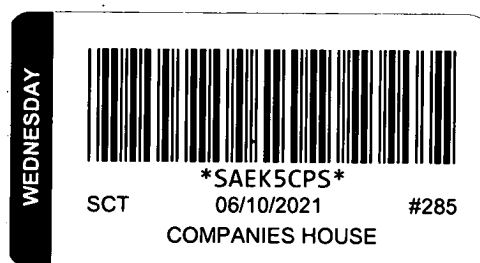


Registered Number: 03528948

Conserve Rentals & Services Limited

**Annual Report and Financial Statements
For the Year Ended 31 December 2020**



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Directors and Advisors

Director

Mr E Leask

Secretary

Blackwood Partners LLP

Registered Office

Suite 1, 3rd floor,
11-12 St. James's Square,
London
SW1Y 4LB

Solicitors

Blackwood Partners LLP
Blackwood House
Union Grove Lane
Aberdeen
AB10 6XU

Auditor

Deloitte LLP
Statutory Auditor
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Strategic Report

Principal activities

The principal activities of Conserve Rentals & Services Limited, "the Company", continues to be the management and provision of containers, tanks, cargo carrying units, associated equipment and services to a number of end-markets including the energy, environmental and renewable energy industries.

Business review

The Company is a subsidiary of Centurion Group Limited, a Cayman registered company. Centurion Group Limited and its subsidiary undertakings, collectively referred to as the "Group", is a global leader in the supply of critical rental, infrastructure and support services to a number of end-markets including the energy, mining, infrastructure, power, environmental and renewable energy industries. The Group has a global reach with operations in key service locations: Canada, America, UK & Europe, Caspian, Australia and South East Asia.

As part of Centurion Group Limited, the Company's vision and strategy is aligned to the Group.

The Group's vision is to build **a successful, global and sustainable services company** supporting our chosen end-markets including energy, mining, infrastructure, power, environmental and renewable sectors. The focus is on improving market recognition, adding more valuable services and getting closer to the customer through the development of stronger institutional relationships.

Successful refers to our commitment to safety, quality and to consistently delivering superior results compared to our market peers. **Global** refers to the strong presence in key markets that creates reach and market access while providing stability and optionality. **Sustainable** refers to employee satisfaction, environmental consciousness and a commitment to profitability, cash generation and financial prudence that creates both value and cycle resilience.

This vision is supported through the Group's core values:

- **We Do The Right Thing:** Centurion people are proud of what they do, because we do the right thing every time. We are safe. We are open, transparent and professional. We create value. **We care.**
- **We Do What We Say:** Centurion people are honest, supportive, responsive and easy to work with. We honour every commitment and expect the same from others. We listen. We respect differences. **We develop and deliver fit-for-purpose solutions.**
- **We Work Together:** Centurion people use their skills, knowledge and experience to build positive relationships wherever they can. We work as one team, locally and globally. We learn. We teach. **We actively share knowledge and insight.**
- **We Go The Extra Mile:** Centurion people are hard working, committed and innovative. Always looking for new ways and new opportunities to improve, large and small. We drive change. **We challenge the status quo.**

Our goal is to create a highly integrated Group that delivers innovative and differentiated solutions to our customers. Our strategy continues to evolve, and to maximise our chances of success, we continue to focus on our three strategic pillars:

- **Increase scale and diversification:** Accelerating our growth on the back of our market reach and improving core markets. Continued diversification at both a geographical and segmental level, specifically in adjacent scopes to augment cross selling potential.
- **Accelerate our cross-selling and differentiation:** Continue to cross-sell to differentiate, provide more critical and more differentiated equipment and service packages.
- **Add more technical and "greener" offerings:** Elevate our technical sophistication to differentiate and compete in more complex projects, while prioritising our ambition to actively participate in both the decarbonisation of the energy industry and the growth of the renewables sector.

By achieving all the above, we will not only aim to grow but continue to develop strong cycle resilience and long-term sustainability.

Strategic Report (continued)

Business review (continued)

The COVID-19 pandemic presented a challenge to every person, country and business around the world. The scale, speed and economic impact of the pandemic were unexpected, requiring companies, governments and many other stakeholders to take unprecedented actions. Our first priority was the health and safety of our employees and we quickly implemented government and regional guidelines in our operating locations.

In late Q1'20 the Group deployed its' downturn management strategy focusing on safety, cost reduction, cash generation and capital expenditure rationalisation. This was implemented rapidly and successfully. These actions allowed the Group to continue operating, protect the balance sheet, generate cash and maintain liquidity, become more competitive in the new market and to continue to pursue strategic options.

As a result of these early actions and the robust nature of the Centurion platform, due to scale, multiple offerings, segmental and geographic diversification, the Group delivered a strong financial performance.

During 2020, the Group invested \$23.8m in capital equipment for revenue enhancing project opportunities in late 2020 and into 2021, of which 47% was self-funded from capital equipment disposals. New investment was focussed on technical and value-added offerings supporting our strategy of increasing our scale, segmental and geographic diversification.

The Group is organised into three business segments and four geomarkets:

Business segments

- *Accommodation and Modular Solutions ("AMS")*: AMS delivered 27% of Group EBITDA in 2020 (2019: 45%) and operates three main sub-segment product and service lines: Accommodation & Ancillaries, Tanks & Containers, and Waste & Water Treatment.
- *Drilling, Completion and Production ("DCP")*: DCP accounted for 43% of Group EBITDA in 2020 (2019: 37%) and operates three main sub-segment service lines: Drilling & Completions, Production & Testing, and Subsea.
- *Infrastructure ("INF")*: INF delivered 30% of Group EBITDA in 2020 (2019: 18%) and operates three main sub-segment service lines: Access & Environmental, Piling & Foundations and Project Management.

Geomarkets

- *US Land ("USL")*: USL geomarket delivered 22% of Group EBITDA in 2020 (2019: 48%) and operates four main sub-segment product and services lines: Accommodation & Ancillaries, Waste & Water Treatment, Drilling & Completions and Production & Testing.
- *Canada Rentals & Services ("CRS")*: CRS geomarket delivered 13% of Group EBITDA in 2020 (2019: 11%) and operates three main sub-segment product and services lines: Accommodation & Ancillaries, Waste & Water Treatment and Drilling & Completions.
- *Canada Rentals & Services ("CRS")*: CINF delivered 30% of Group EBITDA in 2020 (2019: 18%) and operates three main sub-segment service lines: Access & Environmental, Piling & Foundations and Project Management.
- *Canada Infrastructure ("CINF")*: CINF delivered 18% of Group EBITDA in 2019 and operates three main sub-segment service lines: Access & Environmental, Piling & Foundations and Project Management.
- *Rest of World ("RoW")*: RoW delivered 35% of Group EBITDA in 2020 (2019: 23%) and operates three main sub-segment service lines: Accommodation & Ancillaries, Tanks & Containers, Waste & Water Treatment, Production & Testing.

Strategic Report (continued)

Business review (continued)

The Company's key performance indicators are considered to be revenue, gross margin and earnings before interest tax depreciation and amortisation (EBITDA). These KPI's are monitored and tracked to budget and reviewed monthly.

The Company's revenue for the year ending 31 December 2020 decreased to £6,584k (2019: £7,389k). Gross Profit also fell from £5,333k to £4,599k with Gross Profit percentage decreasing to 70%. EBITDA, prior to exceptional and adjusting items, decreased from £5,292k to £4,886k.

The net asset position of the Company at 31 December 2020 is £31,991k (31 December 2019: £28,299k)

The directors do not recommend a final dividend (2019: £nil)

Financing and Liquidity

On 3 November 2020, the Group extended the term of its existing multi-currency credit facility from 31 December 2021 to 31 December 2022, whilst maintaining the level of its existing facilities, with the existing consortium of banks comprising: Amegy Bank National Association, ATB Financial, Clydesdale Bank, HSBC plc, Iberia Bank Corporation, Royal Bank of Scotland plc and Wells Fargo Bank NA. The extended facilities are required to be repaid over a longer term and provide the Group with \$77.7m of undrawn facilities as at the date of this report for acquisitions, capital expenditure and working capital subject to customary bank covenants and credit agreement conditions.

The Group's net debt (comprising gross debt excluding exchangeable shares and unamortised issue costs less cash) at 31 December 2020 was \$134.3m, \$24.6m lower than the prior year despite a \$23.9m investment in capital equipment and acquisitions. The Group's net debt to adjusted EBITDA leverage ratio before exceptional and adjusting items was 2.9x at 31 December 2020 compared to 2.6x at 31 December 2019.

Future developments

In addition to free cash flow generation, the Group has cash and cash resources of \$16.2m, and the ability to draw down a further \$77.7m of debt funding under the existing Revolving Credit Facility ("RCF") as of the date of this report to fund continuing investment in capital equipment, acquisitions and working capital. The Group continues to pursue acquisition targets and to explore opportunities in new geographies on a selective basis.

As a result, the director believes that the Company and Group is well positioned to enhance its position as a global leader in the supply of critical rental, infrastructure and support services to a number of end-markets including the energy, mining, infrastructure, power, environmental and renewable energy industries and that the Group continues to remain a strong and robust platform ideally positioned to capitalise on market conditions.

The Group is focussed on continuing to build a highly integrated business that combines the Group's global strengths with a strong local presence to become more globally recognised, but also more locally relevant across all its markets.

Principal risks and uncertainties

The director considers the principal risks and uncertainties to be those affecting the Group. Principal risks and uncertainties faced by the Group include geographical, political, fiscal, operational, commodity price volatility and financial risks. The Group's compliance framework, policies and management processes seek to mitigate adverse effects of these on the performance of the Group.

Strategic Report (continued)

Principal risks and uncertainties (continued)

COVID-19 Virus

The COVID-19 pandemic presents a challenge to all businesses including the Company and Group. In addition to the health risks posed to our employees and the employees of our customers and suppliers, the consequences of COVID-19 include, but are not limited to: demand for the Company and Group's products and services, supply and manufacturing disruptions, workforce restrictions and global travel restrictions.

The Group is a global business with locations in a number of jurisdictions. The health and safety of our employees is our priority, and we are following government and regional guidelines closely in the locations in which we operate. This advice has included migrating all non-critical office-based workforce globally to work from home, wherever possible, leveraged off the Group's investment in IT services. The Group has put in place effective social distancing measures across all key operational bases to ensure key employees can operate and work effectively. The Group and its customer base have worked collaboratively to be able to continue to provide its essential services, in a safe manner, whilst ensuring it protects the health and well-being of its own and its customers employees, suppliers and assets.

The COVID-19 pandemic and lower global economic activity levels have had an adverse impact on the Group's customers in 2020. Management have taken proactive steps to systematically reduce the direct and indirect cost base to mitigate reduced revenues and have focussed on cash generation through active working capital management.

The Group is confident that the measures already taken, and it will continue to take, together with its financial strength, including cash and cash reserves of \$16.2m, and the ability to draw down a further \$77.7m of debt funding under the existing Revolving Credit Facility, as of the date of this report, provide a solid foundation for the future success of the Company and Group.

Geographical, political and fiscal risks

As a global business operating in a number of international locations, the Group has regard to the countries in which it does business. In conducting its business in a country, the Group considers the country in which business is proposed; the customers, agents and/or other prospective business partners who would be involved; and assesses this information against the legal, compliance and ethical framework within which it seeks to conduct business. The Group also considers each of these countries' fiscal regimes, enabling assessment of the anticipated effects of taxes on the overall tax burden borne by the Group.

The Group generates approximately 2% of its revenues from the EU, excluding the UK, and as such does not believe that the UK's departure from the EU has had a material impact on the Group's performance.

Operational risks

The nature of the Company's activities gives rise to a variety of operational risks:

- Health, safety & welfare risks arise from the nature of the services provided and the locations in which these are undertaken. The welfare of personnel is paramount and careful research is undertaken before individuals are deployed to locations, including assessing the level of support that customers will provide. The Company has an uncompromising commitment to health, safety and welfare.
- Operational contracting risks arise from the nature of agreements with some customers. In addition, where customers request work at short notice, the timing and quantum of work over the life of such contracts is difficult to predict and can provide operational challenges. In some geographies, the Company operates in harsh environments and contract outcomes can be adversely affected by extreme weather conditions.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Commodity price volatility

Reduction in the price of energy impacts the willingness of companies to invest, which in turn impacts the level of activity by our customers and potential customers. Energy prices are primarily determined by supply, demand, government regulations relating to oil and natural gas production and processing, and international political events, none of which can be accurately predicted. The Group's geographic and segmental diversification provides a level of risk mitigation to commodity price volatility.

All of the above-mentioned risk factors should be considered in connection with any forward looking statements in these financial statements.

The Company's financial risks are discussed in the Director's Report on page 8.

Going concern

The Company is party to Group borrowing facilities under which it is an obligor and a guarantor. As a result, cash flow projections, including working capital requirements, are developed and managed at Group level. At the date of this report the Group has cash and cash reserves of \$16.2m, and the ability to draw down a further \$77.7m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. In November 2020 the Group extended its existing bank facilities to 31 December 2022. Having assessed the financial position and trading prospects for the Group, including possible downside scenarios as a result of COVID-19, through the going concern period, the director has developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Additionally, the director has, at the time of approving the financial statements, developed a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and has obtained confirmation from the parent company of continuing financial support in the 12 month period subsequent to the approval of these financial statements.

Accordingly, the going concern basis of accounting continued to be adopted in the preparation of the financial statements.

Director's statement in performance of their duties under Section 172(1)

The director considers that they have acted in the way they consider, in good faith, to be most likely to promote the success of the Company and Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year.

This includes considering the interests of our customers, suppliers, and employees, maintaining high standards of business ethics and conduct and considering the Group's impact on local communities and the environment.

Employees

The Company's employees are a key component and asset of the business.

All our employees are encouraged to take an active role in health, safety and environmental issues and in maintaining and continually developing excellence in service delivery. In addition to actively promoting safety and operational best practice, regular safety notices are distributed to all employees. In addition, group meetings are held, and specific notices circulated to all relevant personnel in order to achieve a common awareness of all employees in relation to strategy of the Company and Group and the relevant financial and economic factors that affect the performance of the Company and Group.

The Company benefits from the Group's established employee intranet, Centurion Connect, to further improve the dissemination of information and encourage greater collaboration across its workforce.

Strategic Report (continued)

Director's statement in performance of their duties under Section 172(1) (continued)

Business relationships

The Company works closely to manage the important relationships it has with its customers, regularly engaging with them, and delivering high quality services to high standards of safety and reliability to consistently meet their requirements. The Company also works closely with its suppliers to ensure that they embrace standards of ethical behaviour that are consistent with our own. The Company works with suppliers and their supply chains to provide fully compliant, cost-effective goods, services and solutions.

Impact on community and environment

The Company and Group continues to be committed to operating its business in an environmentally responsible way, and environmental sustainability constitutes a key part of the Group's vision. This is centred on the following:

- *making Centurion greener*: through reducing, reusing and recycling waste, water and power usage in our operations;
- *helping our customers become greener*: helping our customers on their decarbonisation journey to zero emissions by providing more environmental solutions.
- *strengthen community relationships*: our goal is to build trust and respect whilst providing sustainability and economic opportunities in the communications in which we operate.

The Company and Group is in the process of collating and measuring environmental data in relation to its business activities in order to meet the Streamlined Energy and Carbon Regulations (SECR) reporting requirements, where practical this information will be presented in future periods.

Reputations for high standards of business conduct

Responsible business conduct is fundamental to the long term success of the Company and Group. Centurion is committed to the highest standards of business ethics and corporate social responsibility toward the Company and Group's clients, staff, suppliers and the communities in which it operates. The Group's Business Ethics and Conduct Policy and Anti Bribery and Corruption Policy sets out the standards and behaviours expected of all employees, contractors, and consultants, and details the guidance and support that the Group provides to help meet the high standards of business conduct, legally and ethically, that we expect.

Approved by the Board and signed on its behalf by:



E Leask
Director
5 October 2021

Director's Report

The director presents his annual report and the financial statements for the year ended 31 December 2020.

Information on the principal activities, review of business, future developments, going concern, principal risks and uncertainties and events after the balance sheet date is included in the Strategic Report pages 2 to 7.

Directors

The directors, who served through the year and to the date of this report, were as follows:

Mr E Leask

Mr J Blair (resigned 16 March 2020)

Director's indemnities

The Company has qualifying third party indemnity provisions in place for the benefit of its director which were made during the period and remain in force at the date of this report.

Charitable and political donations

There were no charitable or political donations during the current or prior year.

Corporate governance

The Company strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability.

Financial risk management policies and objectives

The Company's activities expose it to a number of financial risks including currency, credit and liquidity risk. The Company does not use derivatives to manage its financial risk or for speculative purposes. The financial risk management policies are operated at Group level.

Credit risk

The Company's principal financial assets are trade receivables, amounts due from group companies and cash and bank balances. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The credit risk on trade and other receivables is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods. The financial position of group companies is monitored at Group level. The credit risk on liquid funds is considered limited with the counterparties being banks with recognised credit ratings assigned by international credit rating agencies.

Liquidity risk

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and future developments, the Company monitors the timing of expected cash flows. The Company's primary source of finance is cash generated from operations. The Company also has access to intra group funding.

Dividends

There were no dividends paid or declared in the current or prior year.

Director's Report (continued)

Auditor

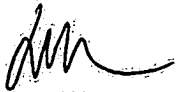
The director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed and appropriate arrangements are being made in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



Mr E Leask
Director
5 October 2021

Director's Responsibilities Statement

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

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

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

Independent Auditor's Report

To the members of Conserve Rentals & Services Limited

Opinion

In our opinion the financial statements of Conserve Rentals & Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report (continued)

To the members of Conserve Rentals & Services Limited

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included anti-bribery legislation and local health and safety laws and regulations.

We discussed among the audit engagement team, including tax specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in respect of accrued revenue and our specific procedures performed to address it are described below:

- enquired with management about accrued revenue;
- assessed the appropriateness of the revenue recognition accounting policy;
- agreed a sample of revenue accrued to delivery notes and timesheets; and
- agreed a sample of accrued revenue to post year end invoices.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent Auditor's Report (continued)

To the members of Conserve Rentals & Services Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Lyn Cowie, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
5 October 2021

Income Statement

For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Revenue	4	6,584	7,389
Cost of sales		(1,985)	(2,056)
Gross profit		4,599	5,333
Administrative expenses		(916)	(1,254)
Other operating income	5	31	-
Operating profit	5	3,714	4,079
Finance expense and similar charges	6	(24)	(17)
Other gains and losses		-	(1)
Profit before tax		3,690	4,061
Taxation	8	-	-
Profit for the year		3,690	4,061
Other comprehensive income		-	-
Total comprehensive income		3,690	4,061

The result for the current and prior year is derived from continuing operations.

Statement of Financial Position

As at 31 December 2020

	Notes	2020 £000	2019 £000
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,118	6,941
Right-of-use assets	10	893	173
Amounts owed by group companies	11	24,829	19,953
Total non-current assets		31,840	27,067
CURRENT ASSETS			
Trade and other receivables	11	1,747	2,031
Cash and bank balances		181	253
Total current assets		1,928	2,284
Total assets		33,768	29,351
CURRENT LIABILITIES			
Trade and other payables	12	847	788
Lease liabilities	10	196	129
Total current liabilities		1,043	917
Net current assets		885	1,367
Total assets less current liabilities		32,725	28,434
NON-CURRENT LIABILITIES			
Lease liabilities	10	734	135
Total non-current liabilities		734	135
Net assets		31,991	28,299
EQUITY			
Called-up share capital	13	100	100
Convertible loan notes	13	1,250	1,250
Other equity reserves	13	41	39
Accumulated profit	13	30,600	26,910
Total equity		31,991	28,299

The financial statements of Conserve Rentals & Services Ltd (registered number 03528948) were approved by the Board of Directors and are signed on its behalf by:



E Leask
Director

5 October 2021

Statement of Changes in Equity

For the year ended 31 December 2020

	Called-up Share capital £000	Convertible Loan Notes £000	Other Equity Reserves £000	Profit and loss account £000	Total £000
Balance at 1 January 2019	100	1,250	36	22,849	24,235
Profit for the year	-	-	-	4,061	4,061
Total comprehensive income for the year	-	-	-	4,061	4,061
Share based payments (note 14)	-	-	3	-	3
Balance at 31 December 2019	100	1,250	39	26,910	28,299
Profit for the year	-	-	-	3,690	3,690
Total comprehensive income for the year	-	-	-	3,690	3,690
Share based payments (note 14)	-	-	2	-	2
Balance at 31 December 2020	100	1,250	41	30,600	31,991

Notes to the Financial Statements

For the year ended 31 December 2020

1. General information

Conserve Rentals & Services Limited is a private company limited by shares incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is given on page 1.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

2. Significant accounting policies

The principal accounting policies are set out below.

2.1 Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party disclosures.

Where relevant, equivalent disclosures have been given in the group accounts of Centurion 3 Limited, a company registered in Scotland. The Group accounts of Centurion 3 Limited are available to the public and can be obtained as set out in note 19.

The comparative financial information for the year ended 31 December 2019 has been restated to reclassify amounts due from group companies as non-current assets as there is no expectation that these amounts would be realised within 12 months. Accordingly, previously reported current assets and net current assets of £22,237k and £21,320k have decreased by £19,953k, and previously reported non-current assets of £7,114k have increased by the same amount. There is no impact on the Company's result for the year, net assets and cash flows.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements are presented in Pound Sterling (GBP), which is the currency of the primary economic environment in which the Company operates.

2.2 Going concern

The Company is party to Group borrowing facilities under which it is an obligor and a guarantor. As a result, cash flow projections, including working capital requirements, are developed and managed at Group level. At the date of this report the Group has cash and cash reserves of \$16.2m, and the ability to draw down a further \$77.7m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. In November 2020 the Group extended its existing bank facilities to 31 December 2022. Having assessed the financial position and trading prospects for the Group, including possible downside scenarios as a result of COVID -19, through the going concern period, the director has developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Additionally, the director has, at the time of approving the financial statements, developed a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and has obtained confirmation from the parent company of continuing financial support in the 12 month period subsequent to the approval of these financial statements.

Accordingly, the going concern basis of accounting continued to be adopted in the preparation of the financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.3 Adoption of new and revised standards

2.3.1 New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The director does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2.4 Revenue recognition

2.4.1 Revenue from hire of equipment and personnel

Revenue in respect of tool rental and associated personnel is recognised over the period which the rentals occur at the rates contracted with customers.

2.4.2 Revenue from labour and inspection

Revenue in respect of labour and inspection contracts is recognised over the period which the service is performed at the rates contracted with customers.

2.4.3 Revenue from sale of equipment

Revenue from the sale of equipment is recognised at a point in time when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the equipment;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the equipment sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Foreign currencies

2.5.1 Functional and presentation currency

For the purpose of the Financial Statements, the results and financial position of the Company are expressed in Pounds Sterling ('£'), which is the functional currency of the Company and the presentation currency for the financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.5 Foreign currencies (continued)

2.5.2 Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6 Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to contributions.

2.7 Taxation

2.7.1 Current tax

Current tax payable or receivable is based on taxable result for the year. Taxable profit or loss differs from the result as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.7 Taxation (continued)

2.7.3 Current and deferred tax

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the income statement, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

2.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Leasehold land and buildings	lower of 25 years or lease period
Hire fleet	1 to 15 years
Other plant and equipment	3 to 8 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

2.9 Right of use asset

The right of use assets comprise the initial measurement of the corresponding lease liability (see note 2.10), lease payments made at or before the commencement day, any initial direct costs and any costs associated with returning the asset to a standard specified in the lease. They are subsequently measured at cost less accumulated depreciation and impairment.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in note 2.16.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.10 Leases

2.10.1 The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as a lease with total payments less than £6,500). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined by reference to the risk-free interest rate as adjusted by the Company's external borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease;
- payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the year presented.

The right of use assets are presented as a separate line in the Statement of Financial Position.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.10 Leases

2.10.2 The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.11 Provisions

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

The amount recognised as a provision is the best estimate of the present value of the expenditures required to settle the obligation using a pre-tax rate that reflects the current assessment of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12.1 Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Financial instruments (continued)

2.12.1 Financial assets (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). The nature of the Company's financial assets is such that they largely meet the above conditions and therefore are subsequently measured at amortised cost.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Financial instruments (continued)

2.12.1 Financial assets (continued)

Amortised cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Financial instruments (continued)

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 1 year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Financial instruments (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.13 Financial liabilities and equity instruments

2.13.1 Classification of debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2.13.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

2.13.3 Financial liabilities

Financial liabilities are classified as either trade and other payables or borrowings or other financial liabilities.

2.13.4 Other Financial liabilities measured at amortised cost

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. This category of financial liabilities includes trade and other payables and finance debt.

2.13.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less and bank overdrafts where there is a right of set-off.

2.15 Exceptional and adjusting items

Items that are considered material either because of their size or their nature, are shown as exceptional and adjusting items, to assist the understanding of the Company's underlying performance, within their relevant income statement category and are explained in the notes to the financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

2. Significant accounting policies (continued)

2.16 Impairment

2.16.1 Tangible assets

During each reporting period the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2.16.2 Recoverable amount

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.16.3 Subsequent reversal of impairment

Where an impairment loss for tangible assets subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years

2.17 Government grant

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Key sources of estimation uncertainty and critical judgments

In the application of the Company's accounting policies, outlined in note 2, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no key sources of estimation uncertainty and critical judgments impacting these financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

4. Revenue

Analysis by category

	2020 £000	2019 £000
Hire of equipment and personnel	5,907	7,231
Resale of equipment	70	-
Other	60	158
	6,584	7,389

Analysis by geography

	2020 £000	2019 £000
United Kingdom	6,568	7,357
Other	16	32
	6,584	7,389

5. Operating profit for the year

	Notes	2020 £000	2019 £000
Operating profit for the year is stated after charging/(crediting):			
Employee benefit expense	7	759	850
Depreciation of property, plant and equipment	9	987	978
Depreciation of right of use asset	10	185	236
Profit on disposal of property, plant and equipment		(186)	(80)
Government grant for the purpose of immediate financial support		31	-
Auditors' remuneration:			
- Audit		24	24

In 2020, government grants of \$31k were received as part of various government initiatives to provide immediate financial support as a result of the Covid-19 pandemic. These have been recognised as other operating income in the year. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the financial statements of the parent Company are required to disclose such fees on a consolidated basis.

6. Finance expense and similar charges

	2020 £000	2019 £000
Interest on leases	24	17
	24	17

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

7. Employees

	2020 £000	2019 £000
Wages and salaries	672	759
Social security costs	65	68
Pension costs (note 15)	22	23
	759	850

	2020 No.	2019 No.
The average number of employees in the year was:		
Operations	14	16
Sales and administration	6	5
	20	21

The director did not receive any remuneration from the Company for their services to this company. The remuneration of the director is borne by another group company.

8. Taxation

	2020 £000	2019 £000
Current tax		
UK Corporation tax adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred tax		
Current year	-	-
Total deferred tax	-	-
Total income tax	-	-

Reconciliation of income tax

The income tax for the year is reconciled to the accounting profit as follows:

	2020 £000	2019 £000
Profit before taxation	3,690	4,061
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	701	772
Expenses not deductible	1	2
Movement in un-provided deferred tax	152	10
Group relief	(854)	(784)
Total income tax	-	-

Following enactment of Finance Act 2020 on 22 July 2020, the UK Corporation Tax rate (from 1 April 2020) has been maintained at 19% and has not reduced to 17% as previously legislated. The UK Budget announcement on 3 March 2021 proposed to increase the UK Corporation Tax rate to 25% from 1 April 2023. This rate change was substantively enacted on 24 May 2021. As this was substantively enacted after the reporting date, the UK deferred tax balances as at 31 December 2020 continue to be measured at 19%.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

9. Property, plant and equipment

	Leasehold Land and Buildings £000	Hire Fleet £000	Other Plant and Equipment £000	Total £000
Cost				
At 1 January 2020	2,244	30,272	740	33,256
Additions	-	245	-	245
Disposals	-	(671)	-	(671)
At 31 December 2020	2,244	29,846	740	32,830
Depreciation				
At 1 January 2020	395	25,267	653	26,315
Charge for the year	87	873	27	987
Disposals	-	(590)	-	(590)
At 31 December 2020	482	25,550	680	26,712
Net book value				
At 31 December 2020	1,762	4,296	60	6,118
At 31 December 2019	1,849	5,005	87	6,941

There is a floating charge held over certain assets noted above in relation to the Group's banking facilities as detailed in the accounts of Centurion 3 Limited (note 19).

10. Leases

	Offices and buildings £000	Other Plant and Equipment £000	Total £000
Right-of-use asset			
Cost			
At 1 January 2020	1,127	208	1,335
Additions	732	202	934
Disposals	(809)	(208)	(1,017)
At 31 December 2020	1,050	202	1,252
Accumulated depreciation			
At 1 January 2020	1,018	144	1,162
Charge for the year	146	39	185
Disposals	(809)	(179)	(988)
At 31 December 2020	355	4	359
Net book value			
At 31 December 2020	695	198	893
At 31 December 2019	109	64	173

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

10. Leases (continued)

	Offices and buildings £000	Other Plant and Equipment £000	Total £000
Lease liabilities			
At 1 January 2020	195	69	264
Additions	732	202	934
Disposals	-	(32)	(32)
Interest expense	21	3	24
Repayment of lease liability	(216)	(44)	(260)
Balance at 31 December 2020	732	198	930

A maturity analysis of the Company's IFRS 16 lease liability is shown below:

	2020 £000	2019 £000
Lease Liabilities		
Current	196	129
Non-Current	734	135
Total	930	264

The amounts charged to operating profit and amounts charged to finance costs are as follows:

	2020 £000	2019 £000
Depreciation charge for right of use assets		
- Offices and buildings	146	194
- Other Plant and Equipment	39	42
Charged to operating profit	185	236
Interest expense related to lease liabilities	24	17
Charge to profit before tax	209	253

The Company leases various properties and other plant and equipment. The majority of the lease liabilities relate to properties with leases generally entered into for fixed periods. Some leases have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Company recognised a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

11. Trade and other receivables

	2020 £000	2019 £000
Trade debtors	1,249	1,113
Accrued income and prepayments	498	918
	1,747	2,031

Amounts due from Group companies of £24,829k (2019: £19,953k) are non-interest bearing and have no formal repayment terms.

12. Trade and other payables

	2020 £000	2019 £000
Trade creditors	374	288
Payroll taxes and social security	242	17
Accruals and other creditors	231	483
	847	788

13. Share capital and reserves

	2020 £000	2019 £000
Issued and fully paid:		
100,001 ordinary shares of £1 each	100	100

Convertible loan notes

	2020 £000	2019 £000
Convertible loan notes	1,250	1,250

The convertible loan notes are held by the intermediate parent company. The notes do not bear interest. The parent company has confirmed that these notes will not be recalled or converted and as such are considered to be part of permanent equity.

Other equity reserves

	Share Based Payments £000
Balance at 1 January 2020	39
Shared based payments	2
Balance as at 31 December 2020	41

13. Share capital and reserves (continued)

Retained earnings

	2020 £000	2019 £000
Balance at beginning of year	26,910	22,951
IFRS 16 adjustment	-	(102)
Profit for the year	3,690	4,061
Balance at end of year	30,600	26,910

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

14. Share based payments

The parent company, Centurion Group Limited, has granted share options to certain management which have rights and restrictions attached to them. The share options are granted on the date of the option certificate (date of grant) and have the following forfeiture conditions:

- In the event that the recipient ceases to hold office or employment or the recipient gives or receives notice to terminate employment with a group company:
 - Before the first anniversary of the date of grant the recipient shall forfeit the whole option;
 - Before the second anniversary of the date of grant the recipient shall forfeit two thirds of the option;
 - Before the third anniversary of the date of grant the recipient shall forfeit one third of the option.

At 31 December 2020 4 employees of the Company (2019: 4 employees) participated in these schemes. Details of the share based payments are disclosed in the Centurion 3 Limited consolidated financial statements.

15. Retirement benefit plans

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Pension costs charged in the year amounted to £22k (2019: £23k). Pension contributions of £4k (2019: £4k) were outstanding at 31 December 2019.

16. Related party balances and transactions

The Company has taken advantage of the exemption available in IAS 24 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

17. Contingent liabilities

The Company is party to Group borrowing facilities and arrangements. Under these arrangements, the Group has pledged its shares in the subsidiaries and granted a debenture over its assets. The outstanding amount under the borrowing facilities at 31 December 2020 was £109m (\$141m) (2019 - £137m (\$186m)).

18. Controlling party

The ultimate holding company is Centurion Group Limited, a company registered in the Cayman Islands. Centurion Group Limited is controlled by SCF-VIII AIV LP, a Cayman Island limited partnership which in turn is controlled (except in limited and specified circumstances) by its general partner, LE Simmons & Associates Inc, a Delaware corporation.

The smallest and largest group which consolidates the results of the Company is Centurion 3 Limited, a company registered in Scotland, whose financial statements are publicly available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.