting):		
Cost of inventories recognised as an expense	391,680	189,826
Depreciation (note 13a)	6,136	6,413
Depreciation of right-of-use assets (note 13b)	11,987	12,557
Amortisation of intangible assets (note 14)	3,430	3,426
Expense relating to short term leases (note 13b)	9,146	6,997
(Gain)/loss on foreign exchange	(21)	26
Gain on disposal of fixed assets (note 23)	(920)	(485)

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**7. OPERATING LOSS (CONTINUED)**

**Auditors' remuneration**

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and their associates:

	2022 £'000	2021 £'000
Audit services		
- UK audit	438	378
- Overseas audit	208	143
Tax services - tax compliance	80	42
Other services	-	1
	<u>726</u>	<u>564</u>

**8. EMPLOYEES**

	2022 £'000	2021 £'000
Wages and salaries	69,604	61,231
Social security costs	6,663	6,404
Other pension costs	3,288	2,826
	<u>79,555</u>	<u>70,461</u>

Monthly average number of people employed

	2022 No.	2021 No.
Number of employees	<u>1,435</u>	<u>1,326</u>

Average number of people (including executive directors) employed:

	2022 No.	2021 No.
Administration	219	213
Operations	1,216	1,113
<b>Total average headcount</b>	<u>1,435</u>	<u>1,326</u>

Directors emoluments disclosed at note 25(c).

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**9. FINANCE COSTS**

	2022 £'000	2021 £'000
Interest payable on bank borrowings	7,322	6,202
Interest payable on lease liabilities (note 13b)	6,057	5,970
Interest payable on other loans	696	446
	<u>14,075</u>	<u>12,618</u>

**10. FINANCE INCOME**

	2022 £'000	2021 £'000
Interest income from sublease of property classified as finance lease (note 13c)	177	89
Dividend received from associate	103	-
Other interest income	10	1
	<u>290</u>	<u>90</u>

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**11. INCOME TAX CHARGE**

	2022 £'000	2021 £'000
Current tax		
- Current tax for the year	1,282	2,440
- Adjustments in respect of prior years	(97)	6
<b>Total current tax</b>	<u>1,185</u>	<u>2,446</u>
Deferred tax (note 20)		
- Current year	85	1,437
- Adjustments in respect of prior years	(551)	-
- Change in tax rates	-	(180)
<b>Total deferred tax</b>	<u>(466)</u>	<u>1,257</u>
<b>Income tax charge</b>	<u><u>719</u></u>	<u><u>3,703</u></u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard tax rate applicable to losses of the consolidated entities as follows:

	2022 £'000	2021 £'000
Profit before tax - continuing operations	5,294	1,075
Tax calculated at domestic tax rates applicable to profits in the respective countries	561	460
<i>Tax effect of:</i>		
- Expenses not deductible for tax purposes	656	291
- Income not taxable	(92)	(75)
- Movement in deferred tax not provided	(938)	2,324
- Overseas tax	574	305
- Change in tax rates	(107)	(181)
- Adjustment in respect of prior years	(648)	6
- Other differences	713	573
<b>Income tax charge</b>	<u><u>719</u></u>	<u><u>3,703</u></u>

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

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

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## 12. INVESTMENTS

The Group's investments in joint ventures and subsidiaries are set out in notes 12a and 12b. The Group's investment in an associate company is held at a value of £1,000 (2021: £1,000) and is included in note 28.

### 12a. INVESTMENTS IN JOINT VENTURES

	Share of JV assets	
	2022	2021
	£'000	£'000
At 1 January	678	598
Share of profit	143	93
Exchange movement	-	(13)
At 31 December	<u>821</u>	<u>678</u>

Share of JV assets represents the Group's interests in Kristiansund Base AS.

#### Commitments and contingent liabilities in respect of joint ventures

At the end of 2022, ASCO Norge AS, a subsidiary of the Group, had guaranteed 50% of the value of a property lease held by its joint venture Kristiansund Base AS at a total value of 56m NOK (£5m) over 10 years (2021: total value of 62m NOK (£5m) over 11 years). Both companies are privately incorporated.

The joint venture has no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liabilities in relation to its interest in the joint venture (2021: £nil).

### 12b. SUBSIDIARIES

All subsidiary undertakings (as detailed in note 28) are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

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**13a. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	40,655	73,165	113,820
Additions	30	3,124	3,154
Disposals	(1,614)	(4,411)	(6,025)
Exchange rate variance	(88)	(478)	(566)
At 31 December 2021	38,983	71,400	110,383
Additions	539	4,950	5,489
Disposals	(32)	(1,744)	(1,776)
Exchange rate variance	326	1,818	2,144
At 31 December 2022	39,816	76,424	116,240
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	12,873	59,066	71,939
Charge for the year	2,238	4,175	6,413
Disposals	(573)	(4,316)	(4,889)
Exchange rate variance	(70)	(411)	(481)
At 31 December 2021	14,468	58,514	72,982
Charge for the year	2,032	4,104	6,136
Disposals	(32)	(1,686)	(1,718)
Impairment	456	51	507
Exchange rate variance	175	1,617	1,792
At 31 December 2022	17,099	62,600	79,699
<b>Net book value</b>			
At 31 December 2022	22,717	13,824	36,541
At 31 December 2021	24,515	12,886	37,401

Depreciation expense of £5,533,000 (2021: £5,793,000) has been charged in 'cost of sales', £603,000 (2021: £620,000) in 'administrative expenses'.

The assessment of impairment is covered under impairment test in note 14 intangible assets.

The impairment charge in the year of £0.5m (2021: £nil) includes a charge of £0.6m, net of a credit of £0.1m in relation to the reversal of an impairment recognised in previous years.



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**13b. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Where the Group is a lessee

Amounts recognised in the balance sheet

Right-of-use assets	2022	2021 Restated
	£'000	£'000
Property	48,235	51,827
Large plant, vehicles and equipment	9,656	8,826
Small plant, vehicles and equipment	4,104	3,872
	<u>61,995</u>	<u>64,525</u>

Right-of-use assets are stated net of impairment of £1,702,000 (2021: £nil). Additions to the right-of-use assets during 2022 were £11,220,000 (2021: £6,405,000).

Lease liabilities	2022	2021 Restated
	£'000	£'000
Current	11,104	12,349
Non-current	70,272	70,725
	<u>81,376</u>	<u>83,074</u>

Amounts recognised in the Consolidated Statement of Comprehensive Income relating to leases

Depreciation of right-of-use assets	2022	2021
	£'000	£'000
Property	7,963	7,936
Large plant, vehicles and equipment	2,501	2,823
Small plant, vehicles and equipment	1,523	1,798
	<u>11,987</u>	<u>12,557</u>

	2022	2021
	£'000	£'000
Interest expense (included in finance cost)	6,057	5,970
Expense relating to short-term and low value leases (included in cost of sales and administrative expenses)	9,146	6,997
	<u></u>	<u></u>

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**13c. INVESTMENTS IN FINANCE SUBLEASES**

Where the Group is a lessor

The Group has entered into 2 (2021: 2) sublease arrangements as a lessor in relation to properties that are considered finance leases. As the leases transfer substantially all of the risks and rewards of ownership of the assets, they are classified as finance leases.

	2022 Current receivables £'000	2022 Non-current receivables £'000	2021 Current receivables £'000	2021 Non-current receivables £'000
Finance leases - gross receivables	594	6,940	519	7,434
Unearned finance income	(145)	(5,344)	(169)	(5,483)
	<u>449</u>	<u>1,596</u>	<u>350</u>	<u>1,951</u>

	2022 £'000	2021 £'000
Gross receivables from finance leases		
- No later than 1 year	594	519
- Later than 1 year and no later than 5 years	537	930
- Later than 5 years	6,403	6,504
	<u>7,534</u>	<u>7,953</u>
Unearned future income on finance leases	(5,489)	(5,652)
	<u>2,045</u>	<u>2,301</u>

	2022 £'000	2021 £'000
The net investment in finance leases may be analysed as follows:		
- No later than 1 year	449	350
- Later than 1 year and no later than 5 years	68	444
- Later than 5 years	1,528	1,507
	<u>2,045</u>	<u>2,301</u>
Net investment in finance leases	<u>2,045</u>	<u>2,301</u>

No allowance for expected credit losses is required in 2022 (2021: £nil).

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**14. INTANGIBLE ASSETS**

	Goodwill £'000	Customer relationships £'000	Trademarks £'000	Development costs £'000	Software £'000	Total £'000
<b>Cost</b>						
At 1 January 2021	38,049	60,109	14,725	182	13,305	126,370
Additions	-	-	-	-	46	46
Exchange rate variances	(217)	(255)	(64)	-	-	(536)
At 31 December 2021	37,832	59,854	14,661	182	13,351	125,880
Additions	-	-	-	-	24	24
Impairment reversal	-	-	-	36	-	36
Exchange rate variances	(3)	(3)	(1)	-	-	(7)
At 31 December 2022	37,829	59,851	14,660	218	13,375	125,933
<b>Accumulated amortisation</b>						
At 1 January 2021	-	54,766	6,266	14	6,256	67,302
Amortisation for year	-	1,067	767	17	1,575	3,426
Exchange rate variances	-	(234)	(28)	-	-	(262)
At 31 December 2021	-	55,599	7,005	31	7,831	70,466
Amortisation for year	-	1,064	767	8	1,591	3,430
Exchange rate variances	-	(3)	(3)	-	-	(6)
At 31 December 2022	-	56,660	7,769	39	9,422	73,890
<b>Net book value</b>						
At 31 December 2022	37,829	3,191	6,891	179	3,953	52,043
At 31 December 2021	37,832	4,255	7,656	151	5,520	55,414

No charges for impairment have been made in the current year. Impairment reversal relates to waste disposal process development costs.

Amortisation of £3,430,000 (2021: £3,426,000) is included separately in the consolidated statement of comprehensive income.

As at 31 December 2022 there are 3 (2021: 4) remaining annual amortisation periods in respect of customer relationships.

As at 31 December 2022 there are 9 (2021: 10) remaining annual amortisation periods in respect of trademarks.

Development costs amortisation period is 20 years. As at 31 December 2022 there were 8 (2021: 9) remaining annual amortisation periods.

Software is amortised over periods between 5 to 10 years.

#### 14. INTANGIBLE ASSETS (CONTINUED)

##### Impairment test - non-Current Assets

Management reviews the business performance based on geography. Management has identified the main cash-generating units (CGUs) to be the UK, Norway, Canada, Australia and Other. Intangible assets are monitored by management at the level of these CGUs. The following is a summary of the intangible assets allocation for each of the CGUs:

2022	Opening £'000	Additions £'000	Amortisation £'000	(Impairment) / reversal £'000	Foreign exchange £'000	Closing £'000
UK	42,409	24	(3,040)	36	-	39,429
Norway	13,005	-	(390)	-	(1)	12,614
Total	55,414	24	(3,430)	36	(1)	52,043

2021	Opening £'000	Additions £'000	Amortisation £'000	(Impairment) / reversal £'000	Foreign exchange £'000	Closing £'000
UK	45,397	46	(3,034)	-	-	42,409
Norway	13,671	-	(392)	-	(274)	13,005
Total	59,068	46	(3,426)	-	(274)	55,414

The recoverable amount of all CGUs has been determined based on fair value less costs of disposal calculations. These calculations use post-tax cash flow projections based on financial budgets and forecasts approved by management covering a three-year period. Group budgets and forecasts are built up from detailed analysis carried out by individual business units at a local level and applying a central contingency where appropriate. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The budgets and forecasts are based on estimates and assumptions regarding, in particular, the expected market outlook, and retention of customers beyond the end of current fixed term contracts unless notice has been given.

The Group recognises that there may be potential financial implications in the future from climate change risk. The Group expects that climate change policies, legislation and regulation will increase, and likely on accelerating timelines in order to meet the Government targets. Such changes may increase associated costs and administration requirements. These, in due course, may well have an impact across a number of assumptions underlying the impairment assessment. However, as at the balance sheet date, the Group believes there is no material impact on balance sheet carrying values of either assets or liabilities. Although this is an estimate, it is not considered a critical estimate as management's view is that at the end of the current reporting period there is no significant risk of climate change resulting in a material adjustment to the carrying value of assets and liabilities within the next financial year.

The key assumptions used for the fair value less costs of disposal calculations are as follows:

2022	UK	Norway	Australia	Canada	Other
Long term growth rate	2.5%	2.2%	2.9%	2.2%	3.2%
Post tax discount rate	14.1%	13.2%	14.3%	13.4%	17.0%

2021	UK	Norway	Australia	Canada	Other
Long term growth rate	2.2%	1.8%	2.5%	2.0%	2.0%
Post tax discount rate	11.7%	12.4%	13.0%	12.6%	17.0%

#### 14. INTANGIBLE ASSETS (CONTINUED)

These assumptions have been used for the analysis of each geographical CGU within the Group and are considered to be consistent with those a market participant would use. The assumptions used in the fair value discounted cash flows are not based on observable market data and as such the valuation method is classified as level 3 in the fair value hierarchy.

The result of the impairment testing is a total charge of £2.2m (2021: £nil), being £1.7m (2021: £nil) for the impairment of right-of-use assets (note 13b) and £0.5m for the impairment of property, plant and equipment (note 13a).

A sensitivity analysis has been performed on the basis that the expected long term growth rate fell by 0.5% and that the discount rates are 1.0% higher than those above in order to assess the impact of reasonable possible changes to the assumptions used in the impairment review.

The sensitivity analysis shows that a 0.5% point reduction in growth rate would result in a £9.6m reduction in the fair value less costs of disposal and an additional impairment of £0.2m (2021: potential impairment of £5.0m). A 1.0% point increase in the discount rate results in a £10.8m reduction in the fair value less costs of disposal and an additional impairment of £0.1m (2021: potential impairment of £6.0m). The resultant impairments would be in the UK with no impairment of the other CGUs. The carrying value of goodwill will continue to be monitored going forward.

#### 15. INVENTORIES

	2022 £'000	2021 £'000
Finished goods	4,159	2,309

During the year, stock amounting to £nil (2021: £nil) was written off to the income statement.

#### 16. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	47,852	45,744
Loss allowance for expected credit losses	(138)	(96)
	<u>47,714</u>	<u>45,648</u>
Prepayments	2,639	3,063
Accrued income	15,521	12,035
Other debtors	2,583	430
Investments in subleases (note 13c)	449	350
Corporation tax	775	153
Amounts due from parent undertakings	1,919	882
	<u>71,600</u>	<u>62,561</u>

The carrying value of trade and other receivables are approximate to fair value. There are no non-current receivables included in the above figures. The Group has no significant concentration of credit risk, with exposure spread over a number of customers. The Group assesses expected credit losses considering factors influencing risk of default. With the exception of the amount shown above, no further allowance for expected credit losses is considered required in 2022.

Included within amounts due from parent undertakings are loans to parent companies Zander Topco Limited and Zander Midco Limited. These loans are unsecured, interest free, repayable on demand and have no fixed repayment date.

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**16. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The assumptions included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the Group reviews and updates default rates, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant.

Movements on the Group provision for impairments of trade and other receivables are as follows:

	2022 £'000	2021 £'000
At 1 January	895	809
Exchange movement	11	-
Net impairment losses on financial assets	92	86
	<hr/>	<hr/>
At 31 December	998	895
	<hr/>	<hr/>

Of the above, £860,000 relates to other debtors (2021: £800,000).

As at December, the ageing analysis of trade receivables is as follows:

	2022 £'000	2021 £'000
Current	45,885	43,713
Past due less than 90 days	968	1,761
Past due more than 90 days less than 120 days	309	73
Past due more than 120 days	552	101
	<hr/>	<hr/>
	47,714	45,648
	<hr/>	<hr/>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. Amounts shown as past due but not impaired in the above table are considered to be recoverable in full based on the Group's experience of receiving payments from customers within a reasonable timeframe and the nature of discussions ongoing with customers in relation to those older balances.

**17. CASH AT BANK AND IN HAND**

The cash balance of £29,447,000 (2021: £18,107,000) includes £846,000 (2021: £614,000) of restricted cash separately held in order to settle overseas payroll tax obligations and also in deposit as cash-backed guarantees.

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**18. TRADE AND OTHER PAYABLES**

	2022 £'000	2021 £'000
Trade payables	24,912	20,527
Other taxation and social security	2,844	1,370
Accruals	26,730	19,126
Deferred income	2,006	645
Other payables	6,947	8,687
	<u>63,439</u>	<u>50,355</u>

**19. FINANCIAL LIABILITIES**

<b>Current</b>	2022 £'000	2021 £'000
Bank loans (secured)	103,619	9,500
	<u>103,619</u>	<u>9,500</u>
Lease liabilities (note 13b)	11,104	12,349
	<u>114,723</u>	<u>21,849</u>
 <b>Non-current</b>	 2022	 2021 Restated
	£'000	£'000
Bank loans (secured)	-	93,566
	<u>-</u>	<u>93,566</u>
Lease liabilities (note 13b)	70,272	70,725
	<u>70,272</u>	<u>164,291</u>

See note 26 for details of the restatement of Right-of-use assets and Financial liabilities as a result of an error.

## **19. FINANCIAL LIABILITIES (CONTINUED)**

### **Cross Guarantees**

Cross guarantees also exist with other group companies. The contingent liability of the Group under these arrangements at 31 December 2022 amounted to £84,436,000 (2021: £94,267,000).

### **Secured Bank Loans**

The bank term loans are secured by bond and floating charges over certain assets of the Group and standard securities over certain properties of the Group.

As at 31 December 2022, bank term loan B had an outstanding liability due of £94,672,000 (2021: £94,672,000). Following agreement with lenders on 19 October 2021, the former repayable in full date of 12 August 2022 was extended to 31 December 2023. Subject to a margin ratchet mechanism in the facility agreement, the loan bears interest at a rate of SONIA plus 5.0%.

As at 31 December 2022 the bank revolving credit facility was drawn to £9,500,000 (2021: £9,500,000). Following agreement with the lenders on 19 October 2021, the facility has an expiry date of 31 December 2023. The amount drawn bears interest at a rate of SONIA plus 5.0%.

Capitalised debt arrangement fees of £553,000 (2021: £1,106,000) are presented within secured bank loans.

The Group complied with financial covenants as set out at note 22(e).

### **Secured Lease Liabilities**

Lease obligations for plant, vehicles and equipment are typically secured over the assets concerned.

### **Events since the balance sheet date**

As a result of the transaction described at note 27, the secured bank loans were extinguished and new debt facilities were put in place.



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**20. DEFERRED TAX LIABILITIES**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2022 £'000	2021 £'000
Deferred tax assets	(496)	(464)
Deferred tax liabilities	6,549	6,994
<b>Deferred tax liabilities (net)</b>	<u>6,053</u>	<u>6,530</u>

The net movement on the deferred income tax account is as follows:

	2022 £'000	2021 £'000
At 1 January	6,530	5,266
(Credit)/charge to income statement (note 11)	(466)	1,257
Foreign exchange difference	(11)	7
<b>At 31 December</b>	<u>6,053</u>	<u>6,530</u>

The deferred tax balances are analysed as follows:

	Short term temporary differences £'000	Accelerated tax depreciation £'000	Intangible assets £'000	Total £'000
<b>2022</b>				
Deferred tax assets	(394)	(78)	(24)	(496)
Deferred tax liabilities	(896)	4,925	2,520	6,549
<b>Deferred tax liabilities (net)</b>	<u>(1,290)</u>	<u>4,847</u>	<u>2,496</u>	<u>6,053</u>
<b>2021</b>				
Deferred tax assets	(373)	(70)	(21)	(464)
Deferred tax liabilities	(1,057)	5,073	2,978	6,994
<b>Deferred tax liabilities (net)</b>	<u>(1,430)</u>	<u>5,003</u>	<u>2,957</u>	<u>6,530</u>

## 20. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £1,876,000 (2021: £8,467,000) in respect of losses that can be carried forward against future taxable income and £123,000 (2021: £137,000) in respect of fixed asset temporary differences.

No deferred tax liability has been recognised in respect of unremitted earnings of subsidiaries (2021: £nil). It is likely that the majority of overseas earnings will qualify for the UK dividend exemption and the Group can control the distribution of dividends by its subsidiaries. In some countries, local tax is payable on the remittance of a dividend. If dividends were to be remitted from these countries, additional tax would be payable.

## 21. PROVISIONS

	Dilapidations and other	
	2022	2021
	£'000	£'000
At 1 January	2,068	1,883
Adjustment to provision during the year	408	185
At 31 December	<u>2,476</u>	<u>2,068</u>
Analysis of total provisions:		
	2022	2021
	£'000	£'000
Non-current	2,197	2,068
Current	279	-
Total	<u>2,476</u>	<u>2,068</u>

A discounted provision of £2,476,000 (2021: £2,068,000) has been recorded in respect of the estimated cost for dilapidations on certain leased properties, which the Group is obliged to remediate prior to returning.

In accordance with IFRS 16, Leases, provisions for dilapidations are added to the right of use asset arising on the related lease contract. The provision is subsequently recognised as a charge to the income statement through depreciation of the right of use asset. Any future adjustments to the provision are recorded as an adjustment to the right of use asset.

## 22. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance team (Group Finance) under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### (a) Market Risk

#### Foreign exchange risk

The Group has a number of subsidiary companies whose revenue and expenses are denominated in currencies other than Pounds Sterling, primarily the US Dollar, Norwegian Krone, Canadian Dollar, Australian Dollar and Trinidad and Tobago Dollar, as listed in note 28. The revenues and costs of these entities are largely denominated in their own or common currencies, therefore the foreign exchange risk on these balances are naturally hedged on consolidation.

The operating profit of the Group is affected by fluctuations in foreign exchange rates when results denominated in other currencies are translated to Pounds Sterling.

A movement of 10% is considered to represent a material fluctuation of exchange rates.

If the Pound Sterling had been 10% stronger against all other main currencies of the Group, this would give rise to a reduction of £0.6m (2021: £1.0m) in the Group's reported operating profit / (loss). If the Pound Sterling had been 10% weaker against all other main currencies of the Group, this would give rise to an increase of £0.7m (2021: £1.3m) in the Group's reported operating profit / (loss).

Some of the Group's fuel sales are denominated in USD, with the corresponding costs typically denominated in GBP. Where such transactions arise, the Group uses forward contracts to fix the GBP to USD exchange rates in order to mitigate any risks involved with regard to currency fluctuations between the date of the sale being agreed and the date in which the customer advances payment to settle the debt.

### (b) Credit Risk

Credit risk is managed locally by each of the trading entities, all of whom follow similar procedures and comply with the policies of the Group as set out in the accounting manual. Each local entity is responsible for managing and analysing credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, local finance teams assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

### (c) Interest rate risk

The Group is exposed to interest rate risk on its secured bank loans. The interest rates applicable are set based on fixed margins over the SONIA daily rate with compounding as described at note 19.

A movement of 1% is considered to represent a material fluctuation of interest rates.

If the SONIA rates had been 1% higher during 2022, then the profit / (loss) before taxation for the Group would have been £1.0m lower (2021: £1.0m lower). If the SONIA rates had been 1% lower during 2022, assuming a floor rate of 0%, then the profit / (loss) before taxation for the Group would have been £1.0m higher (2021: £0.1m higher).

## 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated and monitored at group level. The rolling forecasts of the Group's liquidity requirement is monitored to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months £'000	Between 3 months & 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2022</b>					
Borrowings (ex finance lease liabilities)	9,500	94,119	-	-	-
Lease liabilities	2,776	8,328	9,419	21,438	39,415
Trade and other payables	63,439	-	-	-	-
	Less than 3 months £'000	Between 3 months & 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2021 (restated)</b>					
Borrowings (ex finance lease liabilities)	9,500	-	93,566	-	-
Lease liabilities	3,763	8,586	9,680	20,923	40,122
Trade and other payables	50,355	-	-	-	-

See note 26 for details of the restatement of Right-of-use-assets and Financial liabilities as a result of an error.

### (e) Capital risk

The capital structure of the Group consists of shareholders' equity, debt and cash. The primary objective of the Group's capital management is to ensure that it maintains robust capital ratios in order to comply with external covenants, support its business and maximise shareholder value. Following the refinancing completed in December 2020, the Group monitors capital using net debt to EBITDA cover ratio and interest cover ratio and remained in compliance with the requirements of its loan documents during the year. Covenants are measured quarterly by reference to the last twelve months financial data.

The ratio of net debt to adjusted EBITDA at 31 December 2022 was 3.4 times (2021: 4.8 times). This ratio is calculated by dividing net debt by adjusted EBITDA, excluding the impact of IFRS 16, Leases. The interest cover ratio is calculated by dividing adjusted EBITDA by net finance expense, excluding the impact of IFRS 16, and was 3.0 times for the year ended 31 December 2022 (2021: 3.2 times).

Non-adjusting events occurring since the balance sheet date affecting the Group's capital risk are set out at note 27.

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**23. CASH FLOW INFORMATION**

(a) Cash generated from operations

	2022 £'000	2021 £'000
Profit before income tax from continuing operations	5,294	1,075
Adjustments for:		
- Depreciation (note 13a)	6,136	6,413
- Depreciation of right of use assets (note 13b)	11,987	12,557
- Amortisation (note 14)	3,430	3,426
- Goodwill and intangibles impairment (note 14)	(36)	-
- Impairment of trade and other receivables (note 16)	92	86
- Impairment of property, plant and equipment (note 13a)	507	-
- Recognition of finance sublease (note 6)	-	(2,133)
- Profit on disposal of property, plant and equipment (note 7)	(920)	(485)
- Finance costs (net of Finance Income) (notes 9 and 10)	13,785	12,528
- Net foreign exchange movement	(22)	(5)
- Foreign exchange movement on financing	(2,201)	751
- Impairment of right of use assets	1,702	14
Changes in working capital		
- Inventories	(1,831)	(1,109)
- Trade and other receivables	(6,518)	(13,434)
- Trade and other payables	11,650	8,751
	<u>43,055</u>	<u>28,435</u>

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2022 £'000	2021 £'000
Net book amount	58	1,136
Gain on disposal of property, plant and equipment (note 7)	920	485
Proceeds from disposal of property, plant and equipment	<u>978</u>	<u>1,621</u>

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## 23. CASH FLOW INFORMATION (CONTINUED)

### (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	2022 £'000	2021 £'000
Cash	29,447	18,107
Borrowings	(103,619)	(103,066)
Lease liabilities	(81,376)	(83,074)
Net debt	<u>(155,548)</u>	<u>(168,033)</u>

Borrowings presented above consist of the Group's long and short term borrowings, net of capitalised debt arrangement fees. Finance lease liabilities together with liabilities arising on application of IFRS 16, Leases, are included within Lease liabilities.

	Borrowings £'000	Leases £'000	Subtotal £'000	Cash £'000	Total £'000
Net debt as at 1 January 2021	(334,977)	(89,578)	(424,555)	17,729	(406,826)
Cash flows	-	13,390	13,390	471	13,861
Waiver of shareholder loans	232,273	-	232,273	-	232,273
Movements in capitalised deal fees	(362)	-	(362)	-	(362)
Leases recognised (restated)	-	(7,741)	(7,741)	-	(7,741)
Foreign exchange adjustments	-	855	855	(93)	762
Net debt as at 31 December 2021 (restated)	<u>(103,066)</u>	<u>(83,074)</u>	<u>(186,140)</u>	<u>18,107</u>	<u>(168,033)</u>
Cash flows	-	12,544	12,544	11,129	23,673
Movements in capitalised deal fees	(554)	-	(554)	-	(554)
Leases recognised	-	(10,454)	(10,454)	-	(10,454)
Foreign exchange adjustments	1	(392)	(391)	211	(180)
Net debt as at 31 December 2022	<u>(103,619)</u>	<u>(81,376)</u>	<u>(184,995)</u>	<u>29,447</u>	<u>(155,548)</u>

Cash flows related to Leases represent the repayment of principal. Leases recognised represents the net increase in liabilities from new leases in the year, less any liabilities derecognised on the early termination of a lease, as well as any changes to liabilities arising on the modification of pre-existing leases. Additions to right of use assets which arise due to adjustments to provisions for dilapidations (note 21) do not give rise to increases in lease liabilities.

See note 26 for details of the restatement of Right-of-use-assets and Financial liabilities as a result of an error.

The non-cash investing and financing activities is shown in the below table:

	2022 £'000	2021 £'000
Gain on finance subleases	-	2,133
Additions in relation to right of use assets	11,220	6,405

As a result of the transaction described at note 27, the secured bank loans were extinguished and new debt facilities were put in place.

## 24. COMMITMENTS & CONTINGENCIES

### (i) Capital Commitments

Capital expenditure contracted for at the end of the reporting year but not yet incurred is as follows:

Group	2022 £'000	2021 £'000
Property, plant and equipment	1,000	-

### (ii) Securities

HSBC Corporate Trustee Company (UK) Limited, as Security Agent, holds standard securities in respect of certain properties in addition to a bond and floating charge over the Group's assets, as security over the bank facility.

### (iii) Lease contracts not yet commenced

The Group has no material lease contracts committed to but not yet commenced at 31 December 2022.

## 25. RELATED PARTY TRANSACTIONS

Period to 10 August 2023

The parent undertaking is Zander Midco Limited, a company registered in England. The ultimate parent undertaking and controlling party is Zander Topco Limited, a company registered in England.

ASCO Group Limited, registered in the United Kingdom, is the smallest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

Zander Topco Limited, registered in the United Kingdom, is the largest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

Period from 11 August 2023

The parent undertaking is Zander Midco Limited, a company registered in England. The ultimate parent undertaking is Project Advance Topco Limited, a company registered in England, whilst the ultimate controlling party is limited partnerships constituting Endless Fund V, a fund managed by Endless LLP.

ASCO Group Limited, registered in the United Kingdom, is the smallest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

Zander Topco Limited, registered in the United Kingdom, is the largest group for which group financial statements are drawn up and are publicly available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

Project Advance Topco Limited was incorporated on 26 May 2023.

## 25. RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

### (a) Transactions with related parties

	Amounts owed by related parties £'000
<b>2022</b>	
During the year there were transactions with the following related parties:	
Zander Topco Limited - settlement of professional fees	1,538
Zander Midco Limited - settlement of professional fees	381
Kristiansund Base AS (50% joint venture, note 12a)	88

	Amounts owed by related parties £'000
<b>2021</b>	
During the year there were transactions with the following related parties:	
Zander Topco Limited - settlement of professional fees	527
Zander Midco Limited - settlement of professional fees	356
Kristiansund Base AS (50% joint venture, note 12a)	85

### (b) Key management compensation

Key management includes group based directors, members of the group management board and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	2022 £'000	2021 £'000
Salaries and other short-term employment benefits	3,726	4,137
Company contributions to defined contribution plan	112	89
<b>Total</b>	<b>3,838</b>	<b>4,226</b>

### (c) Directors - remuneration paid by subsidiaries:

	2022 £'000	2021 £'000
Aggregate emoluments	1,183	1,419
Company contributions to defined contribution plan	-	-
<b>Total</b>	<b>1,183</b>	<b>1,419</b>

The compensation receivable by the highest paid director in the year was £1,183,000 (2021: £1,419,000), including £nil (2021: £nil) company pension contributions that were made on his behalf. Included within remuneration is £nil (2021: £nil) related to loss of office.

### (d) Loans to related parties

There were no loans advanced to key management or associates during the current year or the preceding year. There were no outstanding balances due to the group from key management or associates at the year-end or at the end of the preceding year.



ASCO Group Limited  
Notes to the consolidated financial statements  
Year ended 31 December 2022

## 26. CORRECTION OF ERROR

The comparative figures for 2021 have been restated to correct for errors in the balance sheet relating to right-of-use assets and their related lease liabilities. These resulted from leases and lease variations which were missed in mainly ASCO UK Limited and ASCO Norway AS. There is no impact on profit or capital and reserves.

Restatement has been reflected through the following accounts:

	Original Balance £'000	Restatement £'000	Restated Balance £'000
Right-of-use Assets - Property	51,063	764	51,827
Right-of-use Assets - Large plant, vehicles and equipment	7,814	1,012	8,826
Right-of-use Assets - Small plant, vehicles and equipment	3,872	-	3,872
	<hr/>	<hr/>	<hr/>
Right-of-use Assets - Total	62,749	1,776	64,525
	<hr/>	<hr/>	<hr/>
Financial liabilities - current lease liabilities	(11,448)	(901)	(12,349)
Financial liabilities - non-current lease liabilities	(69,850)	(875)	(70,725)
	<hr/>	<hr/>	<hr/>
	(81,298)	(1,776)	(83,074)
	<hr/>	<hr/>	<hr/>

## 27. EVENTS AFTER THE REPORTING YEAR

Subsequent to the year-end on 11 August 2023 the previous owners of Zander Topco Limited, the former ultimate parent company, sold their ownership of that company to Project Advance Bidco Limited. As a result of this transaction, the ultimate parent undertaking has changed as described at note 25 and the ultimate controlling party is limited partnerships constituting Endless Fund V, a fund managed by Endless LLP. The change of ownership was completed in conjunction with a restructuring of the Group's debt facilities, with previous bank loans extinguished and new debt facilities, comprising loan notes totalling £100m and revolving credit facilities of £15m, put in place.

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

ASCO Group Limited  
Parent company statement of financial position  
At 31 December 2022

	Note	2022 £'000	2021 £'000
<b>NON-CURRENT ASSETS</b>			
Investments	28	39,500	39,500
<b>CURRENT ASSETS</b>			
Trade and other receivables	29	53,005	55,257
<b>TOTAL CURRENT ASSETS</b>		53,005	55,257
<b>TOTAL ASSETS</b>		92,505	94,757
<b>NET ASSETS</b>		92,505	94,757
<b>CAPITAL AND RESERVES</b>			
Equity share capital	30	9,673	9,673
Share premium	30	87,060	87,060
Capital contribution reserve	31	232,273	232,273
Accumulated losses		(236,501)	(234,249)
<b>TOTAL EQUITY</b>		92,505	94,757

Notes on pages 40 to 71 and 74 to 77 are an integral part of these financial statements.

The loss of the parent company for the year was £2,252,000 (2021: profit of £6,557,000).

All payments made during the year were met by fellow group companies through intercompany accounts. As the Company did not enter into cash settled transactions during the current and prior year, a statement of cash flows has not been prepared.

The financial statements on pages 35 to 77 were approved by the board of directors and signed on its behalf by:



A R W Wright  
Director  
27 September 2023

ASCO Group Limited  
Parent company statement of changes in equity  
For the year ended 31 December 2022

	Equity share capital	Share premium	Capital contribution reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2021</b>	9,673	87,060	-	(240,806)	(144,073)
Profit for the year	-	-	-	6,557	6,557
<b>Total comprehensive income</b>	-	-	-	6,557	6,557
Capital contribution	-	-	232,273	-	232,273
<b>At 31 December 2021</b>	9,673	87,060	232,273	(234,249)	94,757
Loss for the year	-	-	-	(2,252)	(2,252)
<b>Total comprehensive expense</b>	-	-	-	(2,252)	(2,252)
<b>At 31 December 2022</b>	9,673	87,060	232,273	(236,501)	92,505

Notes on pages 40 to 71 and 74 to 77 are an integral part of these financial statements.

ASCO Group Limited  
Notes to the parent company financial statements  
Year ended 31 December 2022

## 28. INVESTMENTS

Investment in subsidiary undertaking is stated at cost less provision for impairment.

	2022 £'000	2021 £'000
<b>Subsidiary at cost less provision for impairment</b>		
<b>At 31 December</b>	<b>39,500</b>	<b>39,500</b>

The Group's subsidiary at 31 December 2022 is listed below.

	Class of shares	% owned	Registered office address	Nature of business
ASCO Acquisitions Limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base	Holding company

The share capital of the following entities is held by an intermediate holding company:

	Class of shares	% owned	Registered office address	Nature of business
Advanced Logistics LLC	Ordinary US\$1	25%	207 Acacia Drive, Lafayette, LA 70508, USA	Logistic support services
ASCO (DC2) Limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base	Holding company
ASCO (DC3) Limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base	Holding company
ASCO (DC4) Limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base	Holding company
ASCO (St Lucia) Limited	Ordinary US\$1	100%	Offices of Corporate Services St Lucia (1996) Ltd, St Lucia	Holding company
ASCO Australia Pty Limited	Ordinary Aus\$1	100%	Level 1, 9 Havelock Street, West Perth, WA 6005, Australia	Logistic support services
ASCO Canada Limited	Ordinary C\$1	100%	1100-1959 Upper Water Street, Halifax, NS, B3J3E5, Canada	Oil services
ASCO Caspian Holdings SA	Ordinary US\$1	100%	Federico Boyd Ave. No.18 and 51st Street Scotia Plaza, 11th Floor, P.O.Box 0816-03356 Panama, Republic of Panama	Dormant
ASCO Decommissioning Limited	Ordinary £1	100%	ASCO Group Headquarters	Environmental services
ASCO Freight Management Limited	Ordinary £1	100%	ASCO Group Headquarters	Freight management
ASCO Holdings Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO Holdings Norge AS	Ordinary NOK1	100%	Risavika Havnering 235, Postboks 250, Tananger, 4098, Norway	Dormant
ASCO JV Holdings Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services
ASCO Logistics Limited	Ordinary US\$1	100%	Fifth Floor, Newtown Centre, 30-36 Maraval Road, Newtown, Port of Spain, Trinidad, W.I.	Oil services
ASCO Marine Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services

ASCO Group Limited  
Notes to the parent company financial statements  
Year ended 31 December 2022

**28. INVESTMENTS (CONTINUED)**

	Class of shares	% owned	Registered office address	Nature of business
ASCO Norge AS	Ordinary NOK1	100%	Risavika Havnering 235, Postboks 250, Tananger, 4098, Norway	Oil services
ASCO Properties Limited	Ordinary £1	100%	ASCO Group Headquarters	Property services
ASCO Senegal LLC	Ordinary XOF1	100%	47, Boulevard de la Republique, Zeme etage Cabinet Geni & Kebe, Dakar, Senegal	Oil services
ASCO Transport & Logistics Pty Ltd	Ordinary Aus\$1	100%	Level 4, 673 Murray Street, West Perth, WA 6005, Australia	Oil services
ASCO Trinidad Limited	Ordinary US\$1	100%	Eleven Albion, Corner Dere & Albion Streets, Port of Spain, Trinidad, W.I.	Oil services
ASCO UK Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services
ASCO Ventures Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services
Enviroco Limited	Ordinary £1	100%	ASCO Group Headquarters	Dormant
Enviroco Trinidad Limited	Ordinary US\$1	100%	Eleven Albion, Corner Dere & Albion Streets, Port of Spain, Trinidad, W.II	Dormant
Hausvik Energy Yard AS	Ordinary NOK 10	20%	Industriveien 3, 4580 Lyngdal, Norway	Renewable energy services
Kristiansund Base AS	Ordinary NOK 1	50%	Bruhagen Industripark, Baseveien 105, 6531 Averøy, Norway	Oil services
Manatokan Oilfield Services Inc.	Ordinary C\$1	100%	General Delivery, Iron River, Alberta, T0A 2A0, Canada	Oil services
NORM Solutions Limited	Ordinary £1	100%	ASCO Group Headquarters	Environmental services
North Sea Lifting Limited	Ordinary £1	100%	ASCO Group Headquarters	Safety training
NS Lifting America Inc.	Ordinary US\$1	100%	1254 Enclave Parkway, Suite 625, Houston, TX 77077, USA	Safety training
OBM Limited	Ordinary £1	100%	ASCO Group Headquarters	Personnel
Seletar Shipping Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services

ASCO Group Headquarters are based at Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ in the United Kingdom. Great Yarmouth Offshore Supply Base address is South Denes Road, Great Yarmouth, Norfolk, NR30 3LX, United Kingdom.

During the year, ASCO Ventures Limited commenced trading and Hausvik Energy Yard AS was incorporated.

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

ASCO Group Limited  
Notes to the parent company financial statements  
Year ended 31 December 2022

**29. TRADE AND OTHER RECEIVABLES**

	2022 £'000	2021 £'000
Amounts owed by group undertakings	<u>53,005</u>	<u>55,257</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. The amounts owed by group undertakings are presented net of an allowance for impairment of £66,622,000 (2021: £57,022,000). No further allowance for expected credit losses is considered to be required (2021: £nil).

**30. EQUITY SHARE CAPITAL & SHARE PREMIUM**

Group and parent company

	Number of shares '000	Equity share capital £'000	Share premium £'000	Total £'000
At 31 December 2021 and 2022	<u>96,733</u>	<u>9,673</u>	<u>87,060</u>	<u>96,733</u>

On incorporation, 96,406,795 ordinary shares of 10p each were issued at £1 each and have all been fully paid. This created a share premium of £86,766,115.

The total share premium at the year-end was £87,060,400 (2021: £87,060,400).

The holders of ordinary shares are entitled to one vote per share held. The other shareholders are only entitled to vote in exceptional circumstances as defined in the Articles of Association.

### 31. CAPITAL CONTRIBUTION RESERVE

The release of former shareholder loan obligations during financial year 2021 resulted in an increase in the net assets of ASCO Group Limited recorded as a Capital Contribution Reserve.

### 32. ACCUMULATED LOSSES

The loss for the parent company for the year was £2,252,000 (2021: loss of £6,557,000). The loss for the year includes an impairment of amounts due from group undertakings of £9,600,000 (2021: £nil) and interest income from loans due from a subsidiary entity of £7,380,000 (2021: £6,589,000). The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a Statement of Comprehensive Income for the parent company.

The parent company had no employees during the year (2021: nil).

### 33. RELATED PARTY TRANSACTIONS

During the year, the parent company carried out the following transactions with related parties:

	Interest receivable from related parties £'000	Amounts owed by related parties £'000
<b>2022</b>		
ASCO Holdings Limited	-	699
ASCO Acquisitions Limited	(7,380)	118,927
	Interest receivable from related parties £'000	Amounts owed by related parties £'000
<b>2021</b>		
ASCO Holdings Limited	-	731
ASCO Acquisitions Limited	(6,589)	111,548

