

Company Registration No. SC372021

Imenco UK Limited

Audited Report and Financial Statements

31 December 2019



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Imenco UK Limited

Report and financial statements 2019

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Imenco UK Limited

Report and financial statements 2019

Officers and professional advisers

Director

G E Østebøvik

Registered office

Campus 1 Aberdeen Innovation Park Balgownie Road
Bridge of Don
Aberdeen
AB22 8GT

Solicitor

Burness Paull LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Banker

DnB NOR Bank ASA
20 St. Dunstan's Hill
London
EC3R 8HY

Independent Auditor

Deloitte LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Imenco UK Limited

Director's report

Director

G E Østebøvik was the sole director who held office in the year and to the date of this report.

The director presents his annual report on the affairs of the company, together with the financial statements, for the year ended 31 December 2019.

This director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. These financial statements are the first audited financial statements of the company.

Principal activity

The principal activity of the company is the sale and rental of products and systems for the marine market. These include deepwater innovative engineering, subsea cameras, subsea lighting, lasers, manipulators, remote operated vehicle (ROV) tooling, handling and lifting tooling, helicopter refuelling systems and full hyperbaric diving systems.

Principal risks and uncertainties

The company is operating in a volatile market and faces various risks. At present the company's primary markets are Oil & Gas and Naval/Defense. The director has structures in place to increase activities within Offshore Wind and Aqua culture activities.

Oil & Gas market

The oil price has been volatile in recent years due to large swings in demand and supply. The director expects this volatility to continue. A weak oil price has a noticeable effect on the company's financial performance but the company follow the price constantly and take necessary defensive measures when price drop is dramatic. The business is presently following other markets and intend to be less dependent on oil & gas in the coming years.

Brexit

The company has limited activities within EU nations with only a small number of sales projects each year and purchase of a small number of parts from EU countries. Given the volume of trade with the EU, the transition to Britain's new relationship with the EU will not dramatically affect the company. The director is following the situation and is in the process of finding substitute suppliers where required.

Financial risk

The company trades in several currencies and will be affected by currency fluctuation. The situation is continually monitored and if uncertainties are regarded high, the entity may enter into currency mitigation transactions.

Covid-19

Covid-19 has been two major effects in 2020. Firstly, demand for oil and gas dropped significantly, resulting in a fall in the oil price down to a low of \$20/bbl. This had a severe negative effect on demand for services offered by Imenco. Secondly, the Covid-19 situation has affected the ability to go to work and to manufacture at a normal pace due to local lockdowns and social distancing measures required in the workplace. Some work can be done from home office, but other work has had to be postponed. The effect of Covid-19 on going concern has been considered further below.

Result for the year

The company generated turnover of £9,070,028 (2018: unaudited £3,808,138) and profit for the financial year of £622,681 (2018: unaudited Loss of £214,831).

Acquisition

In the year, Imenco UK entered into an agreement to purchase the trade and assets of the Nautronix business division from Proserv UK Limited for a consideration of £1.89m. Nautronix produces through-water digital acoustic communications and positioning systems. The transaction was completed on 28 June 2019. Debt was drawn down from the group facility to finance the transaction.

Imenco UK Limited

Director's report (continued)

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 16 to the financial statements.

Going concern

The Director identified that the company is loss making in 2020 as the company has seen performance suffer from the impact of COVID-19 and the oil market downturn during 2020. Despite the loss in the year, the company continues to be cash generative in 2021 and continues to participate in the group's centralised treasury arrangements. As part of the group's bank borrowing arrangements the company is an obligor and has provided a guarantee in connection with such borrowings.

The company is owned by Imenco Invest AS, a company registered in Norway. The ultimate parent company of the group is Imenco Invest AS, a company registered in Norway.

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. The Group has cash and cash reserves of 1.9m NOK (£170k), and the ability to draw down a further 53.1m NOK (£4.6m) of debt funding under the existing facility subject to customary bank covenants and credit agreement conditions.

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. There remain risks in relation to potential further COVID-19 waves and the speed of recovery of the oil & gas sector, however these do not constitute a material uncertainty.

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 financial statements continue to be prepared under the going concern basis.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

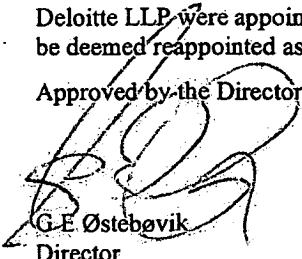
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

Auditor

Deloitte LLP were appointed as auditors in the year and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of the Annual General Meeting.

Approved by the Director


G.E. Østebøvik

Director

20 October 2021

Imenco UK Limited

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 section 1A of FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 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.

Imenco UK Limited

Independent auditor's report to the members of Imenco UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Imenco UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Imenco UK Limited

Independent auditor's report (continued)

We have nothing to report in respect of these matters.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either 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.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the director's report and form the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Imenco UK Limited

Independent auditor's report (continued)

Other matter

As the company was exempt from audit under section 477 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

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.

L Cowie

Lyn Cowie CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
21 October 2021

Imenco UK Limited

Profit and loss account Year ended 31 December 2019

	Notes	2019 £	2018 (unaudited) £
Turnover		9,070,028	3,808,138
Cost of sales		(5,049,246)	(2,084,952)
Gross profit		4,020,782	1,723,186
Administrative expenses		(3,094,142)	(1,842,884)
Operating profit/(loss)		926,641	(119,698)
Interest receivable and similar income		5,567	7,117
Interest payable and similar expenses		(123,063)	(35,688)
Foreign exchange losses		(20,976)	(36,678)
Profit/(loss) before taxation	3	788,168	(184,947)
Tax on profit/(loss)	4	(165,487)	(29,884)
Profit/(loss) for the financial year		622,681	(214,831)

The results for the current and prior year relate to continuing activities.

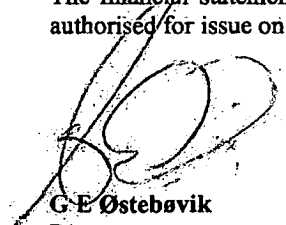
There are no recognised gains or losses in the current or prior year other than those included above. Accordingly, no separate statement of comprehensive income has been presented.

Imenco UK Limited

Balance sheet As at 31 December 2019

	Notes	2019 £	2018 (unaudited) £
Fixed assets			
Tangible assets	6	2,845,783	2,005,221
Intangible Assets	5	277,923	-
Current assets			
Stock	7	2,733,988	2,249,448
Debtors	8	1,869,550	4,079,016
Cash at bank and in hand		533,961	298,009
		5,137,499	6,626,473
Creditors: amounts falling due within one year	9	(3,839,877)	(6,419,081)
Net current assets		1,297,622	207,392
Total assets less current liabilities		4,421,329	2,212,614
Creditors: amounts falling due after more than one year	10	(2,985,000)	(1,520,000)
Provisions for liabilities	11	(129,964)	(9,089)
Net assets		1,306,365	683,525
Capital and reserves			
Share capital	12	1	1
Share premium	12	24,999	24,999
Profit and loss account	12	1,281,365	658,525
Shareholder's funds		1,306,365	683,525

The financial statements of Imenco UK Limited, company number SC372021, were approved by the Director and authorised for issue on 20 October 2021.


G.E. Østebøvik
Director

Imenco UK Limited

Statement of changes in equity For the year ended 31 December 2019

	Called up share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2018 (unaudited)	1	24,999	873,356	898,356
Unaudited Loss for the financial year and total comprehensive income	-	-	(214,831)	(214,831)
At 31 December 2018 (unaudited)	1	24,999	658,525	683,525
Profit for the financial year and total comprehensive income	-	-	622,681	622,681
At 31 December 2019	1	24,999	1,281,206	1,306,206

Imenco UK Limited

Notes to the financial statements **Year ended 31 December 2019**

1. Accounting policies

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior year.

General information and basis of accounting

Imenco UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the director's report on page 2.

The average monthly number of employees was 74 (2018: 64).

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of Imenco UK Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pound sterling.

Exemptions

Under FRS 102 the Company is exempt from the requirements to:

- To prepare a statement of cash flows
- Disclose remuneration of key management personnel
- Disclose details about financial instruments required by sections 11 and 12 of FRS 102

Going concern

The company's business activities, together with activities likely to affect its future development, are set out in the Director's report on pages 2 to 3.

The Director identified that the company is loss making in 2020 as the company has seen performance suffer from the impact of COVID-19 and the oil market downturn during 2020. Despite the loss in the year, the company continues to be cash generative in 2021 and continues to participate in the group's centralised treasury arrangements. As part of the group's bank borrowing arrangements the company is an obligor and has provided a guarantee in connection with such borrowings.

The company is owned by Imenco Invest AS, a company registered in Norway. The ultimate parent company of the group is Imenco Invest AS, a company registered in Norway.

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. The Group has cash and cash reserves of 1.9m NOK (£170k), and the ability to draw down a further 53.1m NOK (£4.6m) of debt funding under the existing facility subject to customary bank covenants and credit agreement conditions.

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. There remain risks in relation to potential further COVID-19 waves and the speed of recovery of the oil & gas sector, however these do not constitute a material uncertainty.

Imenco UK Limited

Notes to the financial statements (continued)

Year ended 31 December 2019

1. Accounting policies (continued)

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 financial statements continue to be prepared under the going concern basis.

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specified software. These costs are amortised on a straight line basis over their estimated useful life of 3-5 years.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any identified provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of assets on a straight line basis over their expected useful lives, as follows:

Land and Buildings – 25 years

Plant and Machinery – 3-10 years

Office equipment – 4 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Notes to the financial statements (continued) Year ended 31 December 2019

1. Accounting policies (continued)

Financial assets and liabilities (continued)

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Stocks

Stocks are stated at the lower of cost and estimated selling price less cost to sell, which is equivalent to the net realisable value. Cost consists of materials. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

1. Accounting policies (continued)

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in the profit and loss account in the period in which they arise except for exchange differences arising on gains or losses on now-monetary items which are recognised in other comprehensive income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Useful lives and impairment of property, plant and equipment

The company reviews the estimated useful lives of tangible fixed assets at the end of each reporting period based on condition and usage of those assets. Based on management's assessment as at the end of the reporting period, the useful lives of tangible fixed assets remain appropriate. The company reviews at the end of each reporting period, the carrying amounts of its tangible fixed assets to determine whether there is any indication that these assets have suffered an impairment loss. No impairment loss was recognised during the year.

The carrying amount of tangible fixed assets at the end of the reporting period is disclosed in note 6 to the financial statements.

Intangible asset impairment

Intangible assets are assessed annually for impairment or more frequently if there are indications that it might be impaired. If there are indicators of impairment, recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected future cash flows.

The carrying amount of intangible fixed assets at the end of the reporting period is disclosed in note 5 to the financial statements.

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for bad debts

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other debtors have been impaired, the amount of loss is measured as the difference between the asset's carrying amount and expected recoverable amount.

3. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:

	2019 £	2018 (unaudited) £
Depreciation of owned tangible fixed assets	272,380	50,720
Amortisation of owned intangible assets	67,372	-
Loss on foreign exchange	32,715	4,779

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

4. Tax on profit/loss

The tax charge for the year comprises:

	2019 £	2018 (unaudited) £
Current tax:		
Current tax charge	49,895	17,041
Prior year adjustments	(5,285)	(228)
Total current tax charge	44,610	16,813
Deferred taxation:		
Origination and reversal of timing differences	139,813	14,609
Adjustments in respect of previous periods	4,728	-
Effect of changes in tax rates	(13,664)	(1,537)
Total deferred tax	120,877	13,072
Total tax charge	165,487	29,885

The standard rate of tax applied to reported profit is 19% (2018: 19%). The applicable tax rate has changed following the substantive enactment of the Finance Bill 2016.

The actual tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%) for the reasons set out in the following reconciliation.

	2019 £	2018 (unaudited) £
Profit/(loss) before tax	788,168	(184,947)
Tax charge on profit/(loss) at standard UK corporation tax rate of 19% (2018: 19%)	149,752	(35,140)
Effects of:		
Expenses not deductible for tax purposes	29,954	66,790
Effects of other tax rates/credits	(13,664)	(1,537)
Adjustments from previous periods	(557)	(228)
Effects of rounding	2	1
Total tax charge for the period	165,487	29,885

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

5. Intangible fixed assets

	IT software	Nautronix IP	Total
Cost			
At 1 January 2019	-	-	-
Additions	-	302,001	302,001
Transfers in	50,278	-	50,278
At 31 December 2019	50,278	302,001	352,279
Amortisation			
At 1 January 2019	-	-	-
Transfers in	6,983	-	6,983
Charge for the year	16,759	50,613	67,372
	23,742	50,613	74,355
Net book value			
At 31 December 2019	26,535	251,388	277,923
At 31 December 2018 (unaudited)	-	-	-

6. Tangible fixed assets

	Land & Buildings	Plant & Machinery	Office Equipment	Total
Cost				
At 1 January 2019 (unaudited)	1,949,667	106,308	5,479	2,061,454
Additions	-	118,107	-	118,107
Acquired	-	1,038,129	-	1,038,129
Transfers out	-	(50,278)	-	(50,278)
At 31 December 2019	1,949,667	1,212,267	5,479	3,167,413
Depreciation				
At 1 January 2019 (unaudited)	38,993	11,760	5,479	56,232
Charge for the year	77,987	194,393	-	272,380
Transfers out	-	(6,983)	-	(6,983)
At 31 December 2019	116,980	199,170	5,479	321,629
Net Book Value				
At 31 December 2019	1,832,687	1,013,096	-	2,845,783
At 31 December 2018 (unaudited)	1,910,674	94,548	-	2,005,222

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

6. Tangible fixed assets (continued)

Imenco UK Ltd purchased the trade and assets of Nautronix business division from Proserv UK Ltd on 28 June 2019 in exchange for a consideration of £1,887,508 cash. Payment was by initial cash payment of £1,637,508 on the acquisition date followed by a deferred consideration of £250,000 paid on 26 June 2020.

Acquired asset s:

	Fair Value Acquired £
Intangible assets	302,001
Tangible assets	1,038,129
Stocks	547,378
	<u>1,887,508</u>
Exchanged for cash	<u>1,887,508</u>

7. Stock

	2019 £	2018 (unaudited) £
Materials	<u>2,733,988</u>	<u>2,249,448</u>

8. Debtors: amounts falling due within one year

	2019 £	2018 (unaudited) £
Trade debtors	1,840,854	1,041,220
Amounts due from related parties	20,646	2,942,850
Other debtors	8,050	94,946
	<u>1,869,550</u>	<u>4,079,016</u>

Amounts due from related parties are unsecured, interest free and repayable on demand.

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

9. Creditors: amounts falling due within one year

	2019	2018 (unaudited)
	£	£
Trade creditors	131,751	187,767
Other creditors	782,919	11,687
Amounts due to related parties	411,720	5,450,043
Corporation Tax	49,895	17,041
Bank overdrafts	2,463,591	752,543
	<u>3,839,877</u>	<u>6,419,081</u>

Amounts owed to related parties are unsecured, interest free and repayable on demand.

Imenco UK is part of the group overdraft facility, bearing interest at NIBOR +1.75% repayable on demand. The assets of Imenco UK are pledged as security against the group facility.

10. Creditors: amounts falling due after more than one year

	2019	2018 (unaudited)
	£	£
Bank Loan	2,985,000	1,520,000
	<u>2,985,000</u>	<u>1,520,000</u>

The company have two bank loans at the balance sheet date. The first bank loan has a maturity of June 2028 and bears interest at a rate of Libor + 3.25%, with quarterly repayments of principal and interest. The assets of Imenco UK are pledged as security.

A second bank loan was entered into in the period to finance the acquisition of Nautronix assets. The loan has a maturity of June 2024 and bears interest at a rate of Libor + 3.25% repaid through quarterly repayments of principal and interest and a final payment of £500,000. The assets of Imenco UK are pledged as security.

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Notes to the financial statements (continued) Year ended 31 December 2019

11. Provisions for liabilities

	2019 £	2018 (unaudited) £
Deferred tax (assets)/liabilities		
Provision at start of period	9,089	(3,982)
Adjustment in respect of prior year	4,728	-
Deferred tax change to income statement for the period	116,149	17,799
Other – rounding	(2)	-
Provision at end of period	<u>129,964</u>	<u>13,817</u>
	Booked 31 December 2019	Booked 31 December 2018 (unaudited)
Fixed asset timing differences	153,718	16,073
Short term timing differences - trading	<u>(23,754)</u>	<u>(2,256)</u>
	<u>129,964</u>	<u>13,817</u>
Deferred tax (assets)		
Recoverable within 12 months	<u>23,754</u>	<u>2,256</u>
	<u>23,754</u>	<u>2,256</u>
Deferred tax liabilities		
Payable within 12 months	<u>153,718</u>	<u>16,073</u>
	<u>153,718</u>	<u>16,073</u>

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax liability would have been £15,290 higher.

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2019

12. Share Capital	2019	2018
	(unaudited)	
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1	1	1

The company has one class of ordinary share, which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserves represent cumulative profits or losses net of dividends paid.

13. Guarantees

Imenco UK have provided a guarantee in respect of the groups banking facility to the parent company and its subsidiaries. At 31 December 2019, the guarantee of 25,103,779 NOK (£2,162,672) (2018: 31,561,059 NOK £2,847,869) pledged as a floating charge over the assets of Imenco UK.

14. Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 102 with regard to non-disclosure of transactions with other wholly owned group undertakings.

15. Ultimate parent company

At 31 December 2019 the company's share capital was owned by Imenco Invest AS, a company incorporated in Norway with a registered address of Kophaug 3, 5570 Aksdal, Norway. Imenco Invest AS is owned by G E Østebøvik.

The smallest and largest group in which Imenco UK Limited is consolidated is in the Imenco Invest AS financial statements. These accounts can be obtained from Kophaug 3, 5570 Aksdal, Norway.

The ultimate controlling party is G E Østebøvik.

16. Subsequent events

COVID-19 Pandemic

The outbreak of Covid-19 in March 2020 has had a significant impact on the company's operational activities in 2020. The ongoing financial impact to the company is currently uncertain as the duration of the pandemic cannot be estimated reliably but with this significant decline in operational activity, the company has utilised the UK's Job Retention Scheme.

The company has made all reasonable and practical changes to its operating environment to reduce the risks of the Covid-19 pandemic to its employees, customers, suppliers and other stakeholders. These measures are in line with United Kingdom government guidance as a minimum.

As the necessity for large scale government intervention in response to Covid-19 only became apparent after the balance sheet date the director believe the consequences of such interventions represent non-adjusting post balance sheet events.

With the significant uncertainty, the director continue to assess the impact of the pandemic and the related reduction in oil price on future cashflows. The director are confident that the measures taken will put the company in a strong position to be able to manage the current global & economic environment.

As a result of COVID-19 in 2020 the business generated a pre tax loss. While management have identified indicators of impairment for the 2020 financial statements, no conclusion has yet been reached