Registered Number:SC372021

IMENCO UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY INFORMATION

Directors	Geir Egil Ostebovik Rune Bringedal (resigned 22 March 2024) Alan Buchan (appointed 31 March 2024)
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 2023

Introduction

This report details the results for Imenco UK Limited, for the year ended 31 December 2023.

Business review

The company generated turnover of £14,852,183 (2022: £11,578,819) and profit for the financial year of £1,469,663 (2022: £741,477). 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 2023 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: 18 November 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Results and dividends

The profit for the year, after taxation, amounted to £1,469,663 (2022 - £741,477).

During the period, no dividends were paid to ordinary shareholders (2022 - £nil).

Directors

The directors who served during the year were:

Geir Egil Ostebovik
Rune Bringedal (resigned 22 March 2024)

Since the year end, on 31 March 2024, the following were appointed directors:

Alan Buchan

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: 18 November 2024

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, 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 2023 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 UK 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; and
- Analytical procedures to identify any unusual or unexpected trends or relationship.;

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.

Graeme Penman (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

19 November 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Turnover	4	14,852,183	11,578,819
Cost of sales		(8,891,208)	(7,367,546)
Gross profit		5,960,975	4,211,273
Administrative expenses		(4,334,144)	(3,544,516)
Other operating income	5	58,086	105,808
Operating profit	6	1,684,917	772,565
Interest receivable and similar income	9	15,526	-
Interest payable and similar expenses	10	(483,448)	41,447
Profit before tax		1,216,995	814,012
Tax on profit	11	252,668	(72,535)
Profit for the financial year		1,469,663	741,477

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 11 to 26 form part of these financial statements.

IMENCO UK LIMITED
REGISTERED NUMBER:SC372021

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	12		9,596		53,723
Tangible assets	13		2,984,936		2,607,378
			2,994,532		2,661,101
Current assets					
Stocks	14	4,533,664		3,885,135	
Debtors: amounts falling due within one year	15	4,508,837		3,241,924	
Cash at bank and in hand	16	508,123		1,317,709	
		9,550,624		8,444,768	
Creditors: amounts falling due within one year	17	(7,224,839)		(6,970,628)	
Net current assets			2,325,785		1,474,140
Total assets less current liabilities			5,320,317		4,135,241
Creditors: amounts falling due after more than one year	18		(1,140,000)		(1,550,000)
Provisions for liabilities					
Deferred tax	20	(285,333)		(159,920)	
			(285,333)		(159,920)
Net assets			3,894,984		2,425,321
Capital and reserves					
Called up share capital	21		25,000		25,000
Profit and loss account			3,869,984		2,400,321
			3,894,984		2,425,321

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

Geir Egil Ostebovik
Director

Date: 18 November 2024

The notes on pages 11 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2022	25,000	1,658,844	1,683,844
Comprehensive income for the year			
Profit for the year	-	741,477	741,477
At 1 January 2023	25,000	2,400,321	2,425,321
Comprehensive income for the year			
Profit for the year	-	1,469,663	1,469,663
At 31 December 2023	25,000	3,869,984	3,894,984

The notes on pages 11 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 2023 and these financial statements may be obtained from Kophaug 3, 5570 Aksdal, Norway.

2.3 Going concern

At 31 December 2023, the Company has net assets of £3,894,984 (2022 - £2,425,321). Included within the net assets are amounts due to intercompany of £1,061,831 (2022 - £990,051) and bank overdrafts of £4,677,450 (2022 - £4,961,971). The Company's overdraft position remains part of the group financing facility which has been renewed for a period of 12 months from the date of approving the financial statements. The Company's parent and fellow group companies have confirmed their continued support and that they have sufficient resources to satisfy the settlement of the group banking facility if required and will not seek repayment of the intercompany balances to the detriment of third parties.

The directors have carefully considered the forward working capital requirements of the company and wider group and given their knowledge of the market and strong trading results, the directors remain confident that the company has adeqaute resouces to meet its obligations. The directors therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.8 Pensions

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.

2.9 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.

2.10 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.

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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.17 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is

2. Accounting policies (continued)

2.17 Financial instruments (continued)

immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

4. Turnover

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	4,546,482	2,794,764
Rest of Europe	2,607,357	2,266,225
Rest of the world	7,698,344	6,517,830
	14,852,183	11,578,819

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. Other operating income

	2023 £	2022 £
Intercompany commission income	34,232	-
Research and Development tax credits	5,094	-
Insurance claims receivable	-	90,803
Other grant income	18,760	15,005
	58,086	105,808

R&D tax credits are recognised at the fair value of the asset received or receivable when there is reasonable assurance that claims will be successful, and the amount can be estimated reliably. R&D tax credits are recognised as part of the taxation charge or credit in the year the recognition criteria is met. R&D tax credits relating to earlier periods are included within the current tax charge or credit as adjustments in respect of prior periods. The company are confident that any claim made for R&D tax relief on their development work will be successful, and all activities claimed for meet the criteria described within s1138 of the Corporation Tax Act 2010 (CTA 2010).

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	576,616	482,680
(Gain)/Loss on foreign exchange	(11,959)	42,099
Amortisation of intangible fixed assets	44,127	78,028

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	34,160	29,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	4,706,756	3,934,506
Social security costs	489,692	436,500
Cost of defined contribution scheme	371,386	332,508
	5,567,834	4,703,514

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

	2023 No.	2022 No.
Operations	70	60
Administration	16	16
Management	14	14
	100	90

9. Interest receivable

	2023 £	2022 £
Other interest receivable	15,526	-
	15,526	-

10. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	419,876	220,116
Foreign exchange (gain)/losses	63,572	(261,563)
	483,448	(41,447)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	-	74,839
Adjustments in respect of previous periods	(378,081)	(183,912)
Total current tax	(378,081)	(109,073)
Deferred tax		
Origination and reversal of timing differences	132,397	133,677
Adjustments in respect of previous periods	(6,984)	47,931
Total deferred tax	125,413	181,608
Taxation on (loss)/profit on ordinary activities	(252,668)	72,535

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	1,216,995	814,012
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	286,244	154,662
Effects of:		
Fixed asset differences	16,451	9,679
Expenses not deductible for tax purposes	1,022	143
Adjustments to tax charge in respect of prior periods	(378,081)	(183,912)
Tax rate changes	-	(1,125)
Additional deduction for R&D expenditure	(177,956)	-
R&D expenditure credits	(1,198)	-
Chargeable gains/(losses)	-	13,073
Adjustment to deferred tax charge in respect of previous periods	(6,985)	47,931
Remeasurement of deferred tax for changes in tax rates	7,835	32,084
Total tax charge for the year	(252,668)	72,535

Factors that may affect future tax charges

There are no factors noted that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Intangible assets

	IT software	Nautronix IP	Total
	£	£	£
Cost			
At 1 January 2023	70,036	302,001	372,037
At 31 December 2023	70,036	302,001	372,037
Amortisation			
At 1 January 2023	53,854	264,460	318,314
Charge for the year on owned assets	6,586	37,541	44,127
At 31 December 2023	60,440	302,001	362,441
Net book value			
At 31 December 2023	9,596	-	9,596
At 31 December 2022	16,182	37,541	53,723

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. Tangible fixed assets

	Land & buildings	Plant & machinery	Office equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2023	1,949,667	2,190,554	5,479	4,145,700
Additions	-	954,174	-	954,174
At 31 December 2023	1,949,667	3,144,728	5,479	5,099,874
Depreciation				
At 1 January 2023	350,940	1,181,903	5,479	1,538,322
Charge for the year on owned assets	77,987	498,629	-	576,616
At 31 December 2023	428,927	1,680,532	5,479	2,114,938
Net book value				
At 31 December 2023	1,520,740	1,464,196	-	2,984,936
At 31 December 2022	1,598,727	1,008,651	-	2,607,378

14. Stocks

	2023	2022
	£	£
Raw materials and consumables	4,092,947	3,460,727
Work in progress	440,717	424,408
	4,533,664	3,885,135

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15. Debtors

	2023 £	2022 £
Trade debtors	1,889,884	1,750,190
Amounts owed by group undertakings	1,045,078	996,976
Other debtors	635,509	113,744
Prepayments and accrued income	133,853	138,641
Corporation tax recoverable	804,513	242,373
	4,508,837	3,241,924

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	508,123	1,317,709
Less: bank overdrafts	(4,677,450)	(4,961,971)
	(4,169,327)	(3,644,262)

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	4,677,450	4,961,971
Bank loans (note 19)	410,000	410,000
Trade creditors	538,617	248,052
Amounts owed to group undertakings	1,061,831	990,051
Other taxation and social security	185,809	142,595
Other creditors	226,419	125,361
Accruals and deferred income	124,713	92,598
	7,224,839	6,970,628

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 2023

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

	2023	2022
	£	£
Bank loans (note 19)	1,140,000	1,550,000

19. Loans

Analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year		
Bank loans	410,000	410,000
Amounts falling due 1-2 years		
Bank loans	660,000	410,000
Amounts falling due 2-5 years		
Bank loans	480,000	980,000
Amounts falling due after more than 5 years		
Bank loans	-	160,000
	1,550,000	1,960,000

The company have two bank loans at the balance sheet date. The first bank loan of £800,000 bears interest at a rate of Libor + 3.25% and repaid in quarterly installments of £40,000 plus interest. The assets of Imenco UK Limited are pledged as security.

A second bank loan of £750,000 bears interest at a rate of Libor + 3.25% and is repaid through quarterly repayments of £62,500 plus interest and a final payment of £500,000 upon maturity of the loan in Q1 2025. The assets of Imenco UK Limited are pledged as security.

20. Deferred taxation

	2023 £
At beginning of year	(159,920)
Charged to profit or loss	(125,413)
At end of year	(285,333)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	(351,176)	(241,009)
Short term timing differences	42,425	81,089
Losses and other deductions	23,418	-
	(285,333)	(159,920)

21. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
25,000 (2022 - 25,000) Ordinary shares of £1.00 each	25,000	25,000

22. Pension commitments

During the year the company contributed £371,386 (2022 - £332,508) to define contribution pension schemes on behalf of employees. There were contributions of £99,073 (2022 - £44,427) outstanding at year end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

23. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
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	3,381,000	3,429,300
	3,622,500	3,670,800

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 2023, the guarantee of 3,416,368 NOK (£249,671) (2022: 51,510,965 NOK (£3,931,255)) 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 2023 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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