

Registered number: SC183018

**STATS (UK) LTD.**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**



**STATS (UK) LTD.**

**COMPANY INFORMATION**

<b>Directors</b>	Angus Bowie (resigned 15 August 2023) Peter Duguid (resigned 14 August 2023) Leigh Howarth (Non-Executive) Douglas Krokosz (resigned 15 August 2023) Lisa Mitchell (resigned 15 August 2023) Stephen Rawlinson (appointed 10 April 2024, resigned 15 August 2023) Steven Byers (resigned 15 August 2023) Ross Wallace (resigned 15 August 2023) Graeme Coutts (Non-Executive) Robert Anderson (Non-Executive) (resigned 14 August 2023) Richard Pugh (Non-Executive) (resigned 14 August 2023) Kenichi Mizutani (Non-Executive) (appointed 14 August 2023) Toshiyuki Tezuka (Non-Executive) (appointed 14 August 2023) Tomohisa Suzue (Non-Executive) (appointed 14 August 2023)
<b>Company secretary</b>	Aberdein Considine Secretarial Services Limited
<b>Registered number</b>	SC183018
<b>Registered office</b>	5 - 9 Bon Accord Crescent Aberdeen AB11 6DN
<b>Bankers during the year</b>	Santander UK PLC 301 St. Vincent Street Glasgow G2 5HN

**STATS (UK) LTD.**

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## **STATS (UK) LTD.**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **Principal activities**

The group's principal activity is the provision of pressurised pipeline isolation, hot tapping and plugging services to the international energy industry.

#### **Business review**

The group delivered an excellent trading result for the year, with revenue increasing to £74.7m (2022: £59.0m) and earnings\* of £12.1m (2022: £9.1m). Geographically, 87% of the revenue in the year was derived from activities outside the United Kingdom (2022: 90%), reflecting the group's ongoing commitment to develop localised operations.

\* Earnings before interest, tax, depreciation and amortisation (EBITDA), before charges for foreign exchange, exceptional items, and share based payments.

In support of safe and efficient project delivery, the group continued to reinforce positive safety behaviours, staff engagement and safety leadership. In 2023, 658,280 man-hours were worked across the group's operations (2022: 543,744) with no Lost-Time Injuries (LTI) reported in the year (2022: 0). The group continues to focus on development of its staff through training and competence activities, recognising the need to increase headcount, in a sustainable manner, to support continued growth.

The group achieved significant developmental milestones in 2023:

- The sale of the company to Mitsui & Co., Ltd. was formally concluded in August, with good progress made on integration priorities across the business and coordination of market development opportunities.
- Continued progress with key product developments, including small diameter bend compliant Tecno Plugs, requalification of ATEX certification on remote module technology, and successful isolation trials on 100% hydrogen pipelines.
- Further year of significant growth in the Middle East in terms of revenue, profitability, and operational capacity, with a notable increase in project scale and delivery volumes.
- Annual sustainability report published communicating the environmental, social and governance performance of the group, and highlighting the benefits of STATS proprietary technologies in helping clients reduce their carbon emissions.

The group operates an integrated management system maintaining a multi-site accreditation across all operational bases (ISO9001:2015, ISO141001:2015, ISO 45001).

#### **UK**

The group's UK business delivered several large and technically complex scopes in the year whilst providing technical guidance and operational support to the group's international regions.

Key milestones include:

- Commenced work on a multi-year decommissioning scope for supply of 10" to 30" Isolation Plugs and Connectors, in the UK North Sea.
- Gaining momentum in the UK onshore gas distribution market, securing several contracts using the group's proprietary BISEP intervention equipment with a number of different operators.
- Supporting operators in the UKCS with maintenance and shutdown activities in provision of equipment under the PPS product line.

## **STATS (UK) LTD.**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **Middle East**

The Middle East region continued to operate in their core markets of Qatar, United Arab Emirates, Oman and the Kingdom of Saudi Arabia (KSA).

Major achievements in the year include:

- Significant progress on establishing track record in key markets, with customer adoption of STATS technologies that will continue to drive future growth in market share.
- Offshore KSA, the group provided large diameter (48") subsea tapping and isolation services on a bypass project, the largest ever subsea isolation project in region.
- Expansion of the group's Qatari business, with development of the infrastructure and resources needed to deliver multiple major isolation projects.
- Supply of a large order for 48" SureSafe™ plugs to a customer in the United Arab Emirates.

#### **USA**

The US region continued to develop and broaden its customer base, with a notable expansion in the supply of products and services to the offshore market.

Key activities during the year include:

- Completed a significant double BISEP intervention scope, at four locations, for a leading pipeline operator.
- Building solid track record in delivery of several complex isolation scopes, offshore Gulf of Mexico, using both BISEP intervention and Remote Tecno Plug deployments.

#### **Canada**

The Canadian business remains the primary fabrication hub for the group's North American activities and continued to see significant growth in the onshore transmission and distribution sectors.

Significant achievements in the year include:

- Delivering the fourth phase of a major intervention contract in support of gas distribution network upgrades throughout British Columbia.
- Continued to deliver a high volume of hot tapp and BISEP scopes across an extensive and growing customer base.
- Development of market share in both the supply of pipeline fittings and product sale orders, with uptake from key operators in region.

#### **Asia**

As part of a strategy to expand the group's regional footprint, the Asian region made progress in developing its market share in Australia whilst continuing to explore growth opportunities in the Malaysian market.

Key milestones include:

- Successful delivery of a 38" subsea isolation project in Malaysia along with a contingency repair clamp, STATS largest subsea clamp to date.
- Completion of the group's first Remote Tecno Plug scope in Indonesia.
- Signed a new exclusive partner agreement with E&P O&M Services Sdn Bhd (EPOMS) in Malaysia.
- STATS Pipeline Services Pty Ltd was incorporated, reflecting the group's commitment to localisation and in response to a growing customer base in the Australian market.

## **STATS (UK) LTD.**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **Governance**

The Board recognises the importance of, and remains committed to, the principle of good corporate governance.

#### **Board of Directors**

The Board comprises 1 Executive Director and 5 non-executive directors. The board is supported by an Executive Committee of 9 senior executives, and is chaired by the Executive Director (CEO).

The Board is responsible for setting overall group strategy, policy, monitoring group risks, performance and authorising significant transactions. To enable the Board to operate effectively, information packs are prepared and distributed ahead of scheduled quarterly meetings and on an ongoing basis as required. The Board has approved and maintains a schedule of delegated authorities which clearly identifies decisions reserved for Board approval.

In 2023, Board meetings were held on a quarterly basis (2022: quarterly).

In support of maintaining effective corporate governance within the group, the Board continued with two standing committees:

#### **Remuneration Committee**

The Remuneration Committee comprises three Directors. The Committee, which meets at least once a year, is responsible for specifying the remuneration packages for the Executive Directors and other senior employees within the group.

#### **Business Ethics Committee**

The Business Ethics Committee comprises 1 Executive Director and 4 members of the group's senior management team. The Committee, which meets at least 4 times a year, has specific terms of reference in relation to its general responsibility for the group's compliance and ethics programs, policies and procedures. During 2023 the Committee coordinated the following actions:

- Gathered annual self-declarations confirming compliance with the group's code of business conduct, for Senior Executives, managers and business development employees.
- Mandatory business ethics awareness training for new employees.
- Continued appropriate diligence checks on international agents, partners, and associates.

## **STATS (UK) LTD.**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **Principal Risks and Uncertainties**

The directors review the principal risks and uncertainties impacting the business on an ongoing basis and at each quarterly board meeting.

The principal risks and uncertainties currently facing the group are:

- **Demand for services:**

**Risk**

- Notwithstanding the relative stability in demand for products and services, the operating and capital budgets of many of the group's customers can be influenced by prevailing oil and gas prices.

**Mitigation**

- The group provides service offering to clients with infrastructure carrying oil, gas and other liquids, with projects executed on gas lines representing the highest proportion of the revenue mix. The group continues to explore opportunities outside conventional oil and gas activities, focussed on supporting transitional activities in Hydrogen, CO<sub>2</sub>, and Carbon Capture and Storage.
- The group has continued to build its international capability in recent years, through investment in operational assets and associated infrastructure.
- The group has a strong network of business development staff and partners to meet the demands of emerging markets.

- **Political Environment:**

**Risk**

- The political landscape, including the application of financial sanctions against Russia, may impact the group's ability to execute client contracts and receive timely payment.

**Mitigation**

- The group has a wide international footprint to mitigate geopolitical concentration risks.
- The group monitors potential and emerging political issues closely and seeks guidance from legal advisors as appropriate.
- The group has no financial exposures or carrying value in respect to any work with Russian clients.

- **Project execution:**

**Risk**

- The group continues to provide market leading technology solutions to its customers.
- The group is increasingly being requested by customers to deliver a broader range of site services.
- Poor execution of contracts could significantly affect the group's financial results.

**Mitigation**

- The group has developed a highly competent workforce for design engineering, project management and field execution with a commitment to ongoing competence assessment and development.
- The group deploys technical support from all of its operating regions in support of major projects.
- The group has a policy of undertaking Factory Acceptance Tests (FAT) for its customers using simulated test fixtures, particularly for large and complex projects. The group's tools are only deployed to site when both the group and the group's customers are fully satisfied with the performance of the tools.
- The group continues to set business objectives that monitor operational efficiencies, including standardisation of operating procedures.

## STATS (UK) LTD.

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

- Project delay:

Risk

- Project execution dates are typically subject to several factors outside the group's control. Such changes can lead to deferral in project execution and therefore impact the group's revenue in any particular period.

Mitigation

- The group monitors closely the potential for changes in delivery dates for key projects, and where possible, redirects operational assets to other customer opportunities, or calls upon standby provisions within its contracts with customers.
- The group invests in each of its operating regions to ensure a geographical balance of activities.

*Financial risk management:* The group's activities expose it to several financial risks including liquidity risk, cash flow risk and credit risk.

- Liquidity risk:

Risk

- The group provides project services to its customers, typically against contractual billing milestones. Delays in achieving billing milestones may impact the group's liquidity position.

Mitigation

- In order to maintain liquidity and ensure sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term sources of finance.
- The group considers the use of trade finance for specific, larger projects to support short term cash flow needs.
- The group holds loan notes with its parent company as a source of long-term financing.
- The group has arranged a short-term financing facility with an affiliate of the group's parent company, renewed on an annual basis, to meet working capital requirements.

- Cash flow:

Risk

- The group's activities expose it to the financial risks of changes in interest rates and foreign exchange rates

Mitigation

- A number of the group's contracts are with customers in overseas locations and are denominated in currencies other than the functional currency of the trading entity. In order to manage this risk, the group will, when deemed appropriate, enter into forward foreign currency contracts.
- The group's borrowing facilities are multi-currency and provide natural hedge cover against fluctuations in long-term non-sterling receivables of the company.
- The group will, when deemed appropriate, enter into interest rate swap contracts to hedge its interest rate exposure.

- Credit:

Risk

- The group's credit risk is primarily attributable to its trade receivables.

Mitigation

- The amounts presented in the balance sheet are net of allowances for doubtful debts.
- The majority of the group's business is conducted with large companies with strong credit ratings.
- The group continuously monitors the status of its trade receivables.

## **STATS (UK) LTD.**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **Financial key performance indicators**

The group utilises the following key performance indicators to assist in the management of its financial performance:

*Sales Pipeline Opportunities:*

Monitoring the monetary value of contract opportunities, by region and in aggregate.

*Project margins:*

Measuring the performance of individual contracts, against agreed budget margins.

*EBITDA:*

Providing a measure of reported and forecast group and regional profitability, against agreed budgets and forecasts.

*Profit after Tax:*

Providing a measure of profitability after charges for taxation, to assess performance for individual entities and the consolidated group.

#### **Political and charitable donations**

During the year the group made charitable donations of £10,110 (2022: £7,440) and no political contributions (2022: £nil).

#### **Directors' statement of compliance with duty to promote the success of the Group**

- Section 172 (1) (a) to (f) of the Companies Act 2006 requires the group directors to consider, both individually and collectively, that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole in the decisions taken during the current year.

When making these decisions the directors have given regard to:

- The likely consequences of any decisions on the long-term
- The interests of the group's employees
- The need to foster the group's business relationships with suppliers, customers and others
- The impact of the group's operations on the community and environment
- The desirability of the group maintaining a reputation for high standards of business conduct
- The need to act fairly between shareholders of the group

The majority of stakeholder engagement is carried out by the board of directors who meet on a regular basis. The board considers and discusses information from across the organisation to help it understand the impact of the group's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

**STATS (UK) LTD.**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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



.....  
**Stephen Rawlinson**  
Director

Date: *June 28, 2024*

## **STATS (UK) LTD.**

### **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 £1,838,002 (2022 - £635,420).

The group paid an interim dividend of £241,595 on ordinary shares (Class A), held by BGF at the point of exit from the business on 14 August 2023 (2022: £626,381). No further dividend is proposed for the year ended 31 December 2023.

#### **Directors**

The directors who served during the year were:

Angus Bowie (resigned 15 August 2023)  
Peter Duguid (resigned 14 August 2023)  
Leigh Howarth (Non-Executive)  
Douglas Krokosz (resigned 15 August 2023)  
Lisa Mitchell (resigned 15 August 2023)  
Stephen Rawlinson resigned 15 August 2023, appointed 10 April 2024)  
Steven Byers (resigned 15 August 2023)  
Ross Wallace (resigned 15 August 2023)  
Graeme Coutts (Non-Executive)  
Robert Anderson (Non-Executive) (resigned 14 August 2023)  
Richard Pugh (Non-Executive) (resigned 14 August 2023)  
Kenichi Mizutani (Non-Executive) (appointed 14 August 2023)  
Toshiyuki Tezuka (Non-Executive) (appointed 14 August 2023)  
Tomohisa Suzue (Non-Executive) (appointed 14 August 2023)

#### **Future developments**

With growth in the pipeline integrity market, the directors expect demand for the group's products and services to increase over the coming year, with revenue anticipated to be higher than that achieved in 2023. There are no plans to significantly alter the group's geographic footprint or operating locations, although staff levels are expected to increase, to meet the anticipated growth in customer demand.

The Board remains committed to maintaining the group's excellent safety performance and, in support of an objective to maintain zero accidents, continues to use and communicate several leading-indicator safety targets.

A capital expenditure programme of £7.5m has been approved by the directors for 2024, reflecting the need to continue to increase the size of the group's operational asset base in certain locations.

#### **Engagement with employees**

It is group and company policy that management consult regularly with employees on matters which affect their employment and that their views should be taken into consideration when decisions were made which will affect their interests.

#### **Sustainability**

Global climate change and energy transition matters are directly affecting the group's operations. In recognition of these factors, the directors remain committed to the group's sustainability policy which aligns with the group's core values and strategy based on central pillars of people and society, economic, environment and innovation. The policy establishes priority areas of focus towards achieving the group's principal sustainability goals, including its environmental performance. The directors publish an annual sustainability report to inform stakeholders of the assessment and measurement of the group's social and environmental impacts.

**STATS (UK) LTD.**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Greenhouse gas emissions, energy consumption and energy efficiency action**

The company is required to report its greenhouse gas ('GHG') emissions in the Directors' report in line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The following disclosures relate only to STATS (UK) Ltd as a standalone company, the parent company of a large group in aggregate. GHG emissions are reported in tonnes of carbon dioxide equivalent (TCO<sub>2</sub>e), for the year ended 31 December 2023 and are based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR, the energy and emissions from leased buildings where the company is responsible for energy consumption are included within the figures reported, together with emissions from vehicles that the company are obliged to report.

	Energy Consumption (kWh)		Tonnes CO <sub>2</sub> equivalent		Intensity Ratios			
					t CO <sub>2</sub> W per £1m Turnover		t CO <sub>2</sub> W per manhour	
	2023	2022	2023	2022	2023	2022	2023	2022
STATS (UK) Ltd	437,751	465,116	125	118	4.17	5.87	0.00	0.00

**Going concern**

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Disclosure of information to auditors**

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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

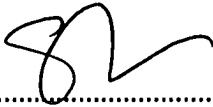
**STATS (UK) LTD.**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Auditors**

Due to a change in group ownership, Anderson Anderson & Brown Audit LLP will not be reappointed as auditor in accordance with section 485 of the Companies Act 2006.

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



.....  
**Stephen Rawlinson**  
Director

Date: June 28, 2024

## **STATS (UK) LTD.**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors are responsible for preparing the group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **STATS (UK) LTD.**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STATS (UK) LTD.**

#### **Opinion**

We have audited the financial statements of STATS (UK) Ltd. (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company 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 Group's and of the parent company's affairs as at 31 December 2023 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 Group's or the parent 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.

**STATS (UK) LTD.**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STATS (UK) LTD. (CONTINUED)**

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

**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 Group 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 Group 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 Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 11, 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **STATS (UK) LTD.**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STATS (UK) LTD. (CONTINUED)**

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

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

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

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

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

Our audit procedures to respond to these risks included:

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

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

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**STATS (UK) LTD.**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STATS (UK) LTD. (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 Auditors' 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.

*Anderson Anderson & Brown Audit LLP*

James Pirrie (Senior statutory auditor)

for and on behalf of

**Anderson Anderson & Brown Audit LLP**

Kingshill View

Prime Four Business Park

Kingswells

Aberdeen

AB15 8PU

Date: 01 July 2024

**STATS (UK) LTD.**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover	4	74,686,941	59,013,831
Cost of sales		(46,389,242)	(36,011,141)
<b>Gross profit</b>		<u>28,297,699</u>	<u>23,002,690</u>
Administrative expenses		(22,853,003)	(18,245,701)
<b>Operating profit</b>	5	<u>5,444,696</u>	<u>4,756,989</u>
Interest payable and similar expenses	10	(2,246,054)	(3,488,511)
<b>Profit before tax</b>		<u>3,198,642</u>	<u>1,268,478</u>
Tax on profit	11	(1,360,640)	(633,058)
<b>Profit for the financial year</b>		<u>1,838,002</u>	<u>635,420</u>
<b>Profit for the year attributable to:</b>			
Owners of the parent		<u>1,838,002</u>	<u>635,420</u>
		<u>1,838,002</u>	<u>635,420</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Profit for the financial year	<u>1,838,002</u>	<u>635,420</u>
<b>Other comprehensive income</b>		
Currency translation differences	(882,178)	1,458,780
<b>Other comprehensive income for the year</b>	<u>(882,178)</u>	<u>1,458,780</u>
<b>Total comprehensive income for the year</b>	<u>955,824</u>	<u>2,094,200</u>

The notes on pages 24 to 48 form part of these financial statements.

STATS (UK) LTD.  
REGISTERED NUMBER:SC183018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	13	211,276	337,048
Tangible assets	14	25,629,431	24,890,718
		<u>25,840,707</u>	<u>25,227,766</u>
<b>Current assets</b>			
Stocks	16	5,143,006	4,440,807
Debtors: amounts falling due within one year	17	25,460,546	23,084,475
Cash at bank and in hand	18	2,265,067	1,026,891
		<u>32,868,619</u>	<u>28,552,173</u>
Creditors: amounts falling due within one year	19	(25,992,014)	(49,380,045)
<b>Net current assets/(liabilities)</b>		<u>6,876,605</u>	<u>(20,827,872)</u>
<b>Total assets less current liabilities</b>		<u>32,717,312</u>	<u>4,399,894</u>
Hire purchase liabilities and finance leases	20	(147,899)	(31,961)
<b>Net assets</b>		<u><u>32,569,413</u></u>	<u><u>4,367,933</u></u>
<b>Financed by:</b>			
Loans	20	26,857,318	-
<b>Capital and reserves</b>			
Called up share capital	25	1,401	1,081
Share premium account		1,423,648	858,202
Capital redemption reserve		533	533
Other reserves		624,605	802,033
Profit and loss account		3,661,908	2,706,084
		<u>32,569,413</u>	<u>4,367,933</u>

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



.....  
**Stephen Rawlinson**  
Director

Date: *June 28, 2024*

The notes on pages 24 to 48 form part of these financial statements.

STATS (UK) LTD.  
REGISTERED NUMBER: SC183018

COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	13	203,660	306,248
Tangible assets	14	15,662,889	15,268,778
Investments	15	6,251,711	6,251,711
		<u>22,118,260</u>	<u>21,826,737</u>
<b>Current assets</b>			
Stocks	16	3,303,266	2,829,081
Debtors: amounts falling due within one year	17	42,984,377	23,260,718
Cash at bank and in hand	18	862,796	367,693
		<u>47,150,439</u>	<u>26,457,492</u>
Creditors: amounts falling due within one year	19	(42,110,183)	(49,611,862)
<b>Net current assets/(liabilities)</b>		<u>5,040,256</u>	<u>(23,154,370)</u>
<b>Total assets less current liabilities</b>		<u>27,158,516</u>	<u>(1,327,633)</u>
<b>Net assets/(liabilities)</b>		<u><u>27,158,516</u></u>	<u><u>(1,327,633)</u></u>
<b>Financed by:</b>			
Loans	20	26,857,318	-
<b>Capital and reserves</b>			
Called up share capital	25	1,401	1,081
Share premium account		1,423,648	858,202
Capital redemption reserve		533	533
Other reserves		624,605	802,033
Profit and loss account		(1,748,989)	(2,989,482)
		<u>27,158,516</u>	<u>(1,327,633)</u>

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



.....  
**Stephen Rawlinson**  
Director

Date: *June 28, 2024*

The notes on pages 24 to 48 form part of these financial statements.

**STATS (UK) LTD.**

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2023	1,081	858,202	533	802,033	2,706,084	4,367,933
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,838,002	1,838,002
Currency translation	-	-	-	-	(882,178)	(882,178)
<b>Total comprehensive income for the year</b>	-	-	-	-	955,824	955,824
<b>Contributions by and distributions to owners</b>						
Shares issued during the year	320	565,446	-	-	-	565,766
Dividend payable	-	-	-	(241,595)	-	(241,595)
Share based payment	-	-	-	64,167	-	64,167
<b>Total transactions with owners</b>	320	565,446	-	(177,428)	-	388,338
<b>At 31 December 2023</b>	<b>1,401</b>	<b>1,423,648</b>	<b>533</b>	<b>624,605</b>	<b>3,661,908</b>	<b>5,712,095</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2022	1,081	858,202	533	1,318,414	611,884	2,790,114
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	635,420	635,420
Currency translation	-	-	-	-	1,458,780	1,458,780
<b>Total comprehensive income for the year</b>	-	-	-	-	2,094,200	2,094,200
<b>Contributions by and distributions to owners</b>						
Dividend payable	-	-	-	(626,381)	-	(626,381)
Share based payment	-	-	-	110,000	-	110,000
<b>Total transactions with owners</b>	-	-	-	(516,381)	-	(516,381)
<b>At 31 December 2022</b>	<b>1,081</b>	<b>858,202</b>	<b>533</b>	<b>802,033</b>	<b>2,706,084</b>	<b>4,367,933</b>

The notes on pages 24 to 48 form part of these financial statements.

STATS (UK) LTD.

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2023	1,081	858,202	533	802,033	(2,989,482)	(1,327,633)
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,562,325	1,562,325
Currency translation	-	-	-	-	(321,832)	(321,832)
<b>Total comprehensive income for the year</b>	-	-	-	-	(321,832)	(321,832)
<b>Contributions by and distributions to owners</b>						
Shares issued during the year	320	565,446	-	-	-	565,766
Dividend payable	-	-	-	(241,595)	-	(241,595)
Share based payment	-	-	-	64,167	-	64,167
<b>Total transactions with owners</b>	320	565,446	-	(177,428)	-	388,338
<b>At 31 December 2023</b>	<b>1,401</b>	<b>1,423,648</b>	<b>533</b>	<b>624,605</b>	<b>(1,748,989)</b>	<b>301,198</b>

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2022	1,081	858,202	533	1,318,414	(958,605)	1,219,625
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	(2,700,317)	(2,700,317)
Currency translation	-	-	-	-	669,440	669,440
<b>Total comprehensive income for the year</b>	-	-	-	-	(2,030,877)	(2,030,877)
<b>Contributions by and distributions to owners</b>						
Dividend payable	-	-	-	(626,381)	-	(626,381)
Share based payment	-	-	-	110,000	-	110,000
<b>Total transactions with owners</b>	-	-	-	(516,381)	-	(516,381)
<b>At 31 December 2022</b>	<b>1,081</b>	<b>858,202</b>	<b>533</b>	<b>802,033</b>	<b>(2,989,482)</b>	<b>(1,327,633)</b>

The notes on pages 24 to 48 form part of these financial statements.

**STATS (UK) LTD.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,838,002	635,420
<b>Adjustments for:</b>		
Amortisation of intangible assets	144,865	184,187
Depreciation of tangible assets	4,338,886	3,437,345
Loss on disposal of tangible assets	4,531	14,997
Interest received	2,246,054	3,492,208
Taxation charge	1,360,640	633,058
(Increase) in stocks	(702,199)	(2,243,235)
(Increase) in debtors	(1,774,398)	(2,651,358)
(Decrease)/increase in creditors	(2,236,854)	4,286,345
Corporation tax (paid)	(1,242,126)	(963,065)
Share based payment	64,112	110,000
Foreign exchange movements	15,955	264,559
<b>Net cash generated from operating activities</b>	<u>4,057,468</u>	<u>7,200,461</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(20,150)	-
Purchase of tangible fixed assets	(6,007,377)	(9,362,886)
Sale of tangible fixed assets	30,835	501,634
Hire purchase interest paid	18,080	(3,697)
<b>Net cash from investing activities</b>	<u>(5,978,612)</u>	<u>(8,864,949)</u>

**STATS (UK) LTD.**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	-	17,974
Movements on invoice discounting	(2,196,679)	225,598
Interest paid	(615,603)	(288,185)
Dividend paid	(867,976)	-
Issue of new shares on acquisition	565,766	-
HP capital repayment	(46,922)	-
Revolving credit facility	6,147,706	1,244,620
New assets under HP	173,028	-
<b>Net cash used in financing activities</b>	<u>3,159,320</u>	<u>1,200,007</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,238,176</u>	<u>(464,481)</u>
Cash and cash equivalents at beginning of year	1,026,891	1,491,372
<b>Cash and cash equivalents at the end of year</b>	<u><u>2,265,067</u></u>	<u><u>1,026,891</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,265,067	1,026,891
	<u><u>2,265,067</u></u>	<u><u>1,026,891</u></u>

**STATS (UK) LTD.**

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	At 1 January 2023 £	Cash flows £	New finance leases £	At 31 December 2023 £
Cash at bank and in hand	1,026,891	1,238,176	-	2,265,067
Debt due after 1 year	-	-	-	-
Debt due within 1 year	(30,061,129)	19,061,141	-	(10,999,988)
Finance leases	(59,580)	-	(126,812)	(186,392)
	<u>(29,093,818)</u>	<u>20,299,317</u>	<u>(126,812)</u>	<u>(8,921,313)</u>

The notes on pages 24 to 48 form part of these financial statements.

See note 31 - In the prior year, debt due within one year included £25,208,847 of loan notes and accumulated interest. The balance was fully repaid on 14 August 2023 at completion of company sale to Mitsui & Co., Ltd.

## **STATS (UK) LTD.**

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

#### **1. General information**

STATS (UK) Ltd. is a private limited liability company incorporated in Scotland. The registered office is 5 - 9 Bon Accord Crescent, Aberdeen, AB11 6DN.

The group's principal activity is the provision of pressurised pipeline isolation, hot tapping and plugging services to the international energy industry.

#### **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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements. The profit after tax of the parent company for the year was £1,562,325 (2022 - loss £2,700,317).

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The results of acquired operations are included in the Income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **2.3 Going concern**

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the group has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

## **STATS (UK) LTD.**

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

#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### **Long term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**STATS (UK) LTD.**

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

**2. Accounting policies (continued)**

**2.5 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life, of ten years.

**Patents**

Patents represents the cost of registering new technology. Patents are recognised at cost and are amortised on a straight line basis to the Income statement over their estimated useful economic life of ten years.

**Development costs**

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the Income statement.

**Software costs**

Software costs are recognised at cost and represent the cost of all internal computer software. Software costs are amortised on a straight line basis to the Income statement over their estimated useful economic life of four years.

**2.6 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income statement during the period in which they are incurred.

## STATS (UK) LTD.

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

#### 2. Accounting policies (continued)

##### 2.6 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.

The estimated useful lives range as follows:

Leasehold improvements	- Primary term of the lease
Plant & machinery	- 12.5% - 25% straight line
Motor vehicles	- 25% straight line

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.

##### 2.7 Operating leases: lessee

Rentals paid under operating leases are charged to the Income statement on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

##### 2.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Income Statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less any provision for impairment.

##### 2.10 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 reporting 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 the Income statement.

## STATS (UK) LTD.

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

#### 2. Accounting policies (continued)

##### 2.11 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.

##### 2.12 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.13 Financial instruments

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

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

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

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

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

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

## **STATS (UK) LTD.**

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

#### **2. Accounting policies (continued)**

##### **2.14 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.

##### **2.15 Share based payments**

The group has applied the requirements of FRS102 "Share based payment". The group issues equity settled share-based payments to certain employees. Equity settled share based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity settled share-based payment, where material, is expensed on a straight line basis over the vesting period, based on the group's estimate of shares expected to eventually vest.

##### **2.16 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is Sterling.

###### **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 Consolidated income statement within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### **2.17 Finance costs**

Finance costs are charged to the Income statement over the term of the debt on a straight line basis 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.

**STATS (UK) LTD.**

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

**2. Accounting policies (continued)**

**2.18 Pensions**

**Defined contribution pension plan**

The group contributes to defined contribution pension schemes and the pension charge represents the amounts payable by the group in respect of the year. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

**2.19 Borrowing costs**

All borrowing costs are recognised in the Income statement over the period of the borrowings.

**2.20 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 reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.21 Provision for liabilities**

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

Provisions are charged as an expense to the Income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.22 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 4 to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements:

**Fixed assets**

The annual depreciation charge for tangible assets is sensitive to changes in the useful economic lives and residual values of the assets. Useful lives and residual values are reassessed annually. They are assessed where necessary to reflect current estimates based on economic utilisation and physical condition.

**Profit recognition on long term contracts**

In assessing profit on long term contracts that span the period end, an estimate is required for the stage of completion on individual contracts (where the outcome can be assessed with reasonable certainty). The estimate is determined by management making use of all information available at the time, in order to make a reasonable judgement on the stage of completion and the forecast profitability of the overall contract.

**Taxation**

The group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the group and the tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. Turnover**

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	10,025,601	6,075,435
Canada	17,663,230	12,520,990
USA	9,591,519	14,855,020
Middle East	29,885,185	19,726,034
Malaysia	2,528,365	624,307
Rest of world	4,993,041	5,212,045
	<u>74,686,941</u>	<u>59,013,831</u>

**5. Operating profit**

The operating profit is stated after charging:

	2023 £	2022 £
Loss on disposal of fixed assets	4,531	14,997
Depreciation of tangible fixed assets - owned by group	4,338,217	3,385,914
Depreciation of tangible fixed assets - held under finance leases	34,328	51,431
Intangible fixed assets - amortisation	143,012	184,187
Operating lease rentals - other	7,953	253,184
Operating lease rentals - land and buildings	2,240,813	2,050,352
Foreign currency exchange differences	876,146	(298,615)
Defined contribution pension cost	1,224,815	858,313
	<u>1,224,815</u>	<u>858,313</u>

**6. Auditors' remuneration**

During the year, the Group obtained the following services from the company's auditors:

	2023 £	2022 £
Fees payable to the company's auditors for the audit of the consolidated and parent company's financial statements	<u>36,250</u>	<u>32,950</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

	2023 £	2022 £
Wages and salaries	23,427,507	19,473,031
Social security costs	1,518,252	1,313,722
Share based payments	64,167	110,000
Other pension costs	1,224,805	924,159
	<u>26,234,731</u>	<u>21,820,912</u>

**8. Average number of employees**

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

	2023 No.	2022 No.
Directors	9	11
Administration	72	67
Engineering and operations	283	261
	<u>364</u>	<u>339</u>

As at 31 December 2023 the number of employees employed by the group was 385 (2022 - 339).

**9. Directors' remuneration**

	2023 £	2022 £
Directors' emoluments	1,093,319	1,359,008
Directors pension costs	31,156	45,233
	<u>1,124,475</u>	<u>1,404,241</u>

During the year retirement benefits were accruing to 5 directors (2022 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £246,654 (2022 - £278,107).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2022 - £NIL). Directors emoluments exclude remuneration in respect of share options exercised on company sale.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Interest payable and similar expenses**

	2023 £	2022 £
Bank interest payable	625,454	243,636
Other loan interest payable	1,624,728	3,239,346
Finance leases and hire purchase contracts	5,729	3,697
Other interest (receivable)/payable	(9,857)	1,832
	<u>2,246,054</u>	<u>3,488,511</u>

**11. Taxation**

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	(204,271)	(563,701)
Adjustments in respect of previous periods	76,254	(173,859)
Foreign tax on income for the year	2,163,625	1,039,348
Foreign tax in respect of prior periods	(4,227)	(25,855)
<b>Total current tax</b>	<u>2,031,381</u>	<u>275,933</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(681,720)	289,179
Adjustments in respect of prior periods	(815)	148,883
Change of tax rates on opening balance	11,794	(80,937)
<b>Total deferred tax</b>	<u>(670,741)</u>	<u>357,125</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,360,640</u>	<u>633,058</u>

**STATS (UK) LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

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

	2023 £	2022 £
Profit on ordinary activities before tax	3,198,642	1,268,478
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	754,217	256,867
<b>Effects of:</b>		
Expenses not deductible for tax purposes	607,076	265,406
Capital allowances for year in excess of depreciation	(101,620)	(157,387)
Foreign taxes and losses, net of relief	1,148,485	672,388
Effect of permanent differences	(1,040,109)	(123,350)
Differences in overseas tax and exchange rates	53,930	103,907
Adjustments to tax charge in respect of prior periods	76,484	(198,494)
Changes in temporary differences	64,816	(16,672)
Additional deduction for R&D expenditure	62,822	(417,494)
Surrender of losses - R&D	-	738,643
R&D repayment	(204,272)	(563,701)
Impact of change in tax rates on deferred tax assets	11,794	(79,684)
Adjustments to deferred tax charge in respect of prior periods	(42,570)	148,883
Foreign exchange difference	(30,413)	3,746
<b>Total tax charge for the year</b>	<b>1,360,640</b>	<b>633,058</b>

**12. Dividends**

	2023 £	2022 £
Dividends paid - A ordinary shares	241,595	626,381
	<u>241,595</u>	<u>626,381</u>

On 14 August 2023 the group paid a dividend of £241,595 on the A ordinary shares of the company, held by BGF (2022 - £626,381).

**STATS (UK) LTD.**

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

**13. Intangible assets**

**Group**

	Patents £	Development costs £	Software £	Goodwill £	Total £
<b>Cost</b>					
At 1 January 2023	828,885	1,766,882	1,181,824	105,839	3,883,430
Additions	-	-	20,150	-	20,150
Foreign exchange movement	-	(2,538)	(3,198)	-	(5,736)
At 31 December 2023	<u>828,885</u>	<u>1,764,344</u>	<u>1,198,776</u>	<u>105,839</u>	<u>3,897,844</u>
<b>Amortisation</b>					
At 1 January 2023	689,076	1,580,348	1,173,150	103,808	3,546,382
Charge for the year on owned assets	44,030	90,774	6,751	2,028	143,583
Foreign exchange movement	-	-	(3,397)	-	(3,397)
At 31 December 2023	<u>733,106</u>	<u>1,671,122</u>	<u>1,176,504</u>	<u>105,836</u>	<u>3,686,568</u>
<b>Net book value</b>					
At 31 December 2023	<u>95,779</u>	<u>93,222</u>	<u>22,272</u>	<u>3</u>	<u>211,276</u>
At 31 December 2022	<u>139,809</u>	<u>186,534</u>	<u>8,674</u>	<u>2,031</u>	<u>337,048</u>

**STATS (UK) LTD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****13. Intangible assets (continued)****Company**

	Patents £	Development costs £	Software £	Total £
<b>Cost</b>				
At 1 January 2023	828,885	1,680,075	1,103,778	3,612,738
Additions	-	-	20,150	20,150
Foreign exchange movement	-	-	(875)	(875)
At 31 December 2023	<u>828,885</u>	<u>1,680,075</u>	<u>1,123,053</u>	<u>3,632,013</u>
<b>Amortisation</b>				
At 1 January 2023	689,076	1,522,872	1,094,542	3,306,490
Charge for the year	44,030	71,387	6,751	122,168
Foreign exchange movement	-	-	(305)	(305)
At 31 December 2023	<u>733,106</u>	<u>1,594,259</u>	<u>1,100,988</u>	<u>3,428,353</u>
<b>Net book value</b>				
At 31 December 2023	<u>95,779</u>	<u>85,816</u>	<u>22,065</u>	<u>203,660</u>
At 31 December 2022	<u>139,809</u>	<u>157,203</u>	<u>9,236</u>	<u>306,248</u>

STATS (UK) LTD.

NOTES TO THE FINANCIAL STATEMENTS  
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14. Tangible fixed assets

Group

	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2023	1,029,790	47,134,035	288,070	48,451,895
Additions	11,995	5,821,300	173,938	6,007,233
Disposals	-	(68,734)	-	(68,734)
Exchange adjustments	(30,926)	(1,467,441)	(10,783)	(1,509,150)
At 31 December 2023	<u>1,010,859</u>	<u>51,419,160</u>	<u>451,225</u>	<u>52,881,244</u>
<b>Depreciation</b>				
At 1 January 2023	821,842	22,495,865	243,470	23,561,177
Charge for the year on owned assets	45,429	4,241,364	51,424	4,338,217
Disposals	-	(33,271)	-	(33,271)
Exchange adjustments	(28,633)	(577,570)	(8,107)	(614,310)
At 31 December 2023	<u>838,638</u>	<u>26,126,388</u>	<u>286,787</u>	<u>27,251,813</u>
<b>Net book value</b>				
At 31 December 2023	<u>172,221</u>	<u>25,292,772</u>	<u>164,438</u>	<u>25,629,431</u>
At 31 December 2022	<u>207,948</u>	<u>24,638,170</u>	<u>44,600</u>	<u>24,890,718</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	40,711	38,776
Motor vehicles	190,878	57,143
	<u>231,589</u>	<u>95,919</u>

**STATS (UK) LTD.**

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

**14. Tangible fixed assets (continued)**

**Company**

	Plant & machinery £	Motor vehicles £	Other fixed assets £	Total £
<b>Cost or valuation</b>				
At 1 January 2023	30,225,979	67,251	387,215	30,680,445
Additions	3,352,757	-	11,995	3,364,752
Transfers intra group	(33,304)	-	-	(33,304)
Disposals	(68,734)	-	-	(68,734)
Exchange adjustments	(647,141)	(1,439)	(1,557)	(650,137)
At 31 December 2023	<u>32,829,557</u>	<u>65,812</u>	<u>397,653</u>	<u>33,293,022</u>
<b>Depreciation</b>				
At 1 January 2023	15,134,314	67,250	210,103	15,411,667
Charge for the year on owned assets	2,451,956	-	25,407	2,477,363
Transfers intra group	(18,675)	-	-	(18,675)
Disposals	(14,596)	-	-	(14,596)
Exchange adjustments	(224,187)	(1,439)	-	(225,626)
At 31 December 2023	<u>17,328,812</u>	<u>65,811</u>	<u>235,510</u>	<u>17,630,133</u>
<b>Net book value</b>				
At 31 December 2023	<u>15,500,745</u>	<u>1</u>	<u>162,143</u>	<u>15,662,889</u>
At 31 December 2022	<u>15,091,665</u>	<u>1</u>	<u>177,112</u>	<u>15,268,778</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	40,711	35,700
Motor vehicles	17,850	57,143
	<u>58,561</u>	<u>92,843</u>

**STATS (UK) LTD.**

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

**15. Fixed asset investments**

**Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2023	6,251,711
At 31 December 2023	<u>6,251,711</u>
<b>Net book value</b>	
At 31 December 2023	<u>6,251,711</u>
At 31 December 2022	<u>6,251,711</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
STATS Group International Inc	Canada	Ordinary	100%
STATS Pipeline Services Inc*	Canada	Ordinary	100%
STATS International Inc	USA	Ordinary	100%
STATS Equipment Rental LLC*	USA	Ordinary	100%
Advanced Isolation and Testing Services Sdn Bhd	Malaysia	Ordinary	30%
STATS Pipeline Services LLC	Qatar	Ordinary	49%
STATS International Limited	Scotland	Ordinary	100%
STATS Middle East Holdings Ltd	United Arab Emirates	Ordinary	100%
STATS Pipeline Services Pty Ltd	Australia	Ordinary	100%

\*Indirectly held subsidiaries

The Group has consolidated 100% of the activities of Advanced Isolation and Testing Services Sdn Bhd and STATS Pipeline Services LLC under the terms of section 9 of Financial Reporting Standard 102.

**16. Stocks**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials and consumables	897,645	698,177	231,548	152,247
Work in progress (goods to be sold)	4,049,748	3,632,477	2,720,021	2,379,232
Finished goods and goods for resale	195,613	110,153	351,697	297,602
	<u>5,143,006</u>	<u>4,440,807</u>	<u>3,303,266</u>	<u>2,829,081</u>

**STATS (UK) LTD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****17. Debtors**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	14,433,998	10,395,673	10,061,165	7,397,887
Amounts owed by group undertakings	-	-	23,587,370	5,772,238
Other debtors	903,361	1,002,370	742,645	1,179,623
Prepayments and accrued income	8,261,833	10,516,820	6,499,906	6,614,183
Deferred taxation	1,861,354	1,169,612	2,093,291	2,296,787
	<u>25,460,546</u>	<u>23,084,475</u>	<u>42,984,377</u>	<u>23,260,718</u>

Included in group prepayments and accrued income is accrued income of £7,251,176 (2022 - £9,735,582) relating to customer contracts.

Deferred tax and intercompany balances are not considered wholly recoverable within one year.

**18. Cash and cash equivalents**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	2,265,067	1,026,891	862,796	367,693
	<u>2,265,067</u>	<u>1,026,891</u>	<u>862,796</u>	<u>367,693</u>

**STATS (UK) LTD.**

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**19. Creditors: Amounts falling due within one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Loans from affiliated company	10,999,988	-	10,999,988	-
Bank loans	-	4,852,282	-	4,852,282
Other loans	-	25,208,847	-	25,208,847
Trade creditors	6,951,449	9,756,152	4,520,133	6,158,054
Amounts owed to group undertakings	-	-	20,643,621	5,378,070
Corporation tax	710,036	-	-	-
Other taxation and social security	442,677	788,850	188,311	424,861
Obligations under finance lease and hire purchase contracts	38,493	27,619	-	18,700
Proceeds of factored debts	-	2,196,679	-	2,196,679
Other creditors	18,952	-	-	-
Accruals and deferred income	6,830,419	6,549,616	5,758,130	5,374,369
	<u>25,992,014</u>	<u>49,380,045</u>	<u>42,110,183</u>	<u>49,611,862</u>

Included within group accruals and deferred income is deferred income of £971,898 (2022 - £821,145) in relation to customer contracts.

At the year end, short term borrowings are provided by an affiliate of Mitsui & Co., Ltd and are secured by a parent company guarantee.

All other loans were fully repaid on 14 August 2023 as part of the company's acquisition by Mitsui & Co., Ltd.

The company has performance bonds and guarantees. The amounts issued at the year end are £3,434,681 (2022 - £3,295,770), secured through a bond and floating charge over all the assets of the company, STATS International Inc and STATS Group International Inc.

**20. Creditors: Amounts falling due after more than one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Other loans - loan notes	26,857,318	-	26,857,318	-
Net obligations under finance leases and hire purchase contracts	147,899	31,961	-	-
	<u>27,005,217</u>	<u>31,961</u>	<u>26,857,318</u>	<u>-</u>

The loan notes are payable to the group's parent company, Mitsui & Co., Ltd, and carry an interest rate of SONIA (Sterling OverNight Index Average) + 1.1%.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Loans**

The short term credit facility is provided by an affiliate of the group's ultimate parent company on a fixed term annual basis.

In the prior year, other loans and accumulated interest, owing to Business Growth Fund (BGF) and a small number of senior employees, were repayable in a final balance repayment scheduled for 1 November 2023. This balance was fully repaid on 14 August 2023 as part of the Company's acquisition by Mitsui & Co. Ltd.

The bank revolving credit facility is provided by an affiliate of the parent company on a fixed term annual basis.

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Amounts falling due with one year</b>				
Bank revolving credit facility	-	4,852,282	-	4,852,282
Loans from affiliated company	10,999,988	-	10,999,988	-
Other loans	-	25,208,847	-	25,208,847
	<u>10,999,988</u>	<u>30,061,129</u>	<u>10,999,988</u>	<u>30,061,129</u>

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Amounts falling due within one year</b>				
Other loans	-	25,208,847	-	25,208,847
<b>Amounts falling due 1-2 years</b>				
Other loans	26,857,318	-	26,857,318	-
	<u>26,857,318</u>	<u>25,208,847</u>	<u>26,857,318</u>	<u>25,208,847</u>

In August 2023, the group obtained a long term loan from its parent company for £26,208,934 with interest accruing at a rate of Sterling OverNight Index Average (SONIA) plus 1.2% and is repayable by 31 March 2026.

In the prior year, other loans comprised 9,838,165 £1 loan notes and £12,148,617 of accrued loan note interest payable to BGF and a small number of senior employees.

In connection with the issuance of 4,625,000 £1 loan notes to BGF and a small number of senior employees in December 2015, the company granted each note holder an option to subscribe to C ordinary shares of £0.01 in the future if certain conditions are met. The maximum number of C ordinary shares exercisable by the noteholders is 13,035 shares. On 14 August 2023, the loan balance, together with accrued interest, was fully repaid, and share subscriptions exercised on completion of the acquisition by Mitsui & Co., Ltd.

**STATS (UK) LTD.**

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**22. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Within one year	37,788	27,619	-	18,700
Between 1-5 years	147,899	31,961	-	-
	<u>185,687</u>	<u>59,580</u>	<u>-</u>	<u>18,700</u>

**23. Financial instruments**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	2,265,066	1,026,890	862,795	367,692
Financial assets that are debt instruments measured at amortised cost	21,974,921	21,573,343	19,109,272	15,424,459
	<u>24,239,987</u>	<u>22,600,233</u>	<u>19,972,067</u>	<u>15,792,151</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(50,653,890)	(44,947,795)	(47,342,862)	(40,574,987)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group undertakings, bank overdrafts, bank loans and other loans.

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

**24. Deferred taxation**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
At beginning of year	1,169,692	1,571,935	2,296,787	2,108,434
Credit / (charge) to income statement during the year	670,741	(357,125)	(203,496)	188,353
Other movement – foreign exchange	20,921	(45,198)	-	-
At end of year	<u>1,861,354</u>	<u>1,169,692</u>	<u>2,093,291</u>	<u>2,296,787</u>

The deferred tax asset comprises of:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
(Accelerated)/deferred capital allowances	(3,975,906)	(4,082,464)	(2,765,401)	(2,409,916)
Tax losses	5,828,722	4,676,262	4,850,154	4,140,831
Other timing differences	8,538	565,872	8,538	565,872
	<u>1,861,354</u>	<u>1,169,692</u>	<u>2,093,291</u>	<u>2,296,787</u>

**25. Share capital**

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
140,051 (2022 - Nil) Ordinary shares of £0.01 each	1,401	-
Nil (2022 - 34,200) A Ordinary shares of £0.01 each	-	342
Nil (2022 - 15,900) B Ordinary shares of £0.01 each	-	159
Nil (2022 - 9,000) A1 Ordinary shares of £0.01 each	-	90
Nil (2022 - 49,000) B1 Ordinary shares of £0.01 each	-	490
Nil (2022 - Nil) C Ordinary shares of £0.01 each	-	-
	<u>1,401</u>	<u>1,081</u>

Following the completion of the sale of the company to Mitsui & Co., Ltd, all classes of shares were redesignated as ordinary shares.

On 14 August 2023, 31,951 Ordinary shares were issued on completion of the acquisition by Mitsui & Co., Ltd. These were issued for an aggregate value of £565,766.

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

#### 26. Share-based payments

The Group's Enterprise Management Incentive (EMI) scheme, which was introduced during 2013, provided for certain employees to exercise B Ordinary share options in the future if certain conditions were met. On 14 August 2023, 10,880 share options were exercised in relation to the company's sale to Mitsui & Co., Ltd.

In addition to the group's EMI scheme, a further 8,036 unapproved options were exercised by certain employees of the group on 14 August 2023 in relation to the company's sale to Mitsui & Co., Ltd.

Details of the share-based payment arrangements during the year are as follows:

	Number 2023	Number 2022
Outstanding at the beginning of the year	59,363	59,363
Exercised during the year	(18,916)	-
Lapsed during the year	(40,447)	-
	<u>-</u>	<u>59,363</u>

#### 27. Capital commitments

At 31 December 2023 the Group and company had capital commitments as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Contracted for but not provided in these financial statements	795,197	66,102	197,901	53,000
	<u>795,197</u>	<u>66,102</u>	<u>197,901</u>	<u>53,000</u>

#### 28. Pension commitments

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £1,224,805 in the year (2022 - £858,313).

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

#### 29. Commitments under operating leases

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	1,767,047	2,112,590	694,933	1,107,781
Later than 1 year and not later than 5 years	4,904,286	4,525,531	2,515,130	2,606,300
Later than 5 years	2,278,307	349,922	2,278,307	349,922

#### 30. Related party transactions

The company has taken advantage of the exemption given by section 33 of Financial Reporting Standard 102 which allows exemption from disclosure of related party transactions with other group companies .

No disclosure is made of transactions between group companies not owned 100% as the group has effective control.

During the year, the group and company entered in to the following transaction with related parties:

Related party	Transaction	£	Balance at year end £
Director	Rent	9,540	-
Company with common control	Purchases	231,106	48,418
Related company	Fees	30,000	-
Related company	Fees	50,630	50,630

#### 31. Controlling party

As noted in the Directors' Report, a Share Purchase Agreement was signed in June 2023 to sell 100% of the issued share capital of the company to Mitsui & Co., Ltd. The transaction completed on 14 August 2023 at which time the group became wholly owned and controlled by Mitsui & Co., Ltd. Prior to 14 August 2023, the group was controlled by the directors.