PARENT ACCOUNTS
FOR
SC169597
Section 479a

Buchan 1 Limited

Annual report and consolidated financial statements

for the 52 weeks ended 29 December 2022

Registered Number SC643850

Buchan 1 Limited

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Introduction
These are the consolidated and parent company financial statements for Buchan 1 Limited ('the Company') for the 52 week period to 29 December 2022.

Business Model

The Company is the parent of the Score Group ('the Group') and the Group operates as the standalone parent of a number of individual operating entities. The Group operating model is business unit based with regional entities forming business units reporting into an executive leadership team.

Score Group has specific expertise in four main areas:

- Valves – the supply, distribution, maintenance, repair, modification and engineering of many different types of valves for applications across multiple industries. The Group's vision is to be the best provider of valve management services globally and is a recognised market leader.
- Leak detection and emission reduction across energy infrastructure.
- Component manufacture and repair of fuel gas systems for industrial gas turbines.
- Specialist coating of niche components for industrial and aerospace applications.

Score Group is independent of all manufacturers and, with the exception of the customer who uses its services, the Group has no allegiance to any other party. Score Group has the facilities, capabilities and resources to provide the full spectrum of services from conceptual design checks to prototype and production testing.

The Group seeks to collectively apply the unique attributes of its service provision to the benefit of its customer base providing a one-stop approach. The Group is innovative, progressive and agile in the delivery of its services to ever changing customer requirements.

Strategy
With a well-established international footprint and exposure to multiple industries, the Group's growth enablers and strategic priorities are focused around its emissions business. Score has a four-stage emissions elimination process, which involves surveying, analysing, eliminating, and engineering out recurring failures. Our technicians are trained in use of leak detection equipment in addition to our proprietary diagnostic technology for surveying purposes, partnered with Score existing valve management expertise to grow market share in this segment. Furthermore the Group will look to expand its US Downstream and LNG capabilities and develop its Energy business, doubling manufacturing volumes through growth and new product qualification. Score invests heavily in apprenticeship schemes and has over 300 apprentices in a workforce of circa 2,000 personnel. This investment in training, which results in skilled professionals, is considered to be a differentiator from competitors and remains central to the future operating strategy.

Statement relating to the Director's responsibilities under Section 172 of the Companies Act
The Directors recognise their duty to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole in accordance with Section 172 of the UK Companies Act 2006. The Directors' Section 172 duties are part of Board discussions. The Directors continue to have regard to the interest of the company's key stakeholders and, throughout the year, the Board and management engage with key stakeholders on items relevant to them. Key stakeholder groups are identified below, along with their material issues and how the company engages with and considers the interest of each stakeholder group.

- **Investors and lenders**

Financial performance and strategy	Monthly Board meeting reviewing financial performance, business strategy, HSEQ, social and governance matters; regular bank calls with lenders.
Corporate Governance	Independent Audit reports shared with Board; directors are accountable for ensuring compliance with ABC Policy, adherence to all relevant laws and regulations, prevention of fraud; Code of Conduct rolled out to all employees.

Buchan 1 Limited

Strategic report (Cont)

• **Employees**	
Engagement and work culture	Various internal communications strategies employed to convey performance, policy and initiatives. Strong focus on staff engagement and the creation of a culture that encourages open, honest and direct communication.
Training & Development	Very strong focus on the Group-wide apprenticeship scheme; continuous professional and personal development encouraged through the Performance Management System to enable employees to reach their full potential. In-house competence management system "VITAL" provides an extensive library of online resources for employees.
• **Customers**	
Safety, Quality, Delivery	The Group operates to the highest standards of HSEQ and is accredited to the ISO 9001:2015 Quality Management Standard and the ISO 14001: 2015 Environmental Management Standard; the ISO 450001: 2018 standard is currently being rolled out across the Group.
• **Suppliers**	
Expertise and collaborative approach	Established relationships and agreements with international manufacturers, enabling us to supply high quality, reliable products, at the right time. Similarly, utilising extensive in-house manufacturing capability, we can supply bespoke products to meet customer's specific applications.
Credibility, trust and reputation	We carefully select our business partners through the application of due diligence processes to identify partners who share our values and our commitment to safety, quality and integrity.
Business Conduct	Our Code of Conduct includes provisions addressing conflicts of interest, corporate opportunities, compliance with our policies and with laws, rules and regulations, including laws addressing insider trading, antitrust and anti-bribery. We expect our business partners, including suppliers and vendors, to act consistently with our Code.
• **Other stakeholders in the wider community**	
Local communities	A major motivation of the founder was to contribute strongly to our local communities. This motivation remains undiminished and the Group is an active contributor to many projects, notably in educational, sporting and health areas. This can be a mix of direct financial contribution or by support to employees who volunteer in their own way to make a difference.
Environment and Sustainability	We work in accordance with our Environmental Management Policy which focuses on emission reduction, waste management and discharge prevention to minimise our impact on the local communities in which we operate. The Group also issued its first environmental, sustainability and governance report in 2022 and all data presented covered its Worldwide operations.

Strategic report (Cont)

Principal Risks and Uncertainties
The main risks and uncertainties the Score Group encounters continue to be associated with foreign currency fluctuations, potential credit exposure, interest rates, supply chain risks, changing market dynamics, geopolitical impacts and resource constraints as demand increases. The approach adopted by the Board in managing these risks is set out below:

Foreign Currency Fluctuations – Score Group is now a truly global organisation and many of the Group sales involve transactions where multiple currencies can be a feature. This is a situation that is carefully managed and in order to address this risk the Group enters into foreign currency contracts when deemed appropriate.

Potential Credit Exposure - Trade debtors represent the Group's most significant credit risk. The bulk of Score Group's business continues to be conducted with large companies which have strong credit ratings. Any major contracts with new customers are managed through standard practices such as up-front payment, milestone payments and letters of credit.

Interest Rates - The Group's operations are financed by retained earnings and bank borrowings. Where appropriate, the Group will use interest rate swaps and collars to manage the risk relating to interest rate fluctuations and to produce the preferred interest rate profile.

Supply Chain Risks – The managed supply of critical equipment from the Group's supply chain to end users is a significant feature of trading. The cost pressures which influence customer behaviours equally apply to all levels of the supply chain and the potential liabilities associated with this remain. However the Group operates with an approved suppliers system and a mature set of quality and inspection procedures which are supplemented with enhanced levels of testing where appropriate to mitigate these risks.

Changing Market Dynamics – Whilst a well-diversified offering, oil & gas does remain a key market for the Group. Societal pressures to reduce dependence upon fossil fuels are, in many geographies, accelerating the move towards Net Zero and the Energy Transition. Score Group is well positioned to benefit from this re-balancing and has positioned itself for these emerging markets.

Impact of Brexit – The Group imports and exports large quantities of product and services both to and from the European Union and the increased bureaucracy, rising logistics costs and delays which resulted from Brexit are continuing. Extra personnel have been employed to administer extra customs checks and bureaucracy.

Geopolitical – The Geopolitical situation and its wider influence of trading continues to be a concern in terms of conflict, sanctions controls and material shortages but the Group has the required process in place and indeed extensive stocks available to mitigate these risks.

Resources – We have seen an increase in demand for skilled labour as the world has rebounded from Covid which can present challenges in terms of retention. However, the Group has the required processes and procedures to manage this type of situation and help address such spikes in the market.

Cyber security and the risk of malicious attacks are well recognised. The Group has invested considerably in its IT systems and is actively monitoring its performance.

Business Performance
The Group objective is to deliver safe, profitable, sustainable operations which are valued by its customer base and the Group Board is delighted by the continued progress made in that regard and with the quality of delivery to its customers.

Consolidated turnover for the 12 months of trading was £252.5m (12 months to 30 December 2021: £214.4m), resulting in an operating profit of £21.3m (12 months to 30 December 2021: £16.3m).

Earnings before interest, tax, depreciation and amortisation ('EBITDA'), a key performance indicator, was £30.2m (12 months to 30 December 2021: £24.9m). EBITDA is calculated as operating profit of £21.3m (2021: £16.3m) plus depreciation of tangible fixed assets of £5.3m (2021: £5.1m), plus amortisation of intangible assets, including goodwill, of £3.6m (2021: £3.5m).

Strategic report (Cont)

A total of nil (2021: £2.2m) was claimed under global government Covid support schemes of which nil (2021: £0.6m) was claimed under the UK Job Retention Scheme and nil (2021: £1.6m) under schemes operated in the international jurisdictions in which the Group operates.

The profit after tax for the year of £12.6m and the £11.8m increase in the value of land & buildings following revaluation in the year, all helped increase shareholders' funds to £94.7m (2021: £73.1m).

The Group generated net cash from operating activities of £26.6m (2021: £23.0m).

Key Performance Indicators (KPIs)
Score Group monitors its own specific KPIs.

Financial KPIs are summarised in the business performance review above.

Other corporate objectives cover HSE and business critical areas and require each Score Group entity to be safe and environmentally responsible, profitable, sustainable and morally responsible. Performance can be summarised as follows:

HSE Performance – The Group objective is to deliver operations in a safe and sustainable manner. Two principle KPIs were set, namely, no fatalities or major HSE incidents and a recordable incident rate that is <0.3 per 200,000 man-hours. The first KPI was met but the recordable incident rate was slightly above 0.3.

Ethical Compliance – The Group objective is to deliver operations in full compliance with the Score Group Anti-Bribery and Corruption policies, procedures and standards with zero incidence of the Group being brought into disrepute. This KPI was achieved.

Supplementary targets supporting each of the high level KPIs above are also used throughout the Group of Companies to help ensure that Score Group meets its objective of delivering safe, sustainable, ethical operations. A key element of any sustainable, progressive business is in delivery of an efficient, quality service which has continuous improvement at its core and which is valued by its customers. Score Group ensures that the individual companies which constitute the Group have KPIs in place covering all of these areas.

Future outlook and going concern
The Board remains very positive about the future performance of the organisation. The Group will continue to evolve and develop its expertise, further positioning itself as an emissions elimination provider partnering with, and adding value to its customers and the wider global environment. Controlled geographic expansion will also continue where conditions are favourable. Six key market opportunities will be pursued building on our extensive expertise and capabilities, and applying those skill sets in specific and targeted areas. This strategic approach will be progressed taking cognisance of any operating constraints and their associated risks.

The directors have prepared the financial statements using the going concern basis. As set out in note 1 to the financial statements, the directors have prepared forecast cash flows for the period to 31 December 2024. Under both the base and downside forecasts prepared, the directors forecast that the Group will have, with headroom, sufficient liquidity to meet its financial obligations, and comply with its bank financial covenants. Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Signed on behalf of the Board

Colin Welsh
Chairman

30 June 2023

Buchan 1 Limited

Directors' report

The directors present their directors' report and the consolidated financial statements of the Company and Group for the 52 week period ended 29 December 2022.

Directors

The directors of the Company who served during the 52 week period ended 29 December 2022 and up to the date of this report are:

Colin Welsh
Hugh Sheppard - resigned 26 April 2022
Peter Stuart
Anita McRobbie
Ian M Cheyne
Ian Davidson
Keith Cochrane
Gordon Ronaldson – resigned 5 May 2022
Thomas Burke – appointed 5 January 2022
Nicholas Dunn – appointed 1 August 2022

Dividends

There were £nil (2021: £ nil) dividends paid during the period. The directors do not recommend the payment of a final dividend (2021: £ nil).

Statement of directors' responsibilities in respect of the Annual Report, Strategic report, the Directors' report and the Financial statements

The directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report and the Group and parent company 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 they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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Directors' report (Cont)

Engagement with Employees, Suppliers, Customers and Others
Relationships with stakeholders are of strategic importance to the Company and these matters are therefore dealt with in the strategic report (under section 172 obligations).

Employees
The Group recognises the importance of employee communication and involvement. Staff meetings are held at the workplace on a regular basis to update the employees on the progress of the Group and respective companies.

It is the policy of the Group to afford disabled persons full and fair consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where the disability occurs during the period of employment, every effort is made to continue to provide suitable employment with the provision of training.

The Group recognises that good health, safety and environmental management can contribute significantly to its long-term business success. Conducting safe and efficient operations, while maintaining high standards of performance and protection of the environment is an integral part of management duties.

Greenhouse gas emissions and energy consumption
In accordance with the Streamlined Energy and Carbon reporting requirements, an assessment has been carried out of the emissions generated from the Group's activities. The data for all UK subsidiaries was considered for reporting purposes, however only one UK subsidiary met the criteria for mandatory reporting and these figures are shown below along with the comparatives for 2021. In 2022 data can be reported for all UK subsidiaries as shown below.

The methodology adopted applies carbon dioxide equivalent (CO2e) conversion factors published by the UK government to the energy used relating to the purchase of electricity for operating premises, the combustion of gas for heating business premises and consumption of fuel for company vehicles. Data is based on actual information and does not require estimation. The UK activities were responsible for the following emissions in the period:

Aggregate electricity and gas consumption	10,798,362 kWh
Scope 1 emissions	1,516.7 tonnes of CO2e
Electricity	1,357.6 tonnes of CO2e
Tonnes of CO2e per employee	2.22

Data for the one UK subsidiary that meets the criteria for mandatory reporting along with comparatives is reported below:

Aggregate electricity and gas consumption	3,206,733 kWh	(2021: 3,958,924 kWh)
Gas and Vehicle fuel	165.9 tonnes of CO2e	(2021: 259.06 tonnes of CO2e)
Electricity	627.8 tonnes of CO2e	(2021: 638 tonnes of CO2e)
Tonnes of CO2e per employee	0.96	(2021: 1.03)

The data is unaudited. The Group has disclosed Tonnes of CO2e per employee as the intensity ratio it considers to be most appropriate and allow comparison in future years.

During the period, solar panels were installed at the group's facility in Gladstone, Australia. In the next financial period, feasibility studies will be undertaken to examine the potential to use solar and battery systems at all UK sites and at the Wangara facility in Australia.

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Directors' report (Cont)

Indemnification of directors and insurance
The Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Financial instruments
Details of the Group's financial instruments are given in note 23 of the financial statements.

Charitable and political donations
During the period the Group made donations of £11,000 (2021: £11,000) to various charitable entities. Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

Statement of disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on pages 1-4.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

AMcR

Anita McRobbie
Director
Blackwood House
Union Grove Lane
Aberdeen
AB10 6XU

30 June 2023

Independent auditor's report to the members of Buchan 1 Limited

Opinion

We have audited the financial statements of Buchan 1 Limited ("the Company") for the 52 weeks ended 29 December 2022 which comprise the Consolidated profit and loss account, Consolidated other comprehensive income, Group and Company Balance sheets, Consolidated and Company statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

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 29 December 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report to the members of Buchan 1 Limited (cont)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test, for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included; revenue and cash journals posted to unusual or unexpected accounts; and journals with specific descriptions which may indicate high risk.
- re-performing, for a risk-based sample of fixed price contracts, the calculation of revenue recognised based on percentage of completion of costs, and comparing forecasts against contractual terms and correspondence with customers.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent auditor's report to the members of Buchan 1 Limited (cont)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Buchan 1 Limited (cont)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paula Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

30 June 2023

Buchan 1 Limited

Consolidated profit and loss account for the 52 weeks ended 29 December 2022

	Note	**52 weeks ended 29 December 2022 £'000**	52 weeks ended 30 December 2021 £'000
Turnover	3	**252,452**	214,354
Cost of sales		**(186,408)**	(157,834)
Gross profit		**66,044**	56,520
Net operating expenses	4	**(44,904)**	(42,556)
Other income	5	**198**	2,357
Operating profit		**21,338**	16,321
Group's share of loss in joint venture		**(857)**	(549)
Interest receivable and similar income	9	**125**	18
Interest payable and similar expenses	10	**(3,464)**	(3,340)
Profit before taxation		**17,142**	12,450
Tax on profit	11	**(4,506)**	(3,263)
Profit for the financial period		**12,636**	9,187
Attributable to shareholders of the parent company		**12,521**	9,047
Attributable to non-controlling interest		**115**	140
Total profit		**12,636**	9,187

The above results all relate to continuing operations.

Buchan 1 Limited

Consolidated other comprehensive income for the 52 weeks ended 29 December 2022

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Profit for the period	**12,636**	9,187
Other comprehensive income		
Revaluation of land and buildings	**11,765**	-
Exchange loss arising on retranslation of overseas investments	**(1,035)**	(237)
Total comprehensive income	**23,366**	8,950
Attributable to shareholders of the parent company	**23,239**	8,815
Attributable to non-controlling interest	**127**	135
Total comprehensive income	**23,366**	8,950

Buchan 1 Limited

Balance sheets as at 29 December 2022 (SC643850)

	Note	Group 29 December 2022 £'000	Group 30 December 2021 £'000	Company 29 December 2022 £'000	Company 30 December 2021 £'000
Fixed assets					
Intangible assets	13	**49,854**	52,699	-	-
Tangible assets	14	**41,800**	33,183	-	-
Investments	15	**152**	152	**56,000**	56,000
		91,806	86,034	**56,000**	56,000
Current assets					
Stocks	16	**32,239**	29,465	-	-
Debtors: amounts falling due within one year	17	**52,982**	51,214	**5,050**	4,893
Debtors: amounts falling due after one year	17	**5,127**	5,186	-	535
Cash at bank and in hand		**33,080**	27,133	**2,472**	2,577
		123,428	112,998	**7,522**	8,005
Creditors: amounts falling due within one year	18	**(66,290)**	(63,553)	**(70)**	(68)
Net current assets		**57,138**	49,445	**7,452**	7,937
Total assets less current liabilities		**148,944**	135,479	**63,452**	63,937
Creditors: amounts falling due after more than one year	18	**(45,648)**	(55,660)	-	-
Provisions for liabilities	19	**(8,630)**	(6,738)	-	-
Net assets		**94,666**	73,081	**63,452**	63,937
Capital and reserves					
Called up share capital	21	**58,725**	58,451	**58,725**	58,451
Share premium		**205**	-	**205**	-
Treasury reserve		**(875)**	-	**(875)**	-
Revaluation reserve		**11,765**	-	-	-
Profit and loss account		**24,701**	14,466	**5,397**	5,486
Shareholders' funds		**94,521**	72,917	**63,452**	63,937
Non-controlling interest		**145**	164	-	-
Capital employed		**94,666**	73,081	**63,452**	63,937

A loss of £89,000 was made by the parent company (2021: profit of £5,552,000) for the financial period.

The financial statements were approved by the board of directors on 30 June 2023 and were signed on its behalf by:

AMcRA

Anita McRobbie
Director

Buchan 1 Limited

Consolidated statement of changes in equity for the 52 weeks ended 29 December 2022 (SC643850)

	Called-up capital	Share premium	Treasury reserve	Revaluation reserve	Profit and loss account	Total Shareholders Equity	Non-controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2020	56,000	-	-	-	5,476	61,476	29	61,505
Profit for the period	-	-	-	-	9,047	9,047	140	9,187
Other comprehensive income								
Exchange arising on retranslation of overseas investments	-	-	-	-	(232)	(232)	(5)	(237)
Total comprehensive income for the period	-	-	-	-	8,815	8,815	135	8,950
Transactions with owners, recorded directly in equity								
Issue of shares	2,451	-	-	-	-	2,451	-	2,451
Equity-settled share-based payment transactions	-	-	-	-	175	175	-	175
Total contributions by and distributions to owners	**2,451**	**-**	**-**	**-**	**175**	**2,626**	**-**	**2,626**
30 December 2021	**58,451**	**-**	**-**	**-**	**14,466**	**72,917**	**164**	**73,081**
Profit for the period	-	-	-	-	12,521	12,521	115	12,636
Other comprehensive income								
Exchange arising on retranslation of overseas investments	-	-	-	-	(1,047)	(1,047)	12	(1,035)
Revaluation of properties	-	-	-	11,765	-	11,765	-	11,765
Total comprehensive income for the period	-	-	-	11,765	11,474	23,239	127	23,366
Transactions with owners, recorded directly in equity								
Issue of shares	274	205	-	-	-	479	-	479
Own shares acquired	-	-	(875)	-	-	(875)	-	(875)
Step up acquisition	-	-	-	-	(1,355)	(1,355)	(146)	(1,501)
Equity-settled share-based payment transactions	-	-	-	-	116	116	-	116
Total contributions by and distributions to owners	**274**	**205**	**(875)**	**-**	**(1,239)**	**(1,635)**	**(146)**	**(1,781)**
29 December 2022	**58,725**	**205**	**(875)**	**11,765**	**24,701**	**94,521**	**145**	**94,666**

Buchan 1 Limited

Company statement of changes in equity for the 52 weeks ended 29 December 2022 (SC643850)

	Called-up capital	Share premium	Treasury reserve	Profit and loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000
31 December 2020	56,000	-	-	(66)	55,934
Profit for the period	-	-	-	5,552	5,552
Transactions with owners, recorded directly in equity					
Issue of shares	2,451	-	-	-	2,451
	2,451	-	-	-	2,451
30 December 2021	**58,451**	-	-	**5,486**	**63,937**
Loss for the period	-	-	-	(89)	(89)
Transactions with owners, recorded directly in equity					
Issue of shares	274	205	-	-	479
Own shares acquired	-	-	(875)	-	(875)
	274	205	(875)	-	(396)
29 December 2022	**58,725**	**205**	**(875)**	**5,397**	**63,452**

Buchan 1 Limited

Consolidated cash flow statement for the period ended 29 December 2022

	Note	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Cash flows from operating activities			
Profit for the period		**12,636**	9,187
Adjustments for:			
Depreciation of tangible fixed assets	14	**5,274**	5,126
Impairment of fixed assets	14	**84**	-
Amortisation of goodwill and other intangibles	13	**3,560**	3,536
Losses from joint venture		**857**	549
Interest receivable and similar income	9	**(125)**	(18)
Interest payable and similar expenses	10	**3,464**	3,340
Gain on sale of tangible fixed assets	6	**(380)**	(549)
Gain on sale of investments	6	**(46)**	(542)
Equity settled share-based payment expenses		**116**	175
Taxation	11	**4,506**	3,263
Increase in trade and other debtors		**(2,584)**	(10,732)
(Increase) / decrease in stocks		**(2,774)**	5,041
Increase in trade and other creditors		**4,021**	18,776
Increase / (decrease) in provisions		**579**	(11,759)
		29,188	25,393
Tax paid		**(2,625)**	(2,425)
Net cash from operating activities		**26,563**	22,968
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		**1,267**	1,194
Acquisition of tangible fixed assets	14	**(2,702)**	(1,861)
Acquisition of intangible fixed assets	13	**(715)**	(368)
Step up acquisition	2	**(1,273)**	-
Acquisition of investments	15	**(1)**	(152)
Proceeds from sale of investments		**46**	463
Interest received and similar income		**125**	18
Acquisition of business combination	2	**(5,000)**	(2,500)
Net cash from investing activities		**(8,253)**	(3,206)

Buchan 1 Limited

Consolidated cash flow statement for the period ended 29 December 2022 (Cont)

	Note	**52 weeks ended 29 December 2022 £'000**	52 weeks ended 30 December 2021 £'000
Cash flows from financing activities			
Proceeds from issue of share capital		**250**	1,926
Repurchase of own shares		**(350)**	-
Interest paid		**(3,042)**	(2,885)
Repayment of borrowings		**(8,791)**	(4,850)
Payment of finance lease liabilities		**(756)**	(705)
Net cash from financing activities		**(12,689)**	(6,514)
Net increase in cash and cash equivalents		**5,621**	13,248
Cash and cash equivalents at beginning of period		**27,133**	13,955
Effect of exchange rate fluctuations on cash held		**255**	(70)
Cash and cash equivalents at end of period	22	**33,009**	27,133

Cash and cash equivalents (including bank overdrafts) at end of the period comprises cash balances of £33,080,000 (2021: £27,133,000) less bank overdrafts (note 18) of £71,000 (2021: £nil).

Notes to the financial statements

1 Principal accounting policies

Buchan 1 Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Basic of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). All amounts in the financial statements have been rounded to the nearest £'000.

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- No separate parent company Cash flow statement and related notes;
- Key management personnel compensation has not been included a second time;
- The disclosures required by FRS 102.26 Share-based Payments;
- The disclosures required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of schedule 1.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The financial statements are prepared on the historical cost basis other than land and buildings which are carried at valuation, and derivative financial instruments which are carried at fair value.

Going concern
The directors have prepared the financial statements using the going concern basis for the following reasons.

The Group's business activities, together with factors likely to affect its future developments and position are set out in the Strategic Report on pages 1-4. At 29 December 2022, the Group had net current assets (including stocks) of £57.1m, net assets of £94.7m and recorded profit after tax of £12.6m for the 52 week trading period then ended. The Group earned net cash from operating activities of £26.6m.

The Group is financed by a combination of cash balances and long term bank loans. Bank loans comprise a £74.8m finance facility, of which £23.8m is repayable in instalments over the loan term to June 2025 and £51.0m repayable in a bullet payment in December 2025. Bank loans are inclusive of £25.0m drawn down subsequent to the year end and disclosed noted 28. In addition, the Group has access to a £15.0m revolving credit facility of which £nil was drawn at the year end and at 1 June 2023. Cash resources at 1 June 2023 were £41.7m. Financial bank covenants relating to the facilities principally comprise ratios relating to Cash Flow to Debt Service; Earnings to Interest Cover; and Earnings to Net Debt which are tested quarterly on a rolling twelve month basis. The Group has complied with its financial covenants at each testing date up to the date of these financial statements.

The directors have prepared forecast cash flows for the period to 31 December 2024. In making their forecasts, the Directors have considered the impact of higher energy prices and economic uncertainty, and reasonably possible severe but plausible reductions or deferrals in forecast customer turnover. The forecasts include downside scenarios allowing for an increase in base interest rates during forecast period. On the basis of this cash flow information and downside forecasts, the directors forecast that the Group will have, with headroom, sufficient liquidity to meet its financial obligations, and compliance with its bank financial covenants.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for the period of the forecasts and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings. A subsidiary is an entity that is controlled by the parent. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss account from

Buchan 1 Limited

1 Principal accounting policies (Cont)

Basis of consolidation (Cont)
the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation. All subsidiaries have the same accounting reference date as the Company.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Business combinations
Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity. At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Intangible assets - goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised on a straight line basis over its expected useful economic life, which is estimated to be 20 years. Provision is made for any impairment.

Negative goodwill arising on consolidation represents the excess of the fair value of the identifiable net assets acquired over the consideration paid. Negative goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over its expected useful economic life of 5 years.

Intangible assets – research and development
Development expenditure on clearly defined projects, where the outcome and feasibility can be assessed with reasonable certainty, is capitalised and subsequently amortised on a straight line basis over its estimated useful life of three to five years, from the date of the development being completed. All other expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Tangible fixed assets
Buildings are stated at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is carried at stated at fair value at the date of revaluation less subsequent accumulated impairment losses. Full valuations of land and buildings are made by independent professionally qualified valuers every five years, with interim valuations performed every three years. The valuations are performed on the basis of existing use.

Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

The cost of other tangible fixed assets is their purchase cost, together with any other costs that are directly attributable to bringing the asset into working condition for its intended use, less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

1 Principal accounting policies (Cont)

Depreciation
Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation is calculated so as to write off the cost, or valuation, of other tangible fixed assets less their residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold/long-leasehold buildings	4 – 12½
Plant and machinery	10 – 50
Motor vehicles	33⅓
Fixtures and fittings	25 – 50

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Plant and machinery includes critical valves, parts and insurance spares held for use by oil companies. These have been classified as fixed assets as they generate an income for the Group and it is not anticipated that they will be sold in the short term.

Impairment of non-financial assets (excluding stocks and deferred tax assets)
The carrying amounts of non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stocks and work in progress
Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes all direct expenditure and production overheads based on the normal level of activity. Provision is made to estimated selling price less costs to complete and sell where necessary for obsolete, slow moving and defective stocks.

1 Principal accounting policies (Cont)

Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

Costs in respect of operating leases are charged on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Warranty claims

Provision is made, based on an assessment of historical claims made, in respect of the estimated cost of settling claims that may arise on goods sold, and services provided, that are still in the warranty period.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, or where forward foreign currency contracts have been taken out, at contractual rates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences are taken to the profit and loss account in the period in which they arise.

The results of foreign subsidiary undertakings and joint ventures are translated to the Group's presentational currency, Sterling, at the average rate of exchange for the year and assets and liabilities are translated at the rates of exchange ruling at the year end date. Differences on exchange arising from the revaluation of the opening net investment in subsidiary undertakings and from the translation of the results of those Companies at average rate are taken to reserves and recognised in other comprehensive income. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover recognition

Turnover is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of turnover can be measured reliably. Turnover from product sales is recognised when the Group has transferred to the customer the significant risks and rewards of ownership, which is normally upon delivery of the goods. Turnover from services delivered over time to the customer is recognised as the service is provided.

Turnover and profit for transactions accounted for as long term contracts is recognised as stated in the contracts policy below.

Turnover is stated net of sales taxes, trade discounts and sales between Group companies.

Contracts

The amount of profit attributable to the stage of completion of a contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Revenue recognised is an estimate to the extent future costs not yet incurred are an estimate. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of amounts invoiced. Payments on account, in excess of amounts matched with turnover, is included within creditors classified as payments received on account.

1 Principal accounting policies (Cont)

Interest receivable and Interest payable
Interest payable and similar expenses include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Exceptional items
Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance.

Government grants
Government grants are included within debtors in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Government grant income is presented within other income in the profit and loss account.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1 Principal accounting policies (Cont)

Classification of financial instruments issued by the Company
Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Basic financial instruments
Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging
Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the profit and loss account.

Investments in subsidiaries and associates
These are separate financial statements of the Company. Investments in subsidiaries and associates are carried at cost less impairment.

Dividends on shares presented within shareholders' funds
Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Post-retirement benefits
The Group and Company contribute to individual defined contribution employee' personal pension plans. The amount charged against profits represents the contributions payable to the individual pension plans in respect of the accounting period.

1 Principal accounting policies (Cont)

Cash and cash equivalents
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Cash equivalents are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Cash equivalents comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

Impairment of financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share-based payment transactions
Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on an using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Accounting estimates and judgements

(a) Key sources of estimation uncertainty
The directors consider the key areas where estimates have a significant effect on the amounts recognised in the financial statements to be within:

Revenue recognition on long term contracts
A limited number of customer contracts can span a longer term and judgement is required by the directors over the timing of recognition of revenue and attributable profit. In addition, estimation is required regarding the remaining costs to incur, stage of completion and expected final profitability. The estimates are considered by the directors on a contract by contract basis using past experience and knowledge as well as consideration of the specific circumstances. The small proportion of the Group's turnover which is contracted on and accounted for on a long term contract basis reduces the estimation required at 29 December 2022.

1 Principal accounting policies (Cont)

Accounting estimates and judgements (Cont)

Stock provision
The directors estimate the lower of cost and net realisable value for stocks through evaluation of sales trends and stock ageing, based on historic experience, as well as current market prices. Inventory provisions and assumptions are assessed at least annually at year-end. Specific provision is made for items which are obsolete or for which there are specific market changes. There has been no significant changes to the methodology or assumptions used to estimate stock provisions in the year.

Warranty provision calculation
Warranty provisions are calculated based on sales activity in the period using historic trends to evaluate the likely level and value of claims which may arise. Specific provision is assessed for any claims raised by customers based on their facts and circumstances.

Valuation of land and buildings
Land and buildings are periodically revalued. In those years where an interim or full valuation is undertaken estimation is required to determine the market value of the land and buildings. Independent professionally qualified experts are engaged by the directors to perform the valuation. Valuations were undertaken in the current year.

(b) Critical accounting judgements in applying the Company's accounting policies
The directors have not made any critical accounting judgements in applying the Company's accounting policies apart from those involving estimations included above.

2 Acquisitions and disposal of businesses

Acquisition in a prior period

On 3 February 2020, the Group acquired all of the shares of Score Group Limited for £113,594,000. In 2021, the Group agreed to pay the vendors additional consideration of £10,000,000. At 30 December 2021 there was a final settlement of £7,500,000 outstanding. The amount was to be paid in three £2,500,000 instalments of which two were paid during 2022. The final instalment was paid in 2023 and is included within other creditors at 29 December 2022.

On 17 October 2022, the Group increased its percentage shareholding in HycAero Limited, a direct subsidiary of Score Group Limited, by acquiring all of the non-controlling interest. The consideration paid for the step up acquisition was £1,501,000. As part of the consideration the Company issued 130,272 A ordinary shares of £1 at a premium for £227,976 with the balance of the consideration of £1,273,024 paid in cash by Score Group Limited. At 29 December 2022 HycAero Limited is wholly owned by Score Group Limited.

3 Analysis of turnover

The geographical analysis of turnover by destination is as follows:

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Geographical segment		
United Kingdom	**106,225**	96,164
Rest of Europe	**24,838**	24,174
Rest of World	**121,389**	94,016
	252,452	214,354

The geographical analysis of turnover by origin is as follows:

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Geographical segment		
United Kingdom	**135,866**	124,885
Rest of Europe	**18,748**	18,268
Rest of World	**97,838**	71,201
	252,452	214,354

The analysis of turnover by activity is as follows:

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Sale of goods	**135,834**	112,735
Rendering of services	**116,618**	101,619
	252,452	214,354

4 Net operating expenses

Net operating expenses are analysed as follows:	**52 weeks ended 29 December 2022 £'000**	52 weeks ended 30 December 2021 £'000
Distribution costs	**4,566**	3,398
Administrative expenses	**40,338**	39,158
	44,904	42,556

5 Other income

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Government grant – UK Job Retention Scheme	**-**	593
Government grant – international COVID wage support schemes	**-**	1,614
	-	2,207
Other	**198**	150
	198	2,357

6 Expenses and auditor's remuneration

Included in profit before tax are the following:	**52 weeks ended 29 December 2022 £'000**	52 weeks ended 30 December 2021 £'000
Depreciation of tangible fixed assets:		
- owned assets (note 14)	**4,797**	4,587
- assets held under finance leases (note 14)	**477**	539
Impairment of tangible assets	**84**	-
Amortisation of Goodwill	**2,831**	2,831
Amortisation of other intangibles (note 13)	**729**	705
Provision for bad debts	**1,713**	-
Gain on sale of fixed assets	**(380)**	(549)
Gain on disposal of investment	**(46)**	(542)
Hire of plant and machinery	**857**	874
Operating lease rentals for:		
- land and buildings	**2,808**	2,535
- plant and machinery	**483**	390
(Profit) / loss on foreign currency conversion	**(798)**	376

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Auditor's remuneration		
Audit of these financial statements	**90**	65
Amounts receivable by the auditor and their associates in respect of:		
Audit of financial statements of subsidiaries of the company	**314**	286
Taxation compliance services	**117**	127
Other tax advisory services	**31**	116
Other assurance services	**15**	28

7 Directors' remuneration

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Directors remuneration	**1,439**	1,186
Company contributions to defined pension plans	**20**	42
Total	**1,459**	1,228

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £311,000 (2021: £336,000), and company pension contributions of £6,000 (2021: £32,000) were made to a money purchase scheme on their behalf.

The remuneration for the key management personnel was £1,459,000 (2021: £1,228,000).

8 Staff numbers and costs

The average number of persons employed by the Group (including executive directors) during the period was as follows:

By activity	52 weeks ended 29 December 2022 Number	52 weeks ended 30 December 2021 Number
Production	**1,281**	1,270
Selling and distribution	**188**	182
Administration	**334**	357
	1,803	1,809

The aggregate payroll costs of the persons were as follows:

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
Wages	**76,101**	69,489
Share-based payments (see note 25)	**116**	175
Social security costs	**6,440**	5,716
Company contributions to defined pension plan (note 25)	**2,801**	2,490
	85,458	77,870

The company had no employees.

9 Interest receivable and similar income

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
On bank balances	**104**	-
Other	**21**	18
	125	18

10 Interest payable and similar expenses

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
On bank loans and overdrafts	**2,973**	2,803
On finance leases	**44**	51
Loan fees amortisation	**422**	455
Other	**25**	31
	3,464	3,340

Buchan 1 Limited

11 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	52 weeks ended 29 December 2022 £'000	**52 weeks ended 29 December 2022 £'000**	52 weeks ended 30 December 2021 £'000	52 weeks ended 30 December 2021 £'000
Current tax				
Current tax on income for the period	**2,835**		1,468	
Adjustments in respect of prior periods	**(31)**		815	
Current UK tax		**2,804**		2,283
Foreign corporation tax				
Current tax on income for period	**2,087**		2,250	
Adjustments in respect of prior periods	**(215)**		121	
Current foreign tax		**1,872**		2,371
Total current tax		**4,676**		4,654
Deferred tax (note 20)				
Origination/reversal of timing differences	**160**		306	
Change in tax rate	-		(344)	
Adjustments in respect of prior periods	**(330)**		(1,353)	
		(170)		(1,391)
Total tax		**4,506**		3,263

	£'000 Current tax	£'000 Deferred tax	£'000 Total tax
Recognised in profit and loss account	4,676	(170)	4,506
Recognised in other comprehensive income	-	-	-
	4,654	**(170)**	**4,506**

11 Taxation (Cont)

	52 weeks ended 29 December 2022 £'000	52 weeks ended 30 December 2021 £'000
The deferred tax (credit) for the period is analysed as follows:		
United Kingdom	**(150)**	(1,325)
Foreign	**(20)**	(66)
	(170)	(1,391)

Reconciliation of effective tax rate	**52 weeks ended 29 December 2022 £'000**	52 weeks ended 30 December 2021 £'000
Profit for the period	**12,636**	9,187
Total tax expense	**4,506**	3,263
Profit excluding tax	**17,142**	12,450
Tax using the UK Corporation tax rate of 19% (2021: 19%)	**3,257**	2,366
Effects of:-		
Expenses not deductible for tax purposes	**420**	25
Depreciation not eligible for capital allowances	**269**	337
Goodwill amortisation not deductible	**538**	538
Corporate interest restriction	-	80
Patent box deduction	**(152)**	(149)
Effect of tax rates in foreign jurisdictions	**605**	521
Losses utilised	**(402)**	(163)
(Over) provided in prior years	**(576)**	(417)
Revaluation of assets	**307**	-
Other	**240**	125
Total tax charge (see above)	**4,506**	3,263

Factors affecting future tax charges

Deferred taxation at 29 December 2022 in the UK has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future UK current tax charge accordingly

12 Profit / loss for the financial period

A loss of £89,000 for the financial period was made by the parent company (2021: profit of £5,552,000). The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a stand alone profit and loss account for the Company.

13 Intangible fixed assets

Group

		Other Intangibles		
	Goodwill	**Completed projects**	**Projects under development**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 30 December 2021	56,623	2,468	225	59,316
Additions	-	-	715	715
At 29 December 2022	**56,623**	**2,468**	**940**	**60,031**
Amortisation				
At 30 December 2021	5,426	1,191	-	6,617
Amortisation for the period	2,831	729	-	3,560
At 29 December 2022	**8,257**	**1,920**	-	**10,177**
Net book value				
At 30 December 2021	51,197	1,277	225	52,699
At 29 December 2022	**48,366**	**548**	**940**	**49,854**

Goodwill is amortised on a straight line basis over 20 years. This is the period over which the directors estimate that the value of the underlying businesses acquired is expected to be recovered.

Projects under development comprise the Group's new ERP global IT solution.

The Company has no intangible fixed assets.

14 Tangible fixed assets

Group

	Land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 30 December 2021	26,760	14,772	434	813	42,779
Additions	32	2,491	41	138	2,702
Disposals	(932)	(296)	(114)	(1)	(1,343)
Revaluation	6,340	-	-	-	6,340
Exchange difference	238	173	1	35	447
At 29 December 2022	**32,438**	**17,140**	**362**	**985**	**50,925**
Consisting of assets at:-					
Valuation	32,070	-	-	-	32,070
Cost	368	17,140	362	985	18,855
At 29 December 2022	**32,438**	**17,140**	**362**	**985**	**50,925**
Depreciation					
At 30 December 2021	4,023	4,749	305	519	9,596
Charge for the period	2,020	2,957	71	226	5,274
Impairment	84	-	-	-	84
Disposals	(402)	(30)	(95)	(1)	(528)
Revaluation	(5,439)	-	-	-	(5,439)
Exchange difference	58	55	1	24	138
At 29 December 2022	**344**	**7,731**	**282**	**768**	**9,125**
Net book value					
At 30 December 2021	22,737	10,023	129	294	33,183
At 29 December 2022	**32,094**	**9,409**	**80**	**217**	**41,800**

Depreciation has not been charged on freehold and long-leasehold land, which has a cost or valuation of £11,101,618 (2021: £8,977,927).

Land and buildings include long leasehold land and buildings with a net book value of £2,750,000 (2021: £1,036,000).

Included within fixed assets are assets financed under hire purchase arrangements with a cost of £3,568,000 (2021: £3,568,000) and accumulated depreciation of £1,369,000 (2021: £892,000).

14 Tangible fixed assets (cont)

During the year a full valuation of the Group's freehold and long leasehold land and buildings was performed by independent qualified valuers as follows:

Country	Valuer	Date	Basis
United Kingdom	Knight Frank	December 2022	Fair value
Norway	Eiendoms Megler	December 2022	Market value
Canada	Altus Group Limited	November 2022	Market value
Trinidad	Raymond & Pierre Ltd	November 2022	Market value
Australia	Herron Todd White Pty Ltd	December 2022	Market value

The valuations were undertaken in accordance with the RICS Valuation Standards in the United Kingdom and overseas by valuers having equivalent professional qualifications. Where materially different from the carrying value of these properties at the date of the respective valuations, the valuations have been adopted.

The following information relates to tangible fixed assets carried on the basis of revaluation in accordance with FRS 102:

	2022	2021
	£'000	£'000
At valuation	**32,070**	26,606
Aggregate depreciation thereon	**(58)**	(3,472)
Net book value	**32,012**	23,134

	2022	2021
	£'000	£'000
Historical cost of revalued assets	**26,200**	26,606
Aggregate depreciation thereon	**(5,393)**	(3,472)
Net book value	**20,807**	23,134

The Company has no tangible fixed assets.

15 Fixed asset investments

Group

	Interests in Joint Ventures
	£'000
Cost	
At 30 December 2021	202
Additions	1
At 29 December 2022	**203**
Share of post-acquisition reserves	
At 30 December 2021	(1,600)
Retained profits less losses	(857)
Exchange difference	(192)
At 29 December 2022	**(2,649)**
Net book value at 30 December 2021	(1,398)
Net book value at 29 December 2022	(2,446)
Disclosed in Investments	152
Disclosed in Provisions	(2,598)
At 29 December 2022	**(2,446)**

Interests in fixed asset investments
Fixed asset investments comprise the cost and share of post-acquisition profits or losses of investments in equity accounted undertakings. Details of these investments are provided in note 29.

15 Fixed asset investments (Cont)

Company	Interest in group undertakings
	£'000
Cost	
At beginning and end of the period	56,000
Provisions	
At beginning and end of the period	-
Net book value	
At 30 December 2021	56,000
At 29 December 2022	**56,000**

Interests in group undertakings
Interests in group undertakings comprise the cost of investments in subsidiary undertakings. Details of subsidiary undertakings are provided in note 29.

16 Stocks

The amounts attributable to different categories are as follows:	**Group 29 December 2022 £'000**	Group 30 December 2021 £'000
Raw materials, parts and consumables	**335**	198
Work in progress	**11,965**	11,304
Finished goods and goods for resale	**19,939**	17,963
	32,239	29,465

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £98,660,000 (2022: £81,851,000).

The write-down of stocks to net realisable value included in cost of sales in the period amounted to £1,974,000 credit (2021: £1,778,000 credit).

The Company does not hold stock.

17 Debtors

Amounts falling due within one year:	Group **29 December 2022 £'000**	Group 30 December 2021 £'000	Company **29 December 2022 £'000**	Company 30 December 2021 £'000
Trade debtors	**42,982**	41,992	**-**	-
Amounts owed by group undertakings	**-**	-	**5,030**	4,893
Corporation tax receivable	**-**	682	**-**	-
Foreign corporation tax receivable	**151**	351	**-**	-
Other debtors	**4,346**	5,699	**20**	-
Prepayments and accrued income	**5,503**	2,490	**-**	-
	52,982	51,214	**5,050**	4,893
Amounts falling due after more than one year:				
Amounts due by related parties (note 26)	**1,059**	1,649	**-**	535
Deferred tax asset (note 20)	**4,068**	3,537	**-**	-
	5,127	5,186	**-**	535
	58,109	56,400	**5.050**	5,428

Financial assets, comprising trade debtors, amounts owed by group undertakings (company only), other debtors and accrued income are carried at amortised cost.

18 Creditors

Amounts falling due within one year

	Group		Company	
	29 December 2022 £'000	30 December 2021 £'000	**29 December 2022 £'000**	30 December 2021 £'000
Bank overdraft	**71**	-	-	-
Bank loans	**3,819**	3,778	-	-
Other loans	**1,250**	2,500	-	-
Trade creditors	**14,147**	10,713	-	-
Obligations under finance leases (note 24)	**515**	756	-	-
Foreign corporation tax payable	**668**	200	-	-
Other taxation and social security	**5,331**	8,136	-	-
Other creditors	**7,205**	9,484	-	-
Amounts due to related parties	**29**	-	-	-
Payments received on account	**6,720**	6,471	-	-
Accruals and deferred income	**26,535**	21,515	**70**	68
	66,290	63,553	**70**	68

Amounts falling due after more than one year	Group		Company	
	29 December 2022 £'000	30 December 2021 £'000	**29 December 2022 £'000**	30 December 2021 £'000
Bank loans	**44,995**	50,695	-	-
Obligations under finance leases (note 24)	**323**	838	-	-
Other loans	-	1,250	-	-
Other creditors	-	2,500	-	-
Accruals	**330**	377	-	-
	45,648	55,660	-	-

Financial liabilities, comprising bank loans and overdrafts, trade creditors, amounts owed to group undertakings (company only), other creditors, obligations under finance leases and accruals are carried at amortised cost.

Other loans comprise amounts payable to former shareholders to be settled in instalments subsequent to the year end.

18 Creditors (Cont)

Bank loans

	Group		Company	
	29 December 2022 £'000	30 December 2021 £'000	**29 December 2022 £'000**	30 December 2021 £'000
Repayable by instalments as follows:				
In one year or less	**3,819**	3,778	-	-
Between one and five years	**44,995**	50,695	-	-
	48,814	54,473	-	-

In December 2019, the Company agreed a £60,000,000 finance facility to fund the purchase of the Score Group Limited on 3rd February 2020. The facility comprises a £24,000,000 Term Loan A with an interest rate 4.25% plus LIBOR, repayable in quarterly instalments over 5 years, and a £36,000,000 Term Loan B with an interest rate 5% plus LIBOR repayable as a bullet payment in December 2025. £4,200,000 was repaid in the period (2021: £3,600,000).

In addition, in December 2019, the Company agreed a revolving facility of £15,000,000 (repayable in December 2025) to fund both the working capital requirements of Buchan 2 Limited and those of its subsidiary companies. £nil (2021: £1,880,507) of the revolving credit facility was drawn at year end.

Interest on the revolving facility was charged at 5% plus LIBOR. The facilities are secured as a charge over the shares of the Company.

In October 2021, the interest basis for the facilities was amended prospectively from LIBOR to be based upon the Reference Interest Rate for the currency drawn down, principally the Sterling Overnight Index average.

Bank loan balances of £48,814,078 (2021: £54,472,717) are stated net of deferred financing costs of £985,922 (2021: £1,407,790) at 29 December 2022.

Financial bank covenants relating to the facilities principally comprise ratios relating to Cash Flow to Debt Service; Earnings to Interest Cover; and Earnings to Net Debt which are tested quarterly on a rolling twelve month basis. The Group has complied with its financial covenants at each testing date up to the date of these financial statements.

Other loans

	29 December 2022 £'000	30 December 2021 £'000
Repayable by instalments as follows:		
In one year or less	**1,250**	2,500
Between one and five years	-	1,250
	1,250	3,750

Other loans comprise a non-interest-bearing loan from the Company's former shareholder which is repayable in January 2023.

19 Provisions for liabilities

	Joint venture (note 15)	Warranty provisions	Deferred taxation (note 20)	Other	Total
	£'000	£'000	£'000	£'000	£'000
Group					
At 30 December 2021	1,550	2,544	1,653	991	6,738
Provisions made during the period	856	2,279	318	220	3,673
Provisions used/reversed during the period	-	(1,975)	(53)	-	(2,028)
Exchange difference	192	55	-	-	247
At 29 December 2022	**2,598**	**2,903**	**1,918**	**1,211**	**8,630**

The warranty provision is in respect of sales potentially subject to claims and it is expected that most of these costs will be incurred in the next financial year.

Other provisions include £811,000 (2021: £640,000) relating to dilapidation provisions on several leased properties within the Group. This provision is expected to be settled after more than one year.

20 Deferred taxation

The elements of deferred taxation are as follows:

	Assets		Liabilities		Net	
	29 December 2022 £'000	30 December 2021 £'000	**29 December 2022 £'000**	30 December 2021 £'000	**29 December 2022 £'000**	30 December 2021 £'000
Group						
Accelerated capital allowances	**(385)**	(777)	**198**	104	**(187)**	(673)
Revaluation of properties	**(106)**	(82)	**1,807**	1,555	**1,701**	1,473
Unused tax losses	**(2,084)**	(1,227)	-	-	**(2,084)**	(1,227)
Other	**(1,580)**	(1,457)	-	-	**(1,580)**	(1,457)
Tax (assets) / liabilities	**(4,155)**	(3,543)	**2,005**	1,659	**(2,150)**	(1,884)
Net of tax liabilities/(assets)	**87**	6	**(87)**	(6)	-	-
Net tax (assets) / liabilities	**(4,068)**	(3,537)	**1,918**	1,653	**(2,150)**	(1,884)

Total movements in deferred tax in the period were as follows:

	Deferred tax	
	29 December 2022 £'000	**30 December 2021 £'000**
Group		
At beginning of period	(1,884)	(540)
Provisions made during the period (note 11)	(170)	(1,391)
Exchange difference	(96)	47
At end of period	**(2,150)**	**(1,884)**
Presented within provisions (note 19)	1,918	1,653
Presented within debtors (note 17)	(4,068)	(3,537)

The Company has no deferred tax liability.

Foreign deferred tax assets totalling £2,431,000 (2021: £2,310,000) arising on timing differences and UK deferred tax assets of £1,637,000 (2021: £1,227,000) relating to losses have been recognised (note 17). This is on the basis that losses are expected to be utilised against forecast taxable profits.

Foreign deferred tax assets of £2,219,000 (2021: £2,319,000) relating to losses have not been recognised as it is unlikely that they will be utilised in these tax jurisdictions in foreseeable future. UK deferred tax assets of £2,392,000, calculated at 25% (2021: £466,000, calculated at 25%) have not been recognised, in addition to £nil (2021: £356,000) calculated at 25% relating to corporate interest deductions for which utilisation is not considered certain.

21 Called up share capital and reserves

	Ordinary shares of £1 each	
	29 December 2022	30 December 2021
Allotted, called up and fully paid		
58,199,633 (2021: 57,926,361) A Ordinary shares of £1.00	**58,199,633**	57,926,361
525,000 (2021: 525,000) B Ordinary shares of £1.00	**525,000**	525,000
	58,724,633	58,451,361

On 5 May 2022 the Company repurchased 350,000 A ordinary shares of £1 and 525,000 B ordinary shares of £1 for a total consideration of £875,000. The repurchased shares are held as Treasury shares.

The Company issued 130,272 A ordinary shares of £1 for a consideration of £227,976 on 17 October 2022 and 143,000 A ordinary shares of £1 for a consideration of £250,250 on 28 December 2022.

During the prior year the Company designated two classes of ordinary share, A ordinary shares and B ordinary shares. The existing 56,000,001 allotted shares were classed as A ordinary shares.

In the prior year, the Company issued 1,676,360 A ordinary shares and 525,000 B ordinary shares of £1 on 28 January 2021, and a further 250,000 A ordinary shares of £1 on 7 April 2021.

Reserves

The Revaluation reserve comprises the cumulative increase in the fair value of land and buildings as a result of revaluations.

The treasury reserve comprises the value of Company shares re-purchased wholly out of distributable profits.

The Profit and loss account comprises cumulative undistributed earnings of the Company.

22 Net debt

The below is an analysis of changes in net debt of the Group from the beginning to the end of the current reporting period:

Group	Borrowings due within one year	Borrowings due after one year	Obligations under finance lease	Subtotal	Cash and cash equivalents	Net debt
	£'000	£'000	£'000	£'000	£'000	£'000
Net debt analysis						
Balance at 30 December 2021	(6,278)	(51,945)	(1,594)	(59,817)	27,133	(32,684)
Cash flows	6,700	2,091	756	9,547	5,621	15,168
Other non-cash changes	(5,491)	5,070	-	(421)	-	(421)
Recognition of changes in market value and effect of movements in foreign exchange	-	(211)	-	(211)	255	44
Balance at 29 December 2022	**(5,069)**	**(44,995)**	**(838)**	**(50,902)**	**33,009**	**(17,893)**

23 Financial instruments

(a) Carrying amount of financial instruments
The Group's principal financial instruments are cash and cash equivalents, bank loans and finance lease liabilities.

The carrying amounts of the financial assets and liabilities include amounts carried at amortised cost, comprising debtors and creditors, as disclosed in notes 17 and 18 and cash and cash equivalents (note 22). No material financial assets or liabilities were carried at fair value at the current period end.

(b) Financial risk management
The Group operates a centralised treasury management which is responsible for managing the credit, liquidity, interest and foreign currency risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk arises from bank balances and trade receivables from customers. Management of credit risk is a prime objective of the Group. At 29 December 2022, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet. The bulk of the Group's business is conducted with large companies which have strong credit ratings. Management is of the opinion that adequate provision currently exists in respect of trade receivables.

The concentration of credit risk of liquid funds and financial instruments with individual bank counter-parties is monitored. The Group's exposure and the credit ratings of its counterparties are monitored.

Liquidity risk
Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities. Cash flow forecasts form part of the Group's annual planning process and are revised during the financial period. Details of long term borrowing facilities available for the Group are set out in note 18.

Foreign currency risk
Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the Group. The majority of the Group's business is conducted outside of the UK (note 3). Foreign currency risk is monitored on a weekly basis. From time to time, forward contracts may be used to mitigate the risk of adverse exchange rate movements.
The fair value of currency derivatives (for US dollar, Canadian dollar and Euro forward currency purchases) outstanding at the period end was £77,000 (2021: £73,000).

Interest rate risk
Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items or changes in interest income or expenses. Where appropriate, the Group will use interest rate swaps and collars to manage the risk relating to interest rate fluctuations.

(c) Hedge accounting
Hedge accounting was not adopted in respect of any derivative financial instruments during the current or prior period.

24 Contingent liabilities and financial commitments

Group

Performance bonds and guarantees
As at 29 December 2022 performance bonds and guarantees in place with HSBC Bank plc and Royal Bank of Scotland totalled £1,560,465 (2021: £1,560,423).

Finance lease commitments

	Plant & Machinery 29 December 2022 £'000	Plant & Machinery 30 December 2021 £'000
Less than one year	515	756
Between one and five years	323	838
	838	1,594

Operating lease commitments
Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings 29 December 2022 £'000	Land & Buildings 30 December 2021 £'000	Other 29 December 2022 £'000	Other 30 December 2021 £'000
Less than one year	2,406	2,388	282	334
Between one and five years	4,233	5,203	148	179
More than five years	1,473	1,239	-	-
	8,112	8,830	430	513

Capital commitments
At the period end commitments for future capital expenditure were as follows:

	29 December 2022 £'000	30 December 2021 £'000
Contracted but not provided for	633	269

At 30 December 2021, the group had a contractual commitment to purchase 49% of the share capital of Al Majal Score for Energy Equipment Maintenance and General Trade LLC. The 49% shareholding was purchased in the current year for consideration of £1,000.

Company
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The Company and certain subsidiaries are parties to a cross guarantee given in respect of their bank loans and overdraft. At 29 December 2022 the Company had contingent liabilities under the cross guarantee arrangements of £nil (2021: £nil). The assets of the Company are secured by a bond and floating charge.

The Company had no operating lease or capital commitments.

25 Employee benefits

Defined contribution pension scheme

The group contributes to individual employees' personal pension plans. Contributions in the period amounted to £2,801,000 (2021: £2,490,000). Contributions amounting to £789,000 (2021: £697,000) were payable at the period end to the scheme and are included in creditors.

Share based payments

2,762,500 equity settled share options were issued to directors and employees of the group on 28 January 2021. At 29th December 2022 the number of options issued was 2,128,000. Options vest in equal instalments annually over five years, based on service and are exercisable on sale or listing of the Group. The instruments lapse after seven years.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2022	**Number of options 2022**	**Weighted average exercise price** 2021	**Number of options** 2021
Outstanding at the beginning of the year	**£1**	**2,662,500**	-	-
Granted during the year	**-**	**-**	£1	2,762,500
Forfeited during the year	**£1**	**(534,500)**	£1	(100,000)
Outstanding at the end of the year	**£1**	**2,128,000**	£1	2,662,500
Exercisable at the end of the year			-	-

The fair value of employee share options is measured using a Black Scholes model which reflects the terms of the awards and the absence of any market conditions.

The fair value of the Group's shares as at the date of award has been based on forecast Group earnings and valuation assumptions from similar market transactions. Other key assumptions include future volatility. Expected volatility is a measure of the amount by which the value of the Group is expected to fluctuate in a period. As the Group is not listed, volatility has been determined using data from similar listed company share price movements in the same sector.

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	2022 £000	2021 £000
Total share-based payment expense	**116**	175

26 Related party disclosures

The Company has taken advantage of the exemption contained within FRS 102, paragraph 33.1A: Related Party Transactions not to disclose transactions with companies which are wholly owned subsidiaries of the Company.

The group made sales of £24,000 (2021: £36,000) to Score Arabia Services, a joint venture of a subsidiary company. At the period-end an amount of £nil (2021: £1,028,000) was due to the Company in relation to those sales and other expenditure incurred.

The group made sales of £909,000 (2021: £12,000) to Al Majal Score for Energy Equipment Maintenance and General Trade LLC, a joint venture of a subsidiary company. At the period-end an amount of £862,000 (2021: £374,000) was due to the Company in relation to those sales and other expenditure incurred.

The group made purchases of £47,000 (2021: £nil) from Score Rigworld Services Limited, a joint venture of a subsidiary company. At the period end an amount of £28,000 (2021: £nil) was due to the joint venture. The group made sales of £121,000 (2021: £12,000) to Score Rigworld Services Limited, a joint venture of a subsidiary company. At the period-end an amount of £159,000 (2021: £54,000) was due to the Company in relation to those sales and other expenditure incurred.

The group's customers and supply-chain include certain companies who are related parties by virtue of their ultimate investor. During the period the group made sales of £148,837 (2021: £87,471) and purchases of £240,100 (2021: £161,435) to these related parties. At the period end £52,373 (2021: £nil) was receivable and £14,975 (2021: £8,423) was payable to these related parties.

In the 12 months to 29th December 2022, G Ronaldson, a former director of the group, repaid in full the £525,000 loan owed to the Company. The loan had been advanced in the prior year for the subscription of shares.

27 Controlling interest

The directors regard SCF-IX LP to be the ultimate controlling party by virtue of its controlling interest in the equity capital of Buchan 1 Limited.

Details of post balance sheet events in respect of certain subsidiaries of the group are set out below.

28 Post balance sheet events

Acquisition of Jigsaw Group

On 8 February 2023, the Group acquired Jigsaw Topco Limited and its underlying group, for a cash consideration of £42.7m, an element of which is contingent on future trading performance.

To assist funding this transaction, Buchan 2 Limited, a subsidiary of Buchan 1 Limited, drew down a further £25m of borrowing under its existing borrowing facility. The additional borrowing comprises a £10,000,000 Term Loan A (2) with an interest rate of 3% plus SONIA, and a £15,000,000 Term Loan B (2) with an interest rate of 3.75% plus SONIA. Repayment details are as follows:

	Term Loan A (2)	Term Loan B (2)
During 2023	£2,000,000	
During 2024	£4,000000	
During 2025	£4,000,000	£15,000,000 repayable as a bullet payment

There were no changes to the financial bank covenants already in place for the existing borrowing following the additional draw down.

Sale & Leaseback transaction

On 30th March 2023 the group entered into a sale & leaseback transaction in relation to 7 properties it owned at 29th December 2022.

These properties were sold for proceeds of £40.3m, and the group committed to 25-year full insuring and repairing leases for each of the properties. The net book value of the properties on disposal was £14.8m.

Acquisition of EMSc Global Limited

On 26th May 2023, the group agreed to purchase 19,130 ordinary shares and subscribe for 1,736 ordinary shares in EMSc Global Limited, for a consideration of £6.0m. This represents 68.4% of the company's share capital.

Acquisition of Kampen Valve Care B V

On 8th June 2023, the group purchased 100% of the share capital of Kampen Valve Care B V, a company registered in the Netherlands for 1 euro.

Buchan 1 Limited

29 Details of subsidiary undertakings

Name of company and registered office	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
The following companies have the registered office: Glenugie Engineering Works, Peterhead, AB42 0YX			
Score (Europe) Limited	Ordinary £1	100%	Valve services
Score Diagnostics Limited	Ordinary £1	100%	Condition monitoring
Score Training & Multimedia Productions Limited	Ordinary £1	100%	Dormant
Hycrome (Europe) Limited	Ordinary £1	100%	Electroplating
HycAreo Limited (formerly Hycrome Aerospace Limited)	Ordinary £1	100%	Aerospace
Score Turbines Limited	Ordinary £1	100%	Dormant
The following companies have the registered office: Ian M. Cheyne Building, Wellbank, Peterhead, AB42 3GL			
Score Group Limited	Ordinary £1	100%	Intermediate holding company
Score Energy Limited	Ordinary £1	100%	Turbine Services
Score International Limited	Ordinary £1	100%	Intermediate holding company
Score Marine Limited	Ordinary £1	100%	Valve Services
Score Subsea & Wellhead Limited	Ordinary £1	100%	Dormant
Score VAC Limited	Ordinary £1	100%	Actuation supplies
Score Systems Limited	Ordinary £1	100%	Dormant
The following company has the registered office: Unit 3 Widow Hill Court, Heasandford Industrial Estate, Burnley, BB10 2TT			
KITE (International) Limited	Ordinary £1	100%	Agent in overseas markets
The following company has the registered office: Sherwood House, Armytage Road, Brighouse, West Yorkshire, HD6 1QF			
Qualtec Control Limited	Ordinary £1	100%	Dormant
The following company has the registered office: Blackwood House, Union Grove Lane, Aberdeen, AB10 6XU			
Buchan 2 Limited	Ordinary £1	100%	Intermediate holding company

Buchan 1 Limited

29 Details of subsidiary undertakings (cont)

Name of company and country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
The following companies have the registered office: Randabergveien 356, 4070 Randaberg, Norway			
Score A.S. – Norway	Ordinary NOK	100%	Valve services
Mekjarvik Eiendom A.S. – Norway	Ordinary NOK	100%	Valve services
The following companies have the registered office: Dornen 4, Tarp, 6715 Esbjerg N, Denmark			
Score Danmark AS – Denmark	Ordinary DKK 100	100%	Valve services
The following companies have the registered office: 6410 Langfield Road, Building B, Houston, TX 77092, USA			
Score Valve Services Inc – USA	Ordinary US $1	100%	Valve related services
Score Energy Inc – USA	Ordinary US $1	100%	Fuel nozzle & accessory overhaul
Score Atlanta Inc - USA	Ordinary US $1	100%	Valve related services
Score Energy LLC	Ordinary US $1	100%	Fuel nozzle and accessory overhaul
The following companies have the registered office: 87-89 Bejucal Road, Cunupia, Trinidad			
Score Valves (Trinidad & Tobago) Limited	Ordinary TT$1	100%	Valve services
Shania Limited	Ordinary TT$1	100%	Dormant
Trinidad Offshore Labour Solutions Limited	Ordinary TT$1	100%	Dormant
Other overseas companies			
Score Scarlet Ibis Limited – Trinidad 129-131 Abercromby Street, Port of Spain	Ordinary TT$1	100%	Dormant
Score (Canada) Limited c/o Stewart McKelvey, PO Box 5038, Suite 1100, Cabot Place, 100 New Gower St, St Johns, Newfoundland, Canada, A1C 6KC	Ordinary CAD $1 Preference CAD $1	100% 100%	Valve Services
Score Valves Ireland Limited 6th Floor, South Bank House, Barrow Street, Dublin 4	Ordinary Eur1	100%	Valve Services
Score Australasia Pty Limited Level 3, 247 Adelaide Street, Brisbane QLD 4000	Ordinary AUD $1	100%	Valve services

Buchan 1 Limited

29 Details of subsidiary undertakings (cont)

Name of company and country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares	Principal activity
Score Perth Pty Limited – Australia KPMG L 8, 235 St Georges Terrace, Perth, WA 6000	Ordinary AUD $1	100%	Dormant
Score Asia Sdn Bhd – Malaysia Suite 8-1-18, 1st Floor, Menara Mutiara Bangsar, Jalan Liku Off Jalan Riong, Bangsar, 59100 Kuala Lumpur, Malaysia	Ordinary MYR	100%	Valve services
PT Score Energy Indonesia – Indonesia Gedung Perkantoran Gandaria 8, 3rd Floor Unit - B Jl. Sultan Iskandar Muda Kebayoran Lama Jakarta Selatan 12240 Indonesia	Ordinary Rp 1	90%	Valve services
Metro Quest Sdn Bhd – Malaysia B1-1, Jalan Selaman 1, Dataran Palma, 68000, Ampang, Selangor	Ordinary MYR	49%	Valve services
Score Energy Services (Nigeria) Limited – Nigeria 13 Sumbo Jibowu Street, Ikoyi, Lagos, Nigeria	Ordinary 1 Naira	49%	Dormant
Score Suzhou Limited – China Room 1058, Floor 10, Nison Plaza, No. 205, Suzhou Avenue West, Suzhou Industrial Park, Suzhou, Jiangsu Province, China, Zip Code 215021	Ordinary RMB 1	100%	Valve services
Score Middle East FZE – Dubai PBU-ZG7, PO Box 261906, Jebel Ali Free Zone, Dubai, UAE	Ordinary AED	100%	Valves services
Score Valves Services Azerbaijan 6 Bakikhanov Street, Baku City, Azerbaijan	Ordinary AZN 1	100%	Dormant
Score Valves Guyana Inc – 9 Pere Street, Kitty, Georgetown, Demerara. Guyana	Ordinary GYD $1	100%	Dormant
Score Aero Energy Limited – 1000 de la Gauchetiere Street West, Suite 2500, Montreal, QC, H3B 0A2, Canada	Ordinary CAD $1	100%	Dormant
Score Ghana Limited – Patrice Lumumba Road, Accra, Ghana	Ordinary GHS 1	100%	Dormant
Score Kazakhstan LLP – 34K Druzhba Narodov Street, Burlinskiy district, Aksai City, Republic of Kazakhstan	Ordinary KZT 1	100%	Dormant
Score Israel Valves Limited - 146 Menachem Begin Rd., Tel Aviv 6492103, Israel	Ordinary ILS 1	100%	Valves services
Details of Joint Ventures			
Score Arabia Services – Abu Hafs Ibn, Burd St, Al Khalidiyah Al Janubiyah, Dammam, Saudi Arabia	Ordinary SAR	51%	Valves services
Al-Majal Score For Energy Equipment Maintenance and General Trade - 2nd Floor, Center Point Building, 14 Ramadan Street, AL-Mansour, Baghdad, Iraq	Ordinary IQD 1	49%	Valve services
Score Rigworld Services Limited – 8th Floor, 335 Place, Lagos Avenue, Accra, Ghana	Ordinary GHS 1	50%	Dormant

Apart from Buchan 2 Limited, investments in subsidiaries are held by other companies within the group rather than the parent undertaking.

All of the subsidiaries operate principally in their country of incorporation or registration, except Hycrome (Europe) Limited and HycAero Limited, which operate primarily in England.

29 Details of subsidiary undertakings (cont)

The Group will be exempting the following UK companies from an audit for the period ended 29 December 2022 under Section 479A of the Companies Act 2006. These companies are fully consolidated in the Group Financial Statements.

Company Name	Registration Number
Qualtec Control Limited	02688050
Score Subsea and Wellhead Limited	SC360201
Score VAC Limited	SC515246
Score Turbines Limited	SC279851
KITE (International) Limited	00368483
Score Training and Multimedia Productions Limited	SC287317
Score International Limited	SC169597
Score Diagnostics Limited	SC431112
Score Systems Limited	SC512691