

ASCO ACQUISITIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

Registered No: 07841296

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ASCO Acquisitions Limited
Contents

	Page
Officers and professional advisers	1
Strategic report	2
Director's report	4
Independent auditors' report	7
Income statement	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14

ASCO Acquisitions Limited
Officers and professional advisers

Directors	P I France R P Hanson (resigned 18 December 2020) J G Gemmell (resigned 18 December 2020) G D Stening (appointed 28 February 2020, resigned 18 December 2020) J J Leahy (resigned 28 February 2020)
Company Secretary	F N McIntyre
Registered Office	Great Yarmouth Offshore Supply Base South Denes Road Great Yarmouth Norfolk United Kingdom NR30 3LX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Capitol, 431 Union Street, Aberdeen AB11 6DA
Solicitors	Burness Paul LLP 1 Union Wynd Aberdeen AB10 1SL
Bankers	HSBC Bank plc 2 Queens Road Aberdeen AB15 4ZT

ASCO Acquisitions Limited
Strategic report

Introduction

The director presents the Strategic Report on the Company for the year ended 31 December 2020.

Principal activities

The company is a wholly owned subsidiary of ASCO Group Limited and its principal activity is that of a holding company. At the date of this report, the company continues to act as a holding company and the director is not aware of any likely major changes in the company's activities in the next year.

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

The future results of the company are not expected to be impacted by the current economic environment, although this has been considered by the wider group and is addressed in the operating review in the ASCO Group Limited financial statements.

Decision making and section 172 of the Companies Act

The Company's ability to engage effectively with stakeholders is regarded as integral to its future success as a leader in bringing together people, processes, systems, locations and solutions.

The director considers that in the decisions taken during the financial year they have both individually and collectively 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.

Particular care and regard is had to the impact of the Company's activities on the interests of stakeholders, the promotion of good relations with customers and suppliers and the wellbeing of the environment and communities in which the Company operates. Decisions are taken with full consideration of their consequences for the long-term and the maintenance of the Company's reputation for high standards of business conduct.

The processes followed by ASCO Acquisitions Limited are consistent with those of the ASCO group, further details of which are included in the financial statements of ASCO Group Limited (note 16).

Business Review

The Company's operating loss for the year was £82,930,000 (2019: loss of £321,397,000). The Company's net liabilities were £128,123,000 (2019: liabilities of £82,636,000).

The company is a wholly owned subsidiary of ASCO Group Limited and is the intermediate holding company of ASCO's direct and indirect holdings which provide distribution and support services to oil companies engaged in both upstream and downstream activity. These include transport, provision of personnel, materials management and waste management services.

On December 18 2020, Doughty Hanson & Co V, sold their ownership of ASCO Group Limited to Zander Midco Limited, a company which is wholly owned by Zander Topco Limited and is ultimately owned by a consortium of investors who are also lenders to the Group. This change was completed in conjunction with an extension of existing banking and debt facilities by 18 months and the provision of some additional guarantee facilities (note 13). As part of this change, the Company also received a waiver of balances due to the Company's former ultimate parent undertaking, note 5.

KPIs

ASCO Group manages its operations on a divisional basis. For this reason, the Company's director believes that further key performance indicators for the Company other than operating profit / (loss) are not necessary or appropriate for an understanding of the development, performance or position of the business.

The key performance indicators of the group are discussed in the Group's financial statements, and do not form part of this report.

ASCO Acquisitions Limited
Strategic report

Principal risks and uncertainties

The Company, through its investments (note 10), operates in the oil and gas sector which is a market driven, cyclical industry where activity is closely correlated with the market price for oil and gas. Changes in such prices may lead to an increase or decrease in oil activity levels. A sharp drop in the market oil and gas price during Q4 2014, which continued through 2016 and which has recovered slightly between 2017 and 2019, reduced activity throughout the industry as new projects were cancelled or delayed. This has led to increased competition in the market place which has put further downward pressure on prices.

We mitigate the impact of this risk through endeavouring to secure longer term contracts with our clients where possible. Where appropriate we employ a flexible cost model such that we are able to change manning levels as activity changes.

We operate a governance structure which should help to ensure that potential risks on contracts and projects are identified through review and challenge prior to execution. Our internal commercial and legal processes ensure that deviation to standard contracting principles must have the appropriate review and approval.

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

We seek to mitigate these risks through continuous monitoring of exposures to individual clients. Where possible we will seek payments in advance of services. We have robust escalation processes to chase overdue accounts with regular reviews with our senior management team.

Approved by the Board and signed on its behalf by:



P I France
Director
30 June 2021

ASCO Acquisitions Limited
Director's report

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

Results and dividends

The loss for the year was £45,487,000 (2019: loss of £290,833,000). The director recommends that no dividend be paid during the year (2019: £nil) and the loss for the financial year has been transferred to the accumulated loss reserve.

Going concern

The Company is part of the ASCO Group Limited group of companies ("the Group") and as such is a party to the group funding arrangements and reliant on continued financial support from the Group. The Directors have received a letter of support confirming that the Group will provide or procure sufficient funds as necessary to allow ASCO Acquisitions Limited to continue its operations for at least 12 months after these financial statements are signed.

Details of the ultimate parent and controlling parties are set out at note 16.

The matters considered by the Directors in assessing the going concern basis of preparation are set out at note 1.2.

Directors

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

P I France	
R P Hanson	(resigned 18 December 2020)
J G Gemmell	(resigned 18 December 2020)
G D Stening	(appointed 28 February 2020, resigned 18 December 2020)
J J Leahy	(resigned 28 February 2020)

ASCO Acquisitions Limited
Director's report

Statement of director's responsibilities

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 directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law 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 year. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

The director is 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.

Statement of of disclosure of information to auditors

In the case of the director in office at the date the Director's Report is approved:

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

ASCO Acquisitions Limited
Director's report

Director's indemnities

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

The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its director.

Approved by the Board and signed on its behalf by:



P I France
Director
30 June 2021

Independent auditors' report to the members of ASCO Acquisitions Limited

Report on the audit of the financial statements

Opinion

In our opinion, ASCO Acquisitions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report And Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. The Company relies on continued financial support from ASCO Group Limited ("ASCO"). ASCO is reliant on the debt facility secured as part of the acquisition of ASCO Group Limited by a consortium of investors, who are also ASCO's lenders, on 18 December 2020. However, it is possible that ASCO's current owners will sell the business within the going concern assessment period which is 12 months from the date of the signing of the financial statements. In the event of a sale, the 'change of control' clause within the current debt facility would be triggered which could result in the debt facility becoming repayable immediately. ASCO's debt facilities also mature in July and August 2022 in any event and will need to be refinanced or repaid on maturity. ASCO does not currently have the funds to enable it to repay the borrowing facilities if required. ASCO does not currently know whether it will be able to reach agreement with its existing lenders or be able to secure additional funding from other sources or, in the event of a sale, obtain funding from any acquirer or the terms on which any such funding is provided by any party. As such, the Company may not be able to access financial support from ASCO, when required, which would impact the ability of the Company to meet its liabilities as they fall due. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

Independent auditors' report to the members of ASCO Acquisitions Limited (continued)

Report on the audit of the financial statements (continued)

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of director's responsibilities, the directors 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 directors 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.

Independent auditors' report to the members of ASCO Acquisitions Limited (continued)

Report on the audit of the financial statements (continued)

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

- Enquiries made of the Board of Directors, certain key management personnel, the Health, Safety, Environment & Quality team and in-house legal team in relation to their awareness of any instances of actual or potential litigation and claims or non-compliance with laws and regulations;
- Review of minutes of meetings of the Board of Directors;
- Identifying and testing journal entries with specific focus on entries within unusual account combinations in response to the risk of management override;
- Challenging the Director in respect of the key judgements made in respect of accounting estimates; and
- Review of financial statement disclosures and testing to supporting documentation where applicable, to assess compliance with applicable laws and regulations.

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.

Independent auditors' report to the members of ASCO Acquisitions Limited (continued)

Report on the audit of the financial statements (continued)

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

Use of this report

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

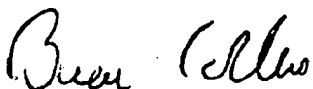
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
30 June 2021

ASCO Acquisitions Limited
Income statement
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Administrative expenses		(98)	(94)
Exceptional items	5	10,468	-
Net impairment loss on financial assets	4	(93,300)	(321,303)
OPERATING LOSS	6	(82,930)	(321,397)
Interest payable and similar expenses	7	(12,048)	(12,077)
Interest receivable and similar income	8	48,326	43,189
Foreign exchange gain/(loss) on financing		1,165	(548)
LOSS BEFORE TAXATION		(45,487)	(290,833)
Tax on loss	9	-	-
LOSS FOR THE FINANCIAL YEAR		(45,487)	(290,833)

All of the company's activities relate to continuing operations and the income statement has been prepared on that basis. The company has no other comprehensive income, therefore no separate statement of comprehensive income has been presented.

Notes on pages 14 to 27 are an integral part of these financial statements.

ASCO Acquisitions Limited
Statement of financial position
As at 31 December 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	10	104,094	104,094
		<u>104,094</u>	<u>104,094</u>
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year		48,095	767
Amounts falling due after more than one year		-	91,196
	11	<u>48,095</u>	<u>91,963</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(187,108)</u>	<u>(184,607)</u>
NET CURRENT LIABILITIES		<u>(139,013)</u>	<u>(92,644)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(34,919)</u>	<u>11,450</u>
Creditors: amounts falling due after more than one year	13	<u>(93,204)</u>	<u>(94,086)</u>
NET LIABILITIES		<u>(128,123)</u>	<u>(82,636)</u>
CAPITAL AND RESERVES			
Called up share capital	14	9,918	9,918
Share premium		89,260	89,260
Accumulated losses		<u>(227,301)</u>	<u>(181,814)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(128,123)</u>	<u>(82,636)</u>

Notes on pages 14 to 27 are an integral part of these financial statements.

The financial statements on pages 11 to 27 were approved by the board of directors and signed on its behalf by:

P I France
Director
30 June 2021



ASCO Acquisitions Limited
Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital	Share premium	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000	£'000
At 1 January 2019	9,918	89,260	109,019	208,197
Loss for the financial year	-	-	(290,833)	(290,833)
At 31 December 2019	9,918	89,260	(181,814)	(82,636)
Loss for the financial year	-	-	(45,487)	(45,487)
At 31 December 2020	9,918	89,260	(227,301)	(128,123)

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

1. GENERAL INFORMATION

1.1 Company information

The financial statements of ASCO Acquisitions Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors and the statement of financial position was signed on the Board's behalf by P I France on 30 June 2021.

ASCO Acquisitions Limited ("the Company") is a private company limited by shares and is incorporated in England and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared on a going concern basis under the historical cost convention.

The specific accounting policies adopted which are consistently applied in preparing the financial statements are described below. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000) unless otherwise indicated.

The following standards and amendments are effective for the financial year beginning as of 1 January 2020:

- Financial Instruments: Recognition and Measurement - Amendments to IAS 39
- Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 8;
- Leases - Amendments to IFRS 16;
- Financial Instruments: Disclosures - Amendments to IFRS 7; and
- Financial Instruments - Amendments to IFRS 9.

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

1.2 Going concern

The Company is part of the ASCO Group Limited ("The Group") and as such is a party to the group funding arrangements and reliant on continued financial support from the Group. The Company has received a letter of support confirming that the Group will provide or procure sufficient funds as necessary to allow ASCO Acquisitions Limited to continue its operations for at least 12 months after these financial statements are signed.

Details of the ultimate parent and controlling parties are set out at note 16.

On 18 December 2020, the previous owners of ASCO Group Limited, Doughty Hanson & Co V, sold their ownership of ASCO Group Limited to Zander Midco Limited, a company which is ultimately owned by a consortium of investors. This change was completed in conjunction with an extension of existing banking and debt facilities by 18 months and the provision of some additional guarantee facilities.

As part of its normal annual budgeting process, and in accordance with the terms of the Group's new financing agreement of which the Company is a party, the director of the Group has prepared detailed trading and cash flow projections for 2021 and 2022. On the basis of these projections, the Group's Director believes the Group has adequate cash resources for the period to June 2022, which is beyond the period covered by the letter of support, and furthermore that the Group will be in compliance with the covenant requirements set out in its new financing agreements. When considering the Group's detailed trading and cash flow projections, the Group's management have considered the Group's funding requirements and contract (current and potential) back-log.

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

1. GENERAL INFORMATION (CONTINUED)

1.2 Going concern (continued)

Group management have also applied a severe but plausible downside to its base projections. This includes adjusting for downside risk around key contract assumptions and reliance on a broad but very gradual recovery in the sector. These downsides were then partly offset by items under the control of management such as cost mitigation measures and the ability to manage items such as capital expenditure in the event of market conditions being lower than anticipated. This severe but plausible downside reduces the forecast performance of the business in 2021 and 2022 to be broadly in line with 2020. The 2020 financial performance is negatively impacted by the COVID pandemic and the resultant impact on the oil price and market activity. Based on this severe but plausible downside, the Company's Director believes that the Group would still have adequate cash resources and would meet the covenant requirements as set out in its new financing agreements until mid 2022. Accordingly, the Director considers the Group can provide support if required by the Company during the going concern assessment period and so the Company's financial statements are prepared on the going concern basis.

The Director has also considered carefully the Group's new ownership structure along with the contractual terms and conditions within the new financing arrangements. Consistent with Loan Market Association standard lending terms, the Group's financing arrangements include a "change of control" clause, which if triggered, could result in the full financing becoming repayable immediately.

As the Group's new owners were, prior to acquisition, lenders to the Group, the Group's Director expects that, it is possible that during the going concern assessment period, the Group's new owners will sell the business should they identify an appropriate purchaser. The impact of such a sale on the Group's financing arrangements is unknown to the Group's Director but the Company's Director notes that this would impact on the Group's ability to provide support. The Financial Reporting Council's guidance is that a future change in control which is outside of the Director's control indicates a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. However, the Director considers that for a sale to risk the Group's solvency it would require either i) the Group's secured lenders to agree to a sale at a value below the level of secured debt, but to not agree to solvently restructure the debt to effect the sale, or ii) a new owner to have insufficient funding to run the business. Based on the stated intentions of the Group's new owners, the Director considers that neither scenario is likely.

The Director has also considered if there are any events beyond the period assessed which may cast doubt on the Group's ability to provide support. The Group's debt facilities also mature in July and August 2022 in any event and will need to be refinanced or repaid on maturity. The Group then will need to secure refinancing or additional funding, which is also outside of the Director's control and Director notes that this would impact on the Group's ability to provide support over the longer term. The Group does not currently have the funds to enable it to repay the borrowing facilities if required.

Nevertheless, despite the Director's view on the unlikely nature of the above scenarios, based on guidance published by the Financial Reporting Council, these conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern in the event of a future change in control or, at the expiration of the current debt facilities, it is unable to secure refinancing or secure additional funding, which are both outside the control of the Director. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity'. The company is a 'qualifying entity' as it is included in the consolidated financial statements of ASCO Group Limited. Note 16 gives details of the company's controlling entities. The company's shareholders have confirmed their agreement to the presentation of reduced disclosures.

The application of FRS 101 has enabled the company to take advantage of certain disclosure exemptions that would have been required had the company adopted International Financial Reporting Standards in full.

In particular, the Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d), 16, 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (b) the requirements of IAS 7 Statement of Cash Flows;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of IFRS 7 Financial Instruments: Disclosures;

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

2.2 Group financial statements

The company is exempt from preparing consolidated financial statements in accordance with section 400 of the Companies Act 2006. The financial statements of the company are included within the consolidated financial statements of its ultimate UK holding company, ASCO Group Limited, a company registered in England.

2.3 Foreign currencies

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

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

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Taxation

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

2.4a Current tax

Current income tax is based on the taxable result for the year and the company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable income differs from profit as reported in the income statement because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The company accounts for tax as part of the ASCO Group Limited group payment arrangement. The policy of the group is that group relief is provided for nil consideration between group companies.

2.4b Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the income statement.

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.

2.5 Financial instruments

2.5a Financial assets

The Company's financial assets are classified as other receivables. Management determines the identification of financial assets at initial recognition.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. They are included in current assets, except for those with maturities greater than twelve months after the Statement of Financial Position date.

2. ACCOUNTING POLICIES (CONTINUED)

2.5a Financial assets (continued)

Other receivables (continued)

The allowance for expected credit losses for other financial assets 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 company 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.

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

2.5b Financial liabilities

The company's management determines the identification of financial liabilities at initial recognition. The company's financial liabilities include payables and loans with fellow group companies. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. Financial liabilities classified as payable within one year are not amortised.

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 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.

Offsetting of financial instruments

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

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Investments

Investments in subsidiary undertakings are stated at cost less any provision for diminution in value. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed as set out at note 3.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Significant judgements and estimates in these financial statements have been made with regard to investments (note 10) and recoverability of amounts owed by group undertakings noted below. An explanation of key uncertainties or assumptions used by the management in accounting for these items is explained, where material, in the respective notes.

Impairment of investments

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value. Investments are tested for impairment annually by comparing the value of the investments to the net assets of the subsidiary that the investment is held in. 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 director's forecast for the related subsidiaries, adjusted for the net debt within those subsidiaries.

Recoverability of amounts owed by group undertakings

The Company assesses the recoverability of intercompany debtors on an annual basis, as well as assessing the need to raise expected credit losses on these financial assets. 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.

4. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

During the year, an expected credit loss allowance for amounts owed by group undertakings of £93,300,000 (2019: loss of £321,303,000) was recognised in the income statement in relation to impaired financial assets. The impairment is calculated as described in note 3, Significant Accounting Estimates and Judgements, and represents the Company's assessment of the group undertakings' ability to repay the amounts owed to the Company on a number of probability weighted scenarios.

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

5. 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 to which they best relate. During the year, the exceptional items detailed below have been included separately in the income statement.

	2020 £'000	2019 £'000
Waiver of loan from former ultimate parent undertaking	(14,938)	-
Impairment of other receivable (note 11)	651	-
Loss on derecognition of loan	191	-
Restructuring	3,628	-
	<u>(10,468)</u>	<u>-</u>

6. OPERATING LOSS

Auditors' remuneration

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

	2020 £'000	2019 £'000
Audit services	<u>5</u>	<u>3</u>

Employees and director

The company had no employees during the year (2019: nil)

The director was also a director of other group companies. The director does not consider it possible to determine the proportion of their remuneration that related to their services as directors of the company.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Bank term loan interest	5,771	6,611
Overdraft interest	16	31
Other interest payable	6,261	5,435
	<u>12,048</u>	<u>12,077</u>

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Intercompany loan interest	<u>48,326</u>	<u>43,189</u>

9. TAX ON LOSS

(a) Income tax expense

During the year, the UK corporation tax rate remained unchanged at 19% (2019: 19%).

	2020 £'000	2019 £'000
Current tax		
UK Corporation tax on losses for the year	-	-
Tax on loss	<u>-</u>	<u>-</u>

(b) Reconciliation of total tax charge

The total tax charge for the financial year is higher (2019: higher) than that obtained by applying the standard rate of corporation tax in the UK of 19% (2019: 19%) to the loss (2019: loss) before taxation. The difference is explained below:

	2020 £'000	2019 £'000
Loss before taxation	<u>(45,487)</u>	<u>(290,833)</u>
UK Corporation tax at standard rate 19% (2019: 19%)	(8,643)	(55,258)
Effects of:		
Expenses not deductible for tax purposes	124	-
Income not taxable	(2,838)	-
Group relief not paid for	(6,370)	(5,789)
Movement in deferred tax not recognised	17,727	61,153
Other temporary differences	-	(106)
Total tax charge for the year	<u>-</u>	<u>-</u>

In the Spring Budget 2021, the UK Government announced that, from 1 April 2023, the UK corporation tax rate would increase to 25%. This new law was substantively enacted on 11 March 2021. As the proposal had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

10. INVESTMENTS

Subsidiary
Undertakings
£'000

At 1 January 2020 and 31 December 2020

104,094

The investment relates to a 100% holding in ASCO (DC2) Limited, a holding company registered in England. The director believes that the carrying value of the investment is supported by either the underlying net assets or the forecast discounted future cash flows of the subsidiaries.

In accordance with the Companies Act 2006, a full list of subsidiary undertakings, joint ventures and associate companies, held directly and indirectly, at 31 December 2020 is set out below.

Held directly:

Name of entity	Class of shares	% owned	Registered office address	Nature of business
ASCO (DC2) Limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base, South Denes Road, Great Yarmouth, Norfolk, NR30 3LX, United Kingdom	Holding company

Held indirectly:

Name of entity	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 (DC3) limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base, South Denes Road, Great Yarmouth, Norfolk, NR30 3LX, United Kingdom	Holding company
ASCO (DC4) Limited	Ordinary £1	100%	Great Yarmouth Offshore Supply Base, South Denes Road, Great Yarmouth, Norfolk, NR30 3LX, United Kingdom	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 Aviation Limited	Ordinary £1	100%	ASCO Group Headquarters	Dormant
ASCO Canada Limited	Ordinary C\$1	100%	1100-1959 Upper Water Street, Halifax, NS, B3J3E5, Canada	Oil services
ASCO Decommissioning Limited	Ordinary £1	100%	ASCO Group Headquarters	Waste management
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	Holding company
ASCO Freight Management Limited	Ordinary £1	100%	ASCO Group Headquarters	Freight management

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

10. INVESTMENTS (CONTINUED)

Held indirectly (continued):

Name of entity	Class of shares	% owned	Registered office address	Nature of business
ASCO Holdings Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
ASCO Holdings Norge AS	Ordinary NOK 1	100%	Risavika Havnering 235, Postboks 250, Tananger, 4098, Norway	Holding company
ASCO JV Holdings Limited	Ordinary £1	100%	ASCO Group Headquarters	Holding company
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 Norge AS	Ordinary NOK 1	100%	Risavika Havnering 235, Postboks 250, Tananger, 4098, Norway	Oil services
ASCO Properties Limited	Ordinary £1	100%	ASCO Group Headquarters	Property services
ASCO Transport and 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	Dormant
ASCO UK Limited	Ordinary £1	100%	ASCO Group Headquarters	Oil services
ASCO Ventures Limited	Ordinary £1	100%	ASCO Group Headquarters	Dormant
Enviroco Limited	Ordinary £1	100%	ASCO Group Headquarters	Waste management
Enviroco Trinidad Limited	Ordinary US \$1	100%	Eleven Albion, Corner Dere & Albion Streets, Port of Spain, Trinidad, W.I	Dormant
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	Waste management
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 Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

10. INVESTMENTS (CONTINUED)

ASCO Group Headquarters are based at Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ in the United Kingdom.

During the year ASCO Freight Management PTE was dissolved.

During the year, ASCO Decommissioning Limited acquired the 50% interest in NORM Solutions Limited previously held by the joint venture partner, resulting in NORM Solutions Limited becoming a fully owned subsidiary of ASCO Decommissioning Limited.

11. DEBTORS

	2020 £'000	2019 £'000
Amounts owed by group undertakings	48,049	91,312
Other debtors	46	651
	<u>48,095</u>	<u>91,963</u>

Amounts falling due after more than one year included above are:

	2020 £'000	2019 £'000
Amounts owed by group undertakings	<u>-</u>	<u>91,196</u>

Amounts owed by group undertakings are stated after allowance for expected credit losses of £415,712,000 (2019: £322,412,000). The impairment is calculated as described in note 3, Significant Accounting Estimates and Judgements, and represents the Company's assessment of the group undertakings' ability to repay the amounts owed to the Company on a number of probability weighted scenarios.

The carrying value of other receivables is approximate to fair value. With the exception of the receivables listed below, amounts owed by group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

Included within amounts owed by group undertakings are the following receivables stated net of provisions for impairment:

- Loan to subsidiary company ASCO (DC2) Limited: unsecured, repayable on 21 December 2021, interest accruing at 12% per annum. £nil outstanding at 31 December 2020 (2019: £nil).
- Loan to indirect subsidiary company ASCO (DC3) Limited: unsecured, repayable on 21 December 2021, interest accruing at 12% per annum. £18,364,315 outstanding at 31 December 2020 (2019: £nil).
- Loan to indirect subsidiary company ASCO (DC4) Limited: unsecured, repayable on 21 December 2021, interest accruing at 12% per annum. £29,052,351 outstanding at 31 December 2020 (2019: £91,196,000).
- Loan to indirect subsidiary company ASCO Australia Pty Limited: unsecured, repayable on demand, interest accruing at 5% per annum. AUD \$nil outstanding at 31 December 2020 (2019: AUD \$nil) being £nil and £nil respectively at relevant year-end foreign exchange rates.

During the year a loan receivable from ASCO 2006 Employment Benefit Trust of £651,000, included within other debtors in 2019, was written off, a charge within exceptional items (note 5).

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans & overdrafts (secured)	9,443	9,281
Amounts owed to group undertakings	175,710	175,262
Accruals and deferred income	1,955	64
	<u>187,108</u>	<u>184,607</u>

Included within amounts owed to group undertakings at 31 December 2020 is a loan payable to immediate parent company ASCO Group Limited. The loan was established on 12 November 2015, is repayable on demand and accrues interest at a rate of 12% per annum compounding annually. The balance due at 31 December 2020 was £54,909,000 (2019: £49,026,000). Other amounts owed to group undertakings are unsecured, interest free, repayable on demand and have no fixed repayment date.

On 18 December 2020 intercompany balances with ASCO Group Holdings Limited were waived resulting in a gain of £14.9m (note 5).

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

	2020 £'000	2019 £'000
Bank term loans (secured)	<u>93,204</u>	<u>94,085</u>

BORROWINGS:

	2020 £'000	2019 £'000
Bank term loans		
Repayable in one to two years	<u>93,204</u>	<u>94,085</u>

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

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

On 18 December 2020 the group obtained an extension of existing banking and debt facilities by 18 months from that date and the provision of some additional guarantee facilities.

Bank term loan liabilities are stated net of capitalised deal fees of £1,468,000 (2019: £587,000).

As at 31 December 2020, bank term loan A had an outstanding liability due of £nil (2019: £4,356,000). It was repayable in six monthly installments with a final repayment of £2,500,000 paid on 12 July 2020. Subject to a ratchet mechanism in the facility agreement, the loan bears interest at a rate of LIBOR plus 4.5%.

As at 31 December 2020, bank term loan B had an outstanding liability due of £102,704,000 (2019: £94,672,000). Following agreement with lenders after the year-end the former repayable in full date of 12 July 2021 has been extended to 12 August 2022. Subject to a ratchet mechanism in the facility agreement, the loan bears interest at a rate of LIBOR plus 5.0%.

As at 31 December 2020, bank acquisition facility had an outstanding liability due of AUD \$nil, being £nil at year-end foreign exchange rate (2019: AUD \$3,800,000 / £2,022,000). It was repaid in full on 12 July 2020. Subject to a ratchet mechanism in the facility agreement, the loan bears interest at a rate of BBSW plus 4.5%.

The bank term loans are secured by a bond and floating charge over the assets of the group and standard securities over certain properties of the group.

A margin ratchet mechanism contained within the bank facility agreement allows for the margin on each of those loan balances to be reduced once covenants fall below predetermined values.

14. CALLED UP SHARE CAPITAL

Ordinary shares of £0.10 each

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
99,177,912 (2019: 99,177,912) ordinary shares of £0.10 each	9,918	9,918

15. CONTINGENT LIABILITIES

The group bank loans and overdraft are secured by standard securities over certain properties of the group and bonds and floating charges over the assets of a number of group companies. Cross guarantees also exist with other group companies. The contingent liability of the company under these arrangements at 31 December 2020 amounted to £94,674,000 (2019: £98,099,000).

ASCO Acquisitions Limited
Notes to the financial statements
Year ended 31 December 2020

16. CONTROLLING PARTIES

The company is a subsidiary undertaking of ASCO Group Limited, a company registered in Scotland. Copies of its financial statements can be obtained from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

The financial statements of ASCO Group Limited, which reflect the consolidation of the company, are available from the Company Secretary at ASCO Group Headquarters, Unit A, 11 Harvest Avenue, D2 Business Park, Dyce, Aberdeen, AB21 0BQ.

On 18 December 2020 the company's ultimate parent company and controlling party changed as set out below.

Period up to 18 December 2020

The ultimate parent company is ASCO Group Holdings Limited, a company registered in Jersey.

The ultimate controlling party is limited partnerships constituting Doughty Hanson & Co V, a fund managed by Doughty Hanson & Co Managers Limited.

From 18 December 2020

The ultimate parent company is Zander Topco Limited, a company registered in England which is ultimately owned by a consortium of investors who are also lenders to the Group.

17. EVENTS AFTER THE REPORTING PERIOD

There have been no material events between 31 December 2020 and the date of authorising of the financial statements that would require adjustment to the financial statements or disclosure.