Registered Number:SC372021

IMENCO UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

Directors	Geir Egil Ostebovik Rune Bringedal (appointed 1 January 2022)
Registered number	SC372021
Registered office	Campus 1 Aberdeen Innovation Park Balgownie Road Bridge Of Don Aberdeen AB22 8GT

IMENCO UK LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

This report details the results for Imenco UK Limited, for the year ended 31 December 2021.

Business review

The company generated turnover of £10,134,456 (2020: £7,536,148) and profit for the financial year of £746,833 (2020:loss of £369,354). The directors are satisfied with the financial performance and position of the Company.

Principal risks and uncertainties

The company is operating in a volatile market and faces various risks. At the present company's primary markets are Oil & Gas and Naval/Defence. The director has structures in place to increase activities within Offshore Wind and Aquaculture 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 follows the price constantly and takes necessary defensive measures when price drop is dramatic. The oil price rise in 2021 has seen the company busy in all product areas. 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 trade 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.

Financial key performance indicators

Given the nature of the Company's trading activities, the director assesses key performance indications of the business to be revenue, profit before tax, and net assets. These are used in the analysis of the business to gain an understanding of developments, performance, and financial position of the business.

This report was approved by the board and signed on its behalf.

Geir Egil Ostebovik
Director

Date: 22 September 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £746,833 (2020 - loss £369,354).

During the period, no dividends were paid to ordinary shareholders (2020 - £nil).

Director

The director who served during the year was:

Geir Egil Ostebovik

Future developments

The director believes that there will be no significant changes to Imenco UK Limited in the near future.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Post balance sheet events

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

Auditor

The auditor, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Geir Egil Ostebovik
Director

Date: 22 September 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMENCO UK LIMITED

Opinion

We have audited the financial statements of Imenco UK Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMENCO UK LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMENCO UK LIMITED (CONTINUED)

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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation. We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Timing and completeness of revenue recognition
- Management judgement applied in calculating provisions
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing judgements made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMENCO UK LIMITED (CONTINUED)

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.

Christopher Masson (Senior statutory auditor)

for and on behalf of
Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

27 September 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	10,134,456	7,536,148
Cost of sales		(6,084,294)	(5,413,692)
Gross profit		4,050,162	2,122,456
Administrative expenses		(3,080,890)	(2,656,440)
Other operating income	5	122,009	400,905
Operating profit/(loss)		1,091,281	(133,079)
Interest payable and similar expenses	9	(172,790)	(303,876)
Profit/(loss) before tax		918,491	(436,955)
Tax on profit/(loss)	10	(171,658)	67,601
Profit/(loss) for the financial year		746,833	(369,354)

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 11 to 25 form part of these financial statements.

IMENCO UK LIMITED

REGISTERED NUMBER:SC372021

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	11		118,993		198,317
Tangible assets	12		2,233,856		2,545,683
			2,352,849		2,744,000
Current assets					
Stocks	13	3,473,820		2,562,505	
Debtors: amounts falling due within one year	14	2,857,791		2,097,582	
Cash at bank and in hand	15	573,339		383,541	
		6,904,950		5,043,628	
Creditors: amounts falling due within one year	16	(5,613,955)		(4,417,345)	
Net current assets			1,290,995		626,283
Total assets less current liabilities			3,643,844		3,370,283
Creditors: amounts falling due after more than one year	17		(1,960,000)		(2,370,000)
Provisions for liabilities					
Deferred tax	19	-		(63,272)	
			-		(63,272)
Net assets			1,683,844		937,011
Capital and reserves					
Called up share capital	20		25,000		25,000
Profit and loss account			1,658,844		912,011
			1,683,844		937,011

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

Geir Egil Ostebovik
Director

Date: 22 September 2022

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	25,000	1,281,365	1,306,365
Comprehensive income for the year			
Loss for the year	-	(369,354)	(369,354)
At 1 January 2021	25,000	912,011	937,011
Comprehensive income for the year			
Profit for the year	-	746,833	746,833
At 31 December 2021	25,000	1,658,844	1,683,844

The notes on pages 11 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Imenco UK Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of it's registered office and principal place of business is Campus 1 Aberdeen Innovation Park Balgownie Road, Bridge of Don, Aberdeen, Scotland, AB22 8GT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Imenco Invest AS as at 31 December 2021 and these financial statements may be obtained from Kophaug 3, 5570 Aksdal, Norway.

2.3 Going concern

The directors have prepared financial projections based on anticipated future trading. The forecasts have also taken account of potential risks arising from the market and wider economic conditions and considered sensitivities arising from plausible downside scenarios. The financial projections demonstrate the Company is forecast to generate profits and cash in the year ending 31 December 2022 and beyond and that the Company has sufficient cash reserves to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements.

As such, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and therefore continue to adopt the going concern basis for preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

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. When a contract has only been partially completed at the balance sheet date turover 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 of creditors due within one year.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined contribution pension plan

The company contributes to a defined contribution plan for its employees. A defined contribution plan

is a pension plan under which the Company pays fixed contributions into a separate entity. Once the

contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due.

Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are

held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 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 baiss over their estimated useful life of 3-5 years.

Other intangible fixed assets represents the intellectual property acquired alongside the purchase of a business unit. Amortisation is applied in line with the estimated useful life of this business unit which is assessed as 4 years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 25 years
Plant and machinery	- 3-10 years
Office equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.16 Creditors

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available

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. Revision to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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 inpairment loss. No impairment loss was recognised during the year.

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, recoveable 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.

Stock Provisions

The company makes an assessment of any stock items that are slow moving or obsolete. When making this assessment management consider various factors including the physical state of the stock and any items that are slow moving and establishes and appropriate provision against such items.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	2,139,106	2,118,899
Rest of Europe	1,956,573	1,690,752
Rest of the world	6,038,777	3,726,497
	10,134,456	7,536,148

5. Other operating income

	2021 £	2020 £
Intercompany commission income	-	136,125
Government grants receivable	103,011	259,125
Insurance claims receivable	12,072	-
Other grant income	6,926	5,655
	122,009	400,905

6. Operating profit/(loss)

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

	2021 £	2020 £
Depreciation of tangible fixed assets	398,180	341,479
Loss on foreign exchange	(18,281)	2,973
Amortisation of intangible fixed assets	86,324	79,606

7. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ *(2020 -)*.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	3,451,261	3,326,939
Social security costs	367,399	346,330
Cost of defined contribution scheme	307,047	295,305
	4,125,707	3,968,574

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Operations	60	59
Administration	15	15
Management	8	8
	83	82

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	153,722	198,281
Foreign exchange losses	19,068	105,595
	172,790	303,876

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	256,618	-
Adjustments in respect of previous periods	-	(908)
Total current tax	256,618	(908)
Deferred tax		
Origination and reversal of timing differences	(108,043)	(74,664)
Adjustments in respect of previous periods	2,358	(6,548)
Effect of changes in tax rates	20,725	14,519
Total deferred tax	(84,960)	(66,693)
Taxation on profit/(loss) on ordinary activities	171,658	(67,601)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	918,491	(436,955)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	174,513	(83,022)
Effects of:		
Expenses not deductible for tax purposes	-	8,358
Adjustments to tax charge in respect of prior periods	2,358	(7,456)
Tax rate changes	(5,213)	14,519
Total tax charge for the year	171,658	(67,601)

Factors that may affect future tax charges

The March 2021 budget announced an increase to the main rate of corporation tax to 25% from April 2023. This increase in rate will have an impact on future tax charges. The deferred tax charge has been calculated based on the rate of 25%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Intangible assets

	IT software	Nautronix IP	Total
	£	£	£
Cost			
At 1 January 2021	50,278	302,001	352,279
Additions	7,000	-	7,000
At 31 December 2021	57,278	302,001	359,279
Amortisation			
At 1 January 2021	40,502	113,460	153,962
Charge for the year on owned assets	10,824	75,500	86,324
At 31 December 2021	51,326	188,960	240,286
Net book value			
At 31 December 2021	5,952	113,041	118,993
At 31 December 2020	9,776	188,541	198,317

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible fixed assets

	Land & buildings	Plant & machinery	Office equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2021	1,949,667	1,249,988	5,479	3,205,134
Additions	-	87,885	-	87,885
Disposals	-	(3,521)	-	(3,521)
At 31 December 2021	1,949,667	1,334,352	5,479	3,289,498
Depreciation				
At 1 January 2021	194,967	459,005	5,479	659,451
Charge for the year on owned assets	77,986	320,194	-	398,180
Disposals	-	(1,989)	-	(1,989)
At 31 December 2021	272,953	777,210	5,479	1,055,642
Net book value				
At 31 December 2021	1,676,714	557,142	-	2,233,856
At 31 December 2020	1,754,700	790,983	-	2,545,683

13. Stocks

	2021	2020
	£	£
Raw materials and consumables	2,518,700	2,369,698
Work in progress	955,120	192,807
	3,473,820	2,562,505

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Debtors

	2021 £	2020 £
Trade debtors	1,613,194	1,562,546
Amounts owed by group undertakings	920,843	131,934
Other debtors	129,646	123,447
Prepayments and accrued income	172,420	179,650
Corporation tax recoverable	-	100,005
Deferred taxation	21,688	-
	2,857,791	2,097,582

15. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	573,339	383,541
Less: bank overdrafts	(3,940,665)	(2,902,389)
	(3,367,326)	(2,518,848)

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	3,940,665	2,902,389
Bank loans (note 18)	410,000	410,000
Trade creditors	56,894	399,656
Amounts owed to group undertakings	672,793	463,621
Corporation tax	156,613	-
Other taxation and social security	122,443	159,928
Other creditors	77,543	72,647
Accruals and deferred income	177,004	9,104
	5,613,955	4,417,345

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

Imenco UK Limited is part of the group overdraft facility, bearing interest at NIBOR +1.75% repayable on demand. The assets of Imenco UK Limited are pledged as security against the group facility (note 24).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	2021	2020
	£	£
Bank loans (note 18)	1,960,000	2,370,000

18. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	410,000	410,000
Amounts falling due 1-2 years		
Bank loans	410,000	410,000
Amounts falling due 2-5 years		
Bank loans	1,230,000	1,480,000
Amounts falling due after more than 5 years		
Bank loans	320,000	480,000
	2,370,000	2,780,000

The company have two bank loans at the balance sheet date. The first bank loan of £1.12m has a maturity of June 2028 and bears interest at a rate of Libor + 3.25%, with quarterly repayments of £40,000 plus interest. The assets of Imenco UK Limited are pledged as security.

A second bank loan of £1.25m has a maturity of June 2024 and bears interest at a rate of Libor + 3.25% repaid through quarterly repayments of £62,500 plus interest and a final payment of £500,000. The assets of Imenco UK Limited are pledged as security.

The comparative figures have been re-stated to recognise any element of the bank loan repayable within amounts falling due within one year.

19. Deferred taxation

	2021 £
At beginning of year	(63,272)
Charged to profit or loss	84,960
At end of year	21,688

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(87,360)	(118,985)
Short term timing differences	109,048	26,462
Losses	-	29,251
	21,688	(63,272)

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
25,000 (2020 - 25,000) Ordinary shares of £1.00 each	25,000	25,000

21. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	105,000	-

22. Pension commitments

During the year the company contributed £307,048 (2020 - £295,305) to define contribution pension schemes on behalf of employees. There were contributions of £77,543 (2020 - £72,647) outstanding at year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	48,300	48,300
Later than 1 year and not later than 5 years	193,200	193,200
Later than 5 years	3,477,600	3,525,900
	3,719,100	3,767,400

The operating lease commitment relates to a ground lease which runs to January 2098. The disclosed commitment is based on the current annual charge, however the lease agreement stipulates that this can be revised in line with market rates during the course of the lease.

24. Guarantees

Imenco UK Limited have provided a guarantee in respect of the group banking facility to the parent company and its subsidiaries. At 31 December 2021, the guarantee of 39,916,664 NOK (£3,357,618) (2020: 39,738,584 NOK (£3,414,736)) pledged as floating charge over the assets of Imenco UK Limited.

The company has a bank guarantee of £223,000 to cover payments in the normal course of its business with HM Revenue and Customs.

25. 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.

26. Controlling party

At 31 December 2021 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 smaller and largest group in which Imenco UK Limited is consolidated is in the Imenco Invest AS financial statements. These accounts can be requested from Kophaug 3, 5570 Aksdal, Norway.

The ultimate controlling party is G E Østebøvik.

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