Proserv UK Limited

Annual Report and Financial Statements

31 December 2022

Company information

Directors
D J R Currie
D M Larssen
M W Fraser (appointed 30 June 2022)

Joint Company Secretary
D M Larssen
Blackwood Partners LLP

Auditors
Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Registered Office
Blackwood House
Union Grove Lane
Aberdeen AB10 6XU

Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Business review

The post-tax profit for the year was £9,137k. This is stated after deducting extraordinary items of £928k (Note 7). The prior year results presented show a post-tax profit of £3,045k.

2022 was an extremely successful year for the Proserv Group and the Company has recorded a £9,137k post-tax profit – a significant improvement on the £3,045k post-tax profit recorded in 2021. The Company, entering the year with a strong order backlog, successfully capitalised on the Global reaction to energy security whilst mitigating supply chain challenges and volatile exchange markets.

Activity, at both the Group and the Company level, has grown on 2021 which is largely attributed to strong project execution whilst continuing to win work at a rate that was faster than has been experienced in recent, COVID-19 impacted, years. Profitability growth, at the Group level, is as a result of a number of factors which included: strong focus on project management and execution, beneficial mix of higher margin Production; Rental; and Service work; and a relatively fixed level of underlying administrative expenses, reinforcing that the infrastructure that has been built in recent years is equipped to deal with higher volumes.

At the Company level, Gross profit has reduced slightly as a result of a higher proportion of lower margin intercompany projects but it has benefited from a reduction in administrative expenses. Further details can be found within the Operating profit disclosure (Note 7) but this reduction is largely driven by the translation of the net USD denominated intercompany receivable position. The weakening of the pound has resulted in a large unrealised foreign exchange gain being recorded on the presentation of the financial statements in GBP.

Pleasingly, despite the growth in activity levels, the Company has closed the year out with a higher order backlog than it entered the year with, putting the Company in a very strong position to continue to grow in 2023 and beyond.

Strategically, the Company has been focussed on accelerating its pivot into renewables and digital markets through continued investment in key personnel hires and development of technology. In addition, the following are worthy of note:

• Ortomation Memorandum of Understanding (MOU)
The MOU, signed in August 2022, will facilitate the development and commercialisation of unique real-time optimisation (RTO) software. Proserv and Ortomation will collaborate on deploying the Ortomation's innovative and novel model free, self-learning "autonomous agent" technology, enabling a simple, scalable and transparent solution, fundamentally distinct from the status quo method of providing "Asset Optimisation".

• Acquisition of minority stake in Synaptec
Proserv, in September 2022, acquired a minority stake in Glasgow based power system monitoring expert, Synaptec, with whom it had initially formed a strategic alliance in October 2020 to drive forward the innovation of disruptive condition-monitoring technologies for the energy sector.

This investment strengthens an already fruitful connection between Proserv and Synaptec, who will continue their work together to create and deliver instrumentation solutions to solve the many challenges faced by offshore renewables developers.

• SMS – Sampling Representative in Malaysia
Proserv, in December 2022, signed an agreement with Aberdeen based sand and erosion monitoring, analytics and management experts SMS.

The deal sees SMS become the exclusive agent and representative for Proserv's sampling activities across Malaysia. The arrangement brings Proserv's sampling system know-how, equipment design and high-quality manufacturing, delivering safe, enclosed and portable solutions, together with SMS's sand monitoring technologies.

• Intelligent Plant – New Agreement to underpin alliance
Proserv, in March 2023, signed a fresh agreement with Intelligent Plant, the Aberdeen based software engineering firm and data analytics experts. The new arrangement extends a previous alliance announced in late 2020.

That tie-up first brought the two parties together to innovate impactful digital technology service offerings and models, based around open data access, real-time condition monitoring and the provision of subject matter expertise.

This new deal reinforces Proserv's position as a worldwide distributor and supplier for Intelligent Plant's various products and applications. It also enables the two parties to collaborate even more closely to develop further disruptive software as a service (SaaS) solutions, leveraging Proserv's wide domain knowledge, its control system integration capabilities and its OEM agnostic technology philosophy, alongside Intelligent Plant's accessible, flexible data capture and award-winning analytics expertise.

The Company continues to focus on consolidating and growing its position in its target global markets in 2023, whilst maximising resource savings; asset optimisation; and operational process efficiencies to increase profitability. The Company is also committed to investing in solutions to help reduce its carbon footprint.

Future developments

The Company continues in 2023 with a strong backlog, generating positive cash flow from operating activities and well positioned for future growth. No significant changes to the Company are expected.

Principal risks and uncertainties

The company's activities expose it to a number of financial risks including cash flow and currency risk, credit risk and liquidity risk.

Cash flow and currency risk

The Company's exposure is primarily to the financial risks of changes in foreign currency exchange rates. This is managed through the use of foreign currency bank accounts. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The Company's credit risk relates primarily to its trade debtors and other receivables. The Company has a number of customers who are primarily either well established international or national companies, or joint ventures thereof. An evaluation is carried out of the credit risk of each new customer, and when appropriate, suitable protections put in place through the use of trade finance instruments. In addition to this, all customers are subject to periodic review based on individual current trading circumstances.

On a continual basis, management review an aged debtor analysis and focus on debts which are overdue for payment. In addition, there is always a level of unbilled receivables which arise through certain contractual mechanisms and attention is also focused on getting these amounts billed to customers as quickly as possible.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of intra-group funding, short term bank finance and asset finance to fund capital expenditure. In addition, it has access to the wider cash and facilities of the Group.

Strategic report (continued)

Section 172(1) Statement (continued)

Market risk

The Company is directly affected by levels of activity and investment within the oil and gas industry. The level of activity is to a great extent dependant on the oil price which can be volatile. The Company is continually assessing levels of investment and strategic global asset placement and addresses market challenges through:

- Best-in class services organisation
- A clear commitment to our people and their career growth
- Continued focus in brownfield market where Proserv has an excellent track record
- Focus on operational excellence
- Ongoing investment strategy
- Forming new alliances and partnerships
- Turning an industry challenge into an advantage

Section 172(1) Statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f), and forms the Directors' Statement required under section 414CZA, of the Companies Act 2006. The directors of the Company have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

- ***The likely consequences of any decision in the long-term***

The Board of Directors of the Group (the "Board") comprises experienced professionals and at each Board meeting, it reviews the Group's health and safety record, financial and operational performance and other relevant matters. The Board also consider and discuss the long-term goals of the Group and the impact that any decisions would have across the relevant stakeholders of the Group.

In addition to the Board, as is common within international Group's, the Group has a Senior Leadership Team ("SLT") to which the Board delegates authority for the day-to-day management of the Group. The Board engages the SLT in setting, approving and overseeing execution of operational, corporate and strategic matters of the Group. The Board members are also members of the SLT.

- ***The interests of the Company's employees***

Our people are fundamental to the success of our organisation and are central to the Group's FRESH values. FRESH values being, forward as a team, right thing right way, entrepreneurial spirit, serious about service and help, share communicate. At Proserv we have a stimulating and open work culture that encourages personal development. The Board aims to develop the organisation around a valued and motivated workforce and to attract, develop and retain the best people.

- ***The need to foster the Company's business relationships***

As an organisation, we undertake to procure goods and services in a sustainable and ethical manner in compliance relevant local laws. Our zero tolerance principles are built into contracts, tenders and communications with our customers, suppliers, contractors and sub-contractors.

Proserv is committed to transparency in its supply chain and ensuring that our internal procedures, processes and contracts do not make demands of suppliers, contractors and sub-contractors that may lead them to violate human rights.

- ***The impact of the Company's operations on the community and the environment***

As a leading employer in our industry, and due to the nature of our work, it is essential that we are considerate in our actions and use our business success to benefit our people, the communities in which we work and that we carry out our operations with minimal risk to health and safety and the environment.

Proserv is committed to ensuring that the Company remains a healthy, happy and environmentally conscious place to work. This includes the development of Proserv Community. Rather than corporate social responsibility (CSR) initiatives taking a top-down approach, decided and organised by a remote committee, Proserv Community turns CSR into something altogether more community based, with a distinct grassroots flavour.

Strategic report (continued)

Section 172(1) Statement (continued)

• ***The impact of the Company's operations on the community and the environment (continued)***
With Proserv employees taking centre stage, Proserv Community groups across the globe instead act as a facilitator for ensuring that everyone has the opportunity to create and take part in their own CSR activities. This can be anything from beach cleaning and community outreach, to Diwali celebrations and pumpkin carving contests, and to extreme cycling and running challenges, as well as fundraising for local charities.

Proserv Community is the thriving, beating heart of Proserv for social activities, volunteering and charity fundraising.

• ***The desirability of the Company maintaining a reputation for high standards of business conduct***
At Proserv, we are committed to conducting business with the highest standard of ethical behaviour, in line with our core values. We have developed a number of policies and codes of conduct to ensure that we, as a business, conduct ourselves in a legal and ethical manner, in all environments we encounter, wherever in the world our business takes us.

Our reputation depends on operating with integrity and doing the right thing and as such we foster a culture of transparency and responsibility at all times for all our employees. We also expect those with whom we do business to embrace similar values and standards. Proserv has a zero-tolerance approach to modern slavery and human trafficking and has a number of policies and procedures in place to guard against the risk of slavery, human trafficking, forced and bonded labour and labour rights violations. These policies include, but are not limited to, the modern slavery policy, conflict minerals policy, procurement policy, recruitment policy and induction procedure.

All employees joining Proserv undergo an extensive pre-employment vetting process in line with the laws and customs of each jurisdiction. This may include proof of the right to live and work in that jurisdiction and background checks to protect the business and our clients in the event of the individual working in sectors that involve security risks. Proserv also ensures all employee earnings comply with the relevant pay related legislation of each jurisdiction.

• ***The need to act fairly as between members of the Company***
The Company is a wholly owned subsidiary. The Board engage regularly with the Company's ultimate parent, Proserv Group Parent, LLC which is heavily involved in driving the performance, guiding the strategy and developing the culture of the Company as part of the wider Proserv Group.

On behalf of the Board

D Larssen

Director
Davis Larssen

25 September 2023

Registered No. SC122029

Directors' report

The directors present their report and financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year after taxation amounted to £9,137k (2021 – £3,045k). The directors do not recommend a final dividend (2021 – £nil).

Principal activities of the business

The Proserv Group is managed through two global-facing divisions, namely Proserv and Gilmore. Proserv, which the Company is a part of, incorporates the company's subsea controls technology operation, in addition to its topside controls, IWOCS, sampling, measurement, renewables diagnostics and its design and field services teams. Gilmore, a hydraulic control valve developer, specialises in drilling, downhole, production and industrial solutions.

The company is a limited company, incorporated in the UK, with principal place of business at Skene Facility, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ, 4, Greenbank Place, East Tullos, Aberdeen, AB12 3BT, Artemis House, Gawain Road, Beacon Park, Gorleston, Great Yarmouth, Norfolk NR31 7DU and 10-11 Mollins Ct, Cumbernauld, Glasgow G68 9HP.

Going Concern

The company closely monitors and manages its funding position and liquidity risk to ensure it has access to sufficient funds to meet cash requirements. Cash forecasts are produced on a regular basis, supported by detailed, bottom up budgets, which are approved by the board. The directors continue to work closely with the company's shareholders to ensure the financial resources and liquidity of the company is managed effectively.

At 31 December 2022, the company is reliant on the Group and the ultimate parent company, Proserv Group Parent LLC, has confirmed that if required it will provide financial resources to enable the company to meet its liabilities as they fall due until 30 September 2024.

As at the date of these financial statements, having reviewed the Group's financial position in 2023, the future projections, the principal risks and uncertainties, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, up to the date of assessment 30th September 2024, and therefore support the going concern basis of this company.

During the year, the Proserv Group successfully performed an external refinancing exercise which has bolstered the Group's liquidity position. This, coupled with the strong order backlog across all offerings, gives the directors additional comfort that the Group will be in a position to continue to support the subsidiaries across the Group.

The directors have assessed the ability of Proserv Group Parent LLC to provide support until 30 September 2024, should it be required. Having reviewed the financial position and made suitable enquiries, the directors are satisfied that the financial statements should be prepared on a going concern basis.

Employees

As part of the Proserv Group, the company places strong emphasis on employee involvement. Internal communication systems allow a free flow of information and ideas to all managers and staff throughout the Group. Employees are provided with information on matters of concern to them and views of employees are sought through the management structure.

The Group's Human Resources department is responsible for promoting Group-wide best practices. The Group endorses and supports the principles of equal employment opportunity. Although much of the company's work is unsuitable for disabled persons, disabled persons receive full and fair consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim. All employment decisions are made on a non-discriminatory basis.

Directors' report (continued)

Directors

The directors who served the company during the year were as follows:

D J R Currie

D M Larssen

M W Fraser (appointed 30 June 2022)

J M Thomson (resigned 30 June 2022)

Environmental performance

During 2022, the energy usage of the company was 1.1 million kWh of mains electricity (2021: 1.1 million kWh); 68,219 m^3 of mains gas (2021: 98,114 m^3) and 67,115 km of operational travel mileage (2021: 74,750 km).

The associated greenhouse gas (GHG) emissions were: 180 tonnes CO2e from mains electricity (2021: 207 tonnes CO2e); 150 tonnes CO2e from mains gas (2021: 218 tonnes CO2e) and 15 tonnes CO2e from operational travel mileage (2021: 19 tonnes CO2e).

The company's emissions intensity per employee during 2022 was 3.7 tonnes CO2e (2021: 2.1 tonnes CO2e).

Throughout 2022 the company has been involved in a number of energy efficiency projects and initiatives across both operational and office facilities. These have included: replacement of halogen lighting in workshops towards use of LEDs; replacement of aged machinery for more efficient and less energy consuming equipment and close monitoring of utility usage across gas and water.

The Company obtained operational data across our sites through meter readings of utilities, vendor reports, logs of transport usage, personal car use for business purposes and our internal reporting system. This information was checked by management and supporting team to produce our utility and transport usage figures. The usage figures were used in conjunction with the UK Government conversion factors for company reporting of greenhouse gas emissions to produce our GHG emission figures.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

D. Larssen

Director
Davis Larssen

25 September 2023

Directors' Responsibilities Statement

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (FRS 101 – "Reduced Disclosure Framework", United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 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 auditors' report

to the members of Proserv UK Limited

We have audited the financial statements of Proserv UK Limited for the year ended 31 December 2022 which comprise of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern until 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report (continued)

to the members of Proserv UK Limited

Other information (continued)

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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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 8, 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 auditors' report (continued)

to the members of Proserv UK Limited

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management

Our approach was as follows:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
• We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
• We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
• We incorporated unpredictability into our testing of manual journals and into our testing of revenue recognition. We tested specific transactions back to source documentation ensuring appropriate authorisation of the transactions.
• Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

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

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.

Ernst & Young LLP

Gordon Edwards (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
27 September 2023

Income statement

for the year ended 31 December 2022

	Notes	2022	2021
		£000	*£000*
Revenue	6	**42,806**	38,265
Cost of sales		**(30,472)**	(25,603)
Gross Profit		**12,334**	12,662
Administrative expenses		**(3,298)**	(9,374)
Operating profit	7	**9,036**	3,288
Finance income/(costs)	10	**182**	(192)
Profit on ordinary activities before taxation		**9,218**	3,096
Tax	11	**(81)**	(51)
Profit for the financial year		**9,137**	3,045

Statement of comprehensive income

for the year ended 31 December 2022

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £9,137k in the year ended 31 December 2022 (2021 – £3,045k).

Statement of Financial Position

at 31 December 2022

	Notes	*2022* *£000*	*2021* *£000*
Non current assets			
Intangible assets	12	**2,818**	2,430
Tangible assets	13	**10,685**	11,849
Investments	14	**6,769**	6,019
		20,272	20,298
Current assets			
Inventories	15	**4,800**	3,765
Trade and other receivables	16	**58,129**	46,324
Trade and other receivables (amounts due after more than one year)	16	**54,639**	48,993
Cash at bank and in hand		**3,367**	1,201
		120,935	100,283
Total assets		**141,207**	120,581
Capital and reserves			
Called up share capital	19	**1**	1
Profit and loss account		**(18,102)**	(27,239)
Shareholders' deficit		**(18,101)**	(27,238)
Current liabilities			
Trade and other payables	17	**45,265**	34,983
Trade and other payables (amounts payable after more than one year)	17	**103,523**	102,433
		148,788	137,416
Non-current liabilities			
Long term financial liabilities	17	**10,520**	10,403
Total liabilities		**159,308**	147,819
Total equity and liabilities		**141,207**	120,581

The financial statements of Proserv UK Limited (registered number: SC122029) were approved by the Board of Directors and signed on its behalf by:

M Fraser

Director
Mark Fraser

25 September 2023

Statement of changes in equity

for the year ended 31 December 2022

	Share capital	*Profit and loss account*	*Total equity / (deficit)*
	£000	***£000***	***£000***
At 31 December 2020	1	(30,284)	(30,283)
Profit for the financial year	-	3,045	3,045
At 31 December 2021	1	(27,239)	(27,238)
Profit for the financial year	-	9,137	9,137
At 31 December 2022	**1**	**(18,102)**	**(18,101)**

Notes to the financial statements

at 31 December 2022

1. Basis of preparation

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

FRS 101 sets out a reduced disclosure framework for "qualifying entities". Proserv UK Limited is a qualifying entity for the purposes of FRS 101, per the definition provided in "the Standard". Note 22 gives details of the Company's ultimate parent and from where the consolidated financial statements can be obtained.

The financial statements contain information about Proserv UK Limited as an individual company and do not contain consolidated financial statements as the parent of a Group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Proserv Group Parent LLC, a company registered in the United States of America.

The company is a limited company, incorporated in the UK, with principal place of business at Skene Facility, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ, 4, Greenbank Place, East Tullos, Aberdeen, AB12 3BT, Artemis House, Gawain Road, Beacon Park, Gorleston, Great Yarmouth, Norfolk NR31 7DU and 10-11 Mollins Ct, Cumbernauld, Glasgow G68 9HP. The company's functional and presentational currency is Great British Pound (GBP). All values are rounded to the nearest thousand (£000) unless otherwise stated.

2. Significant accounting estimates and assumptions

Impairment of goodwill and intangible assets

Impairment exists when the carrying value of a cash generating unit exceeds its recoverable amount, which is its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Revenue recognition - total contract cost

The estimates of total contract cost can be judgmental and sensitive to changes. The cost estimates can significantly impact revenue recognition for contracts using cost progress, particularly in lump sum construction contracts. The forecasting of total project cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, manufacturing capacity, productivity and quality factors, performance of subcontractors and sometimes also weather conditions. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

Notes to the financial statements

at 31 December 2022

3. Accounting policies

Going concern

The company closely monitors and manages its funding position and liquidity risk to ensure it has access to sufficient funds to meet cash requirements. Cash forecasts are produced on a regular basis, supported by detailed, bottom up budgets, which are approved by the board. The directors continue to work closely with the company's shareholders to ensure the financial resources and liquidity of the company is managed effectively.

At 31 December 2022, the company is reliant on the Group and therefore the ultimate parent company, Proserv Group Parent LLC, has confirmed that if required it will provide financial resources to enable the company to meet its liabilities as they fall due until 30 September 2024.

As at the date of these financial statements, having reviewed the Group's financial position in 2023, the future projections, the principal risks and uncertainties, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, up to the date of assessment 30th September 2024, and therefore support the going concern basis of this company.

During the year, the Proserv Group successfully performed an external refinancing exercise which has bolstered the Group's liquidity position. This, coupled with the strong order backlog across all offerings, gives the directors additional comfort that the Group will be in a position to continue to support the subsidiaries across the Group.

The directors have assessed the ability of Proserv Group Parent LLC to provide support until 30 September 2024, should it be required. Having reviewed the financial position and made suitable enquiries, the directors are satisfied that the financial statements should be prepared on a going concern basis.

Goodwill

Proserv UK Limited uses the purchase method of accounting to account for acquisitions. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

To overcome the prohibition of the Companies Act the Company has applied a true and fair override in relation to the non-amortisation of goodwill. Under IAS 36 Business Combinations, goodwill is not amortised but is reviewed for impairment on an annual basis or whenever there are indicators of impairment. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. The departure is necessary in order to comply with the requirements of IAS 36. The company is therefore invoking a true and fair view override to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

Notes to the financial statements

at 31 December 2022

3. Accounting policies (continued)

Intangible fixed assets

Intangible assets are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. Where the company acquires a business, other intangible assets such as customer contracts are identified and evaluated to determine the carrying value on the acquisition balance sheet.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their estimated useful lives with the amortisation method for an intangible asset with a finite useful life being reviewed at least at the end of each reporting period:

Software	4 years
Development Expenditure	up to 10 years
Customer relationships	up to 15 years

Research and development

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- Its ability to use or sell the intangible asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Notes to the financial statements

at 31 December 2022

3. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	25 years
Right of use assets	1-20 years
Leasehold improvements	5 years
Rental assets	7 years
Plant, equipment and motor vehicles	3-10 years
Fixtures, fittings and IT equipment	3-4 years

Impairment

The company performs impairment reviews annually in respect of PP&E, goodwill and other intangible assets and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. In addition, the company carries out annual impairment reviews in respect of goodwill as described below. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

For the purposes of impairment testing, assets are allocated to the appropriate cash generating unit ('CGU'). The CGUs are aligned to the structure the Group uses to manage its business. The estimated future cash flows are discounted in determining the value in use.

Investments

The Company assess on a regular basis and when changes in circumstances exist if its investments result in the Company having significant influence or not over the investee. Significant influence is defined as the right to participate in the financial and operating policy decisions of the investee.

The Group's non-current financial investments comprise strategic shareholdings and non controlling interests in companies. These investments are held at cost, and reviewed for impairment indicators at each reporting date.

Inventories

Stocks and work in progress are valued at the lower of cost and net realisable value after making allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the income statement.

Notes to the financial statements

at 31 December 2022

3. Accounting policies (continued)

Financial assets and financial liabilities

Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through Other Comprehensive Income. The Company's financial assets include cash and cash equivalents, trade and other receivables and loans and other receivables.

Trade and other receivables are recognised initially at fair value. For contract assets and trade and other receivables which do not contain a significant financing component, in accordance with IFRS 9, the Company applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses.

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

The Company considers credit risk on a case-by-case basing historical and forward look information including macro-economic factors. The Company consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

At 31 December 2022 aggregated allowances for expected credit losses, related to trade receivables, construction contract assets and accrued revenue, of £854k (2021: £813k) were recognised within the Balance Sheet.

Loans and other receivables with fixed or determinable payments are measured at cost and are subsequently stated at amortised cost. Any interest is included as finance income in the income statement.

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more probable than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the financial statements

at 31 December 2022

3. Accounting policies (continued)

Revenue recognition

All customer contracts in scope of IFRS 15 are assessed using the five-step model. Only approved customer contracts with a firm commitment are basis for revenue recognition. Variation orders are included when they have been approved, either verbally, in writing or implied by customary business practice. The deliveries in the contracts are reviewed to identify distinct performance obligations, and this assessment may involve significant judgement. For the vast majority of the identified performance obligations, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using a cost-based progress method, or as time and materials are delivered to the customer. The cost progress method is commonly used on lump sum contracts and reimbursable contracts when scope of work is firm. The time and materials method is more commonly used for reimbursable contract with less firm scope. These methods are used to best reflect the pattern of transfer of control of goods and services to the customer.

Variable considerations, such as incentive payments, are included in revenue when they are highly probable. Expected liquidated damages (LD) are recognized as a reduction of revenue unless it is highly probable LDs will not be incurred. The transaction price of performance obligations is adjusted for significant financing components to reflect the time value of money. Financing components may exist when the expected time period between the transfer of the promised goods and services and the payment is more than twelve months. This assessment is performed at the contract inception. Profit is not recognized until the outcome of the performance obligations can be measured reliably. Contract costs are expensed as incurred. The full loss is recognized immediately when identified on loss-making contracts. The loss is determined based on revenue less direct cost (i.e. labour, subcontractor and material cost) and an allocation of overhead that relate directly to the contract or activities required to fulfil the contract.

Government grants

The Company claims research and development government credits. These are judged to have characteristics more akin to grants than income taxes and are offset against the relevant expenditure. Credits are recognised to the extent that there is reasonable assurance that they will be received which, given the necessary claims process, can be some time after the original expense is incurred.

Finance expense/income

Interest income and expense is recorded in the income statement in the period to which it relates.

Leases

The Company leases a number of office buildings in addition to manufacturing and service sites. The Company also leases certain plant, machinery and vehicles. IFRS 16 requires all contracts that contain a lease to be recognised on the balance sheet as a right-of-use asset and lease liability. Only certain short-term and low-value leases are exempt. All lease contracts were classified as operating leases under the previous (IAS 17) standard.

The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is depreciated over the lease term and is subject to impairment testing. The lease payments previously included as operating expense in the income statement are reported as depreciation and financial expense under IFRS 16 resulting in an improvement of operating income before depreciation, amortization and impairment. The cash outflows for leases under IFRS 16 are presented as repayment of interest-bearing liabilities within financing activities in the cashflow statement. Interest paid is still classified as cash outflows within operating activities.

Several property leases contain extension options or cancellation clauses. The non-cancellable lease period is basis for the lease commitment. Periods covered by extension or termination options are included when it is reasonably certain that the lease period will be extended. When management has decided to extend the lease period is typically an event that would trigger an updated assessment of the reasonably certain criteria.

Notes to the financial statements

at 31 December 2022

3. Accounting policies (continued)

Leases (continued)

Non-lease components such as electricity, insurance and other property-related expenses paid to the landlord are excluded from the lease commitment for offices and manufacturing sites but would be included when renting apartments and vehicles if included in the agreed lease amount. Future index or rate adjustments of lease payments are only included in the lease liability when a minimum adjustment has been contractually agreed and is in-substance fixed.

When a leased property has been vacated or will be vacated by the Company in the near future, the right-of-use asset is assessed for impairment. If the vacated property is a separable part of the leased building, it is tested for impairment as a separate cash-generating unit. Expected future sub-lease income is discounted to present value and compared to the value of the separable right-of-use asset. If the vacated area is not separable, the right-of-use asset it tested together with the other assets in the cash generating unit.

The Company had a sub-lease. All sub-leases were previously classified as operating leases with lease income recognised as revenue. Under IFRS 16, some sub-leases covering the major part of the lease term in the head-lease are classified as finance sub-leases. The portion of the right-of-use asset subject to sub-lease is de-recognized and a sub-lease receivable is recognized in the balance sheet when the sublease commences. The sub-lease will result in interest income and lower right-of-use asset depreciation under IFRS 16, rather than lease revenue as under IAS 17.

4. Changes in accounting policies and disclosures

Effective new accounting standards

No new International Financial Reporting Standards (IFRS) were adopted by the Group for the financial year beginning 1 January 2022. Several amendments to IFRS were applied for the first time in 2021, however they did not have an impact on the Financial Statements of the Company.

5. Disclosure exemptions

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

The exemptions that apply to the Company are as follows:

- IAS 1, IAS 16 & IAS 38 – the requirement for comparatives to be presented between the preceding and current periods for share capital, property, plant and equipment and intangible assets
- IAS 1 – the requirement to disclose information on capital and how it is managed
- IAS 1 – the requirement to provide a balance sheet as at the beginning of the preceding period if there is a prior year adjustment
- IAS 7 – the requirement to present a Statement of Cash Flows
- IAS 8 – the requirement to analyse effects of standards that are issued but not effective
- IAS 24 – the requirement to provide information in regards key management personnel compensation
- IAS 24 – the requirement to disclose related party transactions with two or more members of a Group if wholly owned subsidiaries
- IAS 36 – the requirement to disclose information on estimates used to calculate recoverable amounts of intangible assets and goodwill with infinite useful lives
- IFRS 7 – the requirement to disclose information on financial instruments

These financial statements have adopted the disclosure requirements arising from adoption of SI 2015 No. 980.

Notes to the financial statements

at 31 December 2022

6. Revenue

Revenue, which is stated net of value added tax, represents amounts invoiced and accrued for work performed in the period.

The revenue is attributable to continuing activities.

Analysis of revenue by geographical market comprises:	2022	2021
	£000	*£000*
UK	**24,609**	14,947
Norway	**1,524**	9,394
Rest of the world	**16,673**	13,924
Total Revenue	**42,806**	38,265

7. Operating Profit

This is stated after charging / (crediting):	Notes	2022	2021
		£000	*£000*
Auditors' remuneration:		**70**	70
Depreciation of tangible fixed assets	13	**1,611**	1,664
Net foreign exchange (gain)		**(3,999)**	(395)
Amortisation – intangible fixed assets	12	**41**	47
Expected credit loss allowance		**41**	54
Research and development costs		**546**	505
Development amounts capitalised	12	**(342)**	-
Research and development government credits		**(794)**	(229)
(Gain)/loss on sale of fixed assets		**(16)**	2

Extraordinary items

The company presents certain items as 'extraordinary'. These are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a proper understanding of the financial information.

The following amounts were reported within the profit on ordinary activities before taxation:

	2022	2021
	£000	*£000*
Legal and professional costs	**84**	98
Personnel costs	**831**	440
	915	538
Tax effect on exceptional items	**-**	-
	915	538

Legal and professional fees predominantly relate to one-off costs incurred with respect to restructuring and refinancing activities within the company.

Personnel costs relate to employee related costs incurred as a result of restructuring, termination or other non-standard events.

Notes to the financial statements

at 31 December 2022

8. Directors' remuneration

The directors are employed by and receive remuneration from other Group companies. The Group directors received total remuneration for the year of £1,974k (including termination payments of £844k) (2021 - £985k). In the opinion of the Group directors it is not possible to apportion the directors' remuneration to subsidiaries on the basis of level of service and accordingly no allocation has been made.

The highest paid Group director received remuneration of £783k (including termination payments of £530k) (2021 - £421k). The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Group director amounted to £nil (2021 – £nil).

9. Staff costs

	2022	2021
	£000	*£000*
Wages and salaries	**18,101**	14,336
Social security costs	**2,113**	1,801
Other pension costs	**936**	895
	21,150	17,032

The average monthly number of employees during the year was made up as follows:

	No.	No.
Management and administration	**35**	41
Operations	**269**	263
	304	304

10. Finance (income)/costs (net)

	2022	2021
	£000	*£000*
Net intercompany interest (income)	**(966)**	(654)
Finance charges payable under finance leases	**783**	869
Other net finance cost/(income)	**1**	(23)
	(182)	192

Notes to the financial statements

at 31 December 2022

11. Tax

(a) Profit on ordinary activities

The tax charge is made up as follows:

	2022	2021
	£000	*£000*
Current tax:		
Foreign tax on income for the year	**81**	51
Adjustments in respect of prior years	**-**	0
Total tax charge	**81**	51
Deferred tax:		
Origination and reversal of timing differences	**-**	-
Adjustment regarding prior differences	**-**	-
Total deferred tax charge (note 11)	**-**	-
Total tax charge on profit on ordinary activities	**81**	51
Income tax expense reported in the income statement	**81**	51
	81	51

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022	2021
	£000	*£000*
Profit on ordinary activities before tax	**9,218**	3,096
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	**1,751**	588
Effects of:		
Expenses not deductible for tax purposes	**134**	196
Fixed asset differences	**-**	(325)
Group relief (claimed)/surrendered	**(796)**	-
Other timing differences	**(234)**	(199)
Irrecoverable overseas tax	**81**	51
Movement in deferred tax not recognised	**(560)**	-
Utilisation of losses brought forward	**(295)**	(260)
Total tax for the year (note 11)	**81**	51

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Any Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements

at 31 December 2022

12. Intangible fixed assets

	Goodwill	Development Expenditure	Other intangibles	Total
	£000	*£000*	*£000*	*£000*
Cost:				
At 1 January 2022	15,966	-	5,655	21,621
Additions in the year	-	429	-	429
At 31 December 2022	**15,966**	**429**	**5,655**	**22,050**
Accumulated amortisation and impairment losses:				
At 1 January 2022	13,834	-	5,357	19,191
Charge for the year	-	-	41	41
At 31 December 2022	**13,834**	**-**	**5,398**	**19,232**
Net book value:				
At 31 December 2022	**2,132**	**429**	**257**	**2,818**
At 1 January 2022	2,132	-	298	2,430

Goodwill has arisen related to its own operations as a result of previous legal entity rationalisation.

During the year the Company recognised £429k of Development Expenditure in line with IAS 38.

13. Tangible fixed assets

	Land & buildings	Right of use asset property	Plant & equipment	Rental assets	Fixtures, fittings & IT equipment	Leasehold improvements	Assets under construction	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:								
At 1 January 2022	616	13,805	279	3,098	1,904	1,107	204	21,014
Additions	-	-	163	146	93	-	-	402
Disposals	-	-	-	80	-	-	-	80
Reclassifications	-	-	87	11	-	-	(98)	-
At 31 December 2022	**616**	**13,805**	**529**	**3,335**	**1,997**	**1,107**	**106**	**21,496**
Depreciation:								
At 1 January 2022	140	6,642	47	1,231	273	832	-	9,165
Charge for the year	-	869	363	350	28	-	-	1,610
Disposals	-	-	-	36	-	-	-	36
At 31 December 2022	**140**	**7,511**	**410**	**1,617**	**301**	**832**	**-**	**10,811**
Net book value:								
At 31 December 2022	**476**	**6,294**	**119**	**1,718**	**1,696**	**275**	**106**	**10,685**
At 1 January 2022	476	7,163	232	1,867	1,631	275	204	11,849

Notes to the financial statements

at 31 December 2022

14. Investments

	Subsidiary companies	Non Controlling Interest	Total
	£000	*£000*	*£000*
Cost:			
At 1 January 2022	6,048	-	6,048
Additions in the year		750	750
At 31 December 2022	6,048	750	6,798
Aggregate impairment:			
At 1 January 2022	(29)	-	(29)
At 31 December 2022	(29)	-	(29)
Net book value:			
At 31 December 2022	**6,019**	**750**	**6,769**
At 1 January 2022	6,019	-	6,019

The increase in total cost in the year resulted from a non controlling interest being acquired in Synaptec LTD.

The following are the interests of the company:

Name	*Registered address*	*Country of incorporation (if outside the UK)*	*Class of shares*	*Holding*
KRG Industries Limited	Blackwood House, Union Grove Lane, Aberdeen, AB10 6 XU		Ordinary shares	100%
Proserv India Oil & Gas Solutions LLP*	Suri & Co., Chartered Accountants, No 4 (Old No 55A), Chevalier Sivaji Ganesan Salai, South Boag Road, Thyagaraya Nagar, Chennai 600017, Tamil Nadu – Chennai	India	Ordinary shares	50%
Pneu Hydro de Mexico, S. de R. L. de CV*	Bosque de Ciruelos No. 180 PP , Bosques de las Lomas, Mexico City, Mexico, 11700	Mexico	Ordinary shares	10%
Synaptec LTD	2 Atlantic Square, 31 York Street, Glasgow, Scotland, G2 8AS		Ordinary shares	5%

*investment held 100% by the Group via the immediate parent company Proserv Operations Limited

Notes to the financial statements

at 31 December 2022

15. Inventories	**2022**	2021
	£000	*£000*
Raw materials	**1,988**	615
Work in progress	**1,419**	1,522
Finished goods and goods for sale	**1,393**	1,628
	4,800	3,765

16. Trade and other receivables	**2022**	2021
	£000	£000
Trade receivables	**6,243**	6,418
Less: provision for impairment of trade receivables		
Expected credit loss allowance	**(62)**	(21)
Trade receivables - net	**6,181**	6,397
Other taxes receivable	**61**	198
Other debtors	**1,594**	186
Prepayments	**1,933**	771
Accrued income	**377**	1,024
Sales in excess of billings	**3,743**	3,587
Amounts owed by group undertakings - due within one year	**44,240**	34,161
	51,948	39,927
Trade and other receivables - due within one year	**58,129**	46,324
Amounts owed by group undertakings - due after more than one year	**55,431**	49,785
Less: expected credit loss allowance	**(792)**	(792)
Trade and other receivables - due after one year	**54,639**	48,993

Amounts falling due after more than year include interest bearing loans charged at 4% annually which are repayable on demand, but which are not expected to be settled within 12 months.

The ageing analysis of the trade receivables balance is as follows:	**2022**	2021
	£000	*£000*
Less than 30 days past due	**4,789**	5,847
Between 30 and 60 days past due	**206**	245
Between 60 and 90 days past due	**327**	156
Past due more than 90 days	**859**	149
Total trade receivables	**6,181**	6,397

	2022	2021
	£000	*£000*
Contract assets	**3,743**	3,587
Contract liabilities	**(2,521)**	(615)
At 31 December	**1,222**	2,972

Notes to the financial statements

at 31 December 2022

17. Trade and other payables

	2022	2021
	£000	*£000*
Trade payables	**1,863**	2,982
Other taxes and social security costs	**462**	472
Other creditors	**5,079**	2,979
Accruals and deferred income	**1,870**	1,566
Corporation tax	**-**	-
Billings in excess of sales	**2,521**	615
Amounts owed to group undertakings - due within one year	**33,470**	26,369
Amounts falling due within one year	**45,265**	34,983
Amounts owed to group undertakings - due after one year	**103,523**	102,433
Amounts falling due after more than one year	**103,523**	102,433
Total trade and other payables	**148,788**	137,416
Long-term lease liabilities	**10,520**	10,403

Amounts owed to group undertakings which are falling due after more than one year include interest bearing loans charged at 4% annually which are repayable on demand, but which are not expected to be settled within we months.

18. Loans and borrowings

(a) Credit facilities

During the year, the Group exited the previous letter of credit facility and entered a new bonding facility agreement. The new agreement requires all third party guarantees to be cash collateralised and, as such, all securities in place from the previous facility agreement have been released.

(b) Borrowings

During the year, the Group successfully performed a refinancing exercise and has entered into a new 3-year term loan agreement with an external debt provider.

The company and certain other subsidiaries of the Group are parties to the new term loan. Security, to the maximum amount of the committed facility ($20,000k, £16,334) has been granted by the company and certain other subsidiaries of the Group in the form of fixed and floating charges over certain assets, depending on

19. Issued share capital

		2022		2021
Allotted, called up and fully paid	No.	***£000***	No.	*£000*
Ordinary shares of £1 each	1,000	**1**	1,000	1

Notes to the financial statements

at 31 December 2022

20. Leasing

As lessee, the company leases various offices and warehouses. The company's obligations under its leases are secured by the lessor's title to the leased assets. The company also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value.

Note 13 sets out the carrying amounts of right of use assets recognised and the movements during the year. The carrying amounts of lease liabilities, movements during the year and the maturity profile of the company's lease liabilities based on contractual undiscounted payments are set out below. In addition, amounts recognised in the income statement related to leasing are also summarised below. Cash outflows relating to capitalised leases were £1,731k (2021: £1,832k).

Movement of lease liabilities and receivables:

	Lease liabilities 2022
	£000
Movement of lease liabilities and receivables	
Balance as of January 1, 2022	**11,351**
Additions	**7**
Interest expenses	**783**
Lease payments	**(1,731)**
Balance as of December 31, 2022	**10,410**

Lease payments of £1,731k consist of lease instalments of £948k and interest expense of £783k.

Amounts recognised in the Income Statement

The following amounts are recognised in the income statement related to leasing:

	Notes	**2022**	2021
		£000	*£000*
Income from operational sub-leases presented as other income		**-**	11
Depreciation of ROU assets	15	**(869)**	(896)
Interest on lease liabilities presented as financial expense	10	**(783)**	(869)

Notes to the financial statements

at 31 December 2022

20. Leasing (continued)

Maturity of lease liabilities:

	Lease payments 2022	Lease payments 2021
	£000	*£000*
Within one year	**943**	948
Between one and two years	**681**	939
Between two and three years	**630**	674
Between three and four years	**585**	623
Between four and five years	**669**	580
After five years	**6,902**	7,587
Total	**10,410**	11,351

21. Pension

The company makes contributions to defined contribution pension plans on behalf of certain employees. The pension cost charge represents contributions payable by the company to the fund. The contributions payable by the company for the year were £936k (2021 – £895k). The outstanding contributions payable at year end were £147k (2021 – £138k).

22. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Proserv Operations Limited.

The ultimate parent company is Proserv Group Parent, LLC, Proserv House, Prospect Road, Arnhall Business Park, Westhill, Aberdeenshire, AB32 6FJ, a limited liability company duly organised and validly existing in the State of Delaware, United States of America.

The ultimate controlling parties as at 31 December 2022 were KKR Credit Advisors (US) LLC and Oaktree Capital Management, L.P.