

Company Registration No. 07602331 (England and Wales)

**ICR INTEGRITY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MAY 2023**



# ICR INTEGRITY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Beveridge A McQuade
<b>Company number</b>	07602331
<b>Registered office</b>	Units 57-59 Elmsfield Park Holme Carnforth Lancashire LA6 1RJ England
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 52-54 Queen's Road Aberdeen AB15 4YE

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# ICR INTEGRITY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MAY 2023

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The directors present the strategic report for the year ended 31 May 2023.

#### **Fair review of the business**

In the year ending 31 May 2023 turnover was £26.8m (2022: £20.1m), with UK markets representing 67% (2022: 76%) of turnover.

The directors consider turnover and earnings before interest, taxation, depreciation and amortisation ('EBITDA') to be key performance indicators in measuring the company's performance.

EBITDA for the year was £6.7m (2022: £5.8m). EBITDA comprises the operating profit of £5.8m (2022: £4.9m), adding back depreciation of £0.4m (2022: £0.5m), amortisation of £0.2m (2022: £0.1m) and non underlying trading expenses of £0.3m (2022: £0.3m). The profit after tax was £3.1m (2022: £2.4m).

The company has increased EBITDA by 16% in FY23 and retains a strong position in the UK North Sea and onshore industrial markets. International markets will contribute a higher proportion of revenue in the future. ICR's global operations and network of strategic partners mean that we can react quickly to customer requirements and this footprint provides access to further growth for ICR.

Activity levels are increasing across the company in FY24 due to strong underlying conditions in core domestic and international markets, continued selective focus on new energy and industrial markets and commercialisation of new technology.

#### **Principal risks and uncertainties**

Principal risks and uncertainties include how the company continues to operate and grow in line with projections in an increasingly competitive and cost focussed market.

ICR's product and service offering remains relevant during energy transition. Carbon efficient repair solutions support our customers' transition to net zero and responsible focus on brownfield oil and gas markets remains important for ICR. Strategic focus is also being applied to non-oil and gas markets and significant progress into these markets was made in FY23.

Longer term negative trading impacts of UK North Sea decommissioning are being mitigated by continued development of the company's international footprint as ICR's network of international partners continues to expand.

The company will continue to benefit from the portfolio effect of providing multiple services to customers in a range of locations and industries and has demonstrated the ability to manage cost base and liquidity accordingly.

On behalf of the board

*Alan McQuade*

.....  
A McQuade

**Director**

20/12/23

Date: .....

# ICR INTEGRITY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MAY 2023

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

#### **Principal activities**

The principal activity of the company continued to be that of the provision of the following services to the energy industry in the United Kingdom and in selected international markets:

- composite repair technology;
- corrosion management services;
- chemical injection pump hire, repairs and sales,
- the design, manufacture and installation of flanges; and
- on-site machining, bolt tightening and machine hire.

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Beveridge  
A McQuade

#### **Financial risks management objectives and policies**

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

#### ***Foreign currency risk***

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. Management recognises that increasing exposure to international markets can result in increased foreign currency risk. The Group's main currency exposure is USD and natural hedging mitigates this risk but more formal foreign exchange management is considered on an ad hoc basis.

#### ***Credit risk***

The company's principal financial assets are bank balances and trade receivables. The company's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary. Risk is further mitigated during contractual negotiations and a strong focus on cash collection. The company has no significant concentration of credit risk with exposures spread over a number of customers.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company relies on the group which has short and long term debt financing in place. The group is required to comply with planned repayment obligations and achieve quarterly bank financial covenants. The risks of non-compliance with the financial covenants is believed to be low following revisions to the bank facilities detailed below.

#### **Post balance sheet events**

In December 2023, a member of the group which the company belongs to entered into an Amendment and Restatement Agreement which extended the bank facilities to January 2027 as detailed in note 23.

# ICR INTEGRITY LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

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### Future developments

The business remains focused on growing its share of core markets through customer focus and business efficiency and will continue to develop its international footprint. Significant focus on energy transition is required in the year ahead.

### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate.

In making their assessment of going concern, the directors have considered the future financial performance of the group, including the ability of the group to comply with agreed financial covenants under its bank facilities, which were extended post year end to January 2027 (see note 23). The directors have also considered the risks and opportunities arising from scheduled or notified customer contract negotiations and the extent to which forecast expenditure, including capital investment, is committed or uncommitted. The directors, having considered the group's financial position and the future financial projections including reasonably possible downside scenarios, are of the opinion that the company, with continued funding from the group, has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board

*Alan McQuade*

.....  
A McQuade  
**Director**

20/12/23  
Date: .....

# ICR INTEGRITY LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MAY 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICR INTEGRITY LIMITED

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## Opinion

We have audited the financial statements of ICR Integrity Limited (the 'company') for the year ended 31 May 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICR INTEGRITY LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICR INTEGRITY LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment law and health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls, revenue cut-off and completeness and classification of purchases and expenses as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing pre- and post-year-end revenue and testing the completeness and classification of expenses and related accruals.

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

### **Use of our report**

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

*Grant Morrison*

Grant Morrison CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
52-54 Queen's Road  
Aberdeen  
AB15 4YE  
21/12/23  
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# ICR INTEGRITY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2023

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	Notes	2023 £000	2022 £000
Turnover	3	26,802	20,051
Cost of sales		(13,317)	(9,459)
<b>Gross profit</b>		<b>13,485</b>	<b>10,592</b>
Administrative expenses		(7,639)	(5,777)
<b>Operating profit</b>	5	<b>5,846</b>	<b>4,815</b>
Interest receivable and similar income	6	577	448
Interest payable and similar expenses	7	(2,350)	(2,300)
<b>Profit before taxation</b>		<b>4,073</b>	<b>2,963</b>
Tax on profit	8	(1,015)	(587)
<b>Profit for the financial year</b>		<b>3,058</b>	<b>2,376</b>
<b>Other comprehensive income net of taxation</b>			
Currency translation differences		-	11
<b>Total comprehensive income for the year</b>		<b>3,058</b>	<b>2,387</b>

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**ICR INTEGRITY LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2023**

	Notes	2023 £000	£000	2022 £000	£000
<b>Fixed assets</b>					
Goodwill	9		924		1,027
Other intangible assets	9		1,379		757
Total intangible assets			2,303		1,784
Tangible assets	10		2,035		2,019
Investments	11		3,679		3,679
			8,017		7,482
<b>Current assets</b>					
Stocks	13	2,672		1,886	
Debtors	14	22,016		19,171	
Cash at bank and in hand		472		463	
		25,160		21,520	
<b>Creditors: amounts falling due within one year</b>	15	(13,646)		(11,972)	
<b>Net current assets</b>			11,514		9,548
<b>Total assets less current liabilities</b>			19,531		17,030
<b>Creditors: amounts falling due after more than one year</b>	16		(58,263)		(59,178)
<b>Provisions for liabilities</b>	18		(554)		(196)
<b>Net liabilities</b>			(39,286)		(42,344)
<b>Capital and reserves</b>					
Called up share capital	21		256		256
Share premium account	22		1,133		1,133
Capital redemption reserve	22		18		18
Other reserves	22		375		375
Profit and loss reserves	22		(41,068)		(44,126)
<b>Total equity</b>			(39,286)		(42,344)

The financial statements were approved by the board of directors and authorised for issue on 20/12/23 and are signed on its behalf by:

*Alan McQuade*

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A McQuade  
Director

# ICR INTEGRITY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2023

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	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 June 2021</b>	256	1,133	18	375	(46,513)	(44,731)
<b>Year ended 31 May 2022:</b>						
Profit for the year	-	-	-	-	2,376	2,376
Other comprehensive income net of taxation:						
Currency translation differences	-	-	-	-	11	11
Total comprehensive income for the year	-	-	-	-	2,387	2,387
<b>Balance at 31 May 2022</b>	256	1,133	18	375	(44,126)	(42,344)
<b>Year ended 31 May 2023:</b>						
Profit and total comprehensive income for the year	-	-	-	-	3,058	3,058
<b>Balance at 31 May 2023</b>	256	1,133	18	375	(41,068)	(39,286)

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# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies

##### Company information

ICR Integrity Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 57-59 Elmsfield Park, Holme, Carnforth, Lancashire, England, LA6 1RJ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

ICR Integrity Limited is a wholly owned subsidiary of ICR (Holdings) 1 Limited and the results of ICR Integrity Limited are included in the consolidated financial statements of ICR (Holdings) 1 Limited which are available from 57-59 Elmsfield Park, Holme, Carnforth, Lancashire, England, LA6 1RJ.

##### Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate.

In making their assessment of going concern, the directors have considered the future financial performance of the group, including the ability of the group to comply with agreed financial covenants under its bank facilities, which were extended post year end to January 2027 (see note 23). The directors have also considered the risks and opportunities arising from scheduled or notified customer contract negotiations and the extent to which forecast expenditure, including capital investment, is committed or uncommitted. The directors, having considered the group's financial position and the future financial projections, including reasonably possible downside scenarios are of the opinion that the company, with continued funding from the group, has adequate financial resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies (Continued)

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised as the services are provided based on contractual hourly staff rates and materials. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of a business acquisition over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

##### **Product Development**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

In the event that an internally generated intangible asset arises from the company's development activities then it will be recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- the project from which the asset arises meets the company's criteria for assessing technical feasibility;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

##### **Capitalised software**

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

Computer software costs are amortised using the straight-line basis over their useful lives of 4 years.

##### **Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

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### 1 Accounting policies (Continued)

#### Amortisation of intangible fixed assets

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Capitalised software	25% on cost
Product development	Linear amortisation over the economic lifetime
Licences	25% on cost

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% on cost
Plant and machinery	10-15% on cost
Fixtures, fittings and equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies (Continued)

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

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

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies (Continued)

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

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

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies (Continued)

##### **Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies (Continued)

##### Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Assets and liabilities of overseas branches are translated into the presentation currency at the rate ruling at the reporting date. Income and expenses of overseas branches are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are considered to be either judgements that have had the most significant effect on the amounts recognised in the financial statements, or estimates that are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

- In determining amortisation and depreciation rates, management must consider and make judgements on the residual value of the assets and their useful life.
- The directors have reviewed the carrying amount of fixed asset investments and are comfortable that this remains appropriate. In making their assessment the directors have considered level of capital investment since acquisition, sector multiples and forecast results.
- Interest rates applied on inter-company balances are judgements made by management.

#### 3 Turnover and other revenue

	2023	2022
	£000	£000
<b>Turnover analysed by class of business</b>		
Goods	17,383	12,898
Services	7,075	6,756
Other	2,344	397
	<u>26,802</u>	<u>20,051</u>

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 3 Turnover and other revenue (Continued)

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	17,925	15,272
Europe	621	434
Middle East and North Africa	6,639	3,279
Australia and New Zealand	365	620
North America	331	208
Rest of world	921	238
	<u>26,802</u>	<u>20,051</u>

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Sales	19	17
Administration and Development	36	35
Operations	57	45
Technical	106	63
Total	<u>218</u>	<u>160</u>

Their aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	9,847	6,174
Social security costs	719	308
Pension costs	229	183
	<u>10,795</u>	<u>6,665</u>

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

<b>5 Operating profit</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	116	70
Fees payable to the company's auditor for the audit of the group's financial statements (see below)	107	96
Depreciation of owned tangible fixed assets	416	439
Depreciation of tangible fixed assets held under finance leases	16	26
(Profit)/loss on disposal of tangible fixed assets	(1)	26
Amortisation of intangible assets	184	109
Operating lease charges	474	347
Exceptional items	269	317
	<u>          </u>	<u>          </u>
<p>All audit fees for ICR (Holdings) 1 Limited and subsidiaries are billed to ICR Integrity Limited and are not recharged to individual group companies.</p> <p>Following further restructuring and integration of the group's business operations, exceptional personnel and property related cost of £269,000 were incurred (2022 - £317,000). The business claimed Coronavirus Job Retention Grant of £nil (2022 - £241,000).</p>		
<b>6 Interest receivable and similar income</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Interest income</b>		
Interest receivable from group companies	577	448
	<u>          </u>	<u>          </u>
<b>7 Interest payable and similar expenses</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	2,283	2,286
Interest on finance leases and hire purchase contracts	67	14
	<u>          </u>	<u>          </u>
	2,350	2,300
	<u>          </u>	<u>          </u>
<b>8 Taxation</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	748	468
Adjustments in respect of prior periods	(124)	(49)
	<u>          </u>	<u>          </u>
Total UK current tax	624	419
Foreign current tax on profits for the current period	9	22
	<u>          </u>	<u>          </u>
Total current tax	633	441
	<u>          </u>	<u>          </u>

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 8 Taxation (Continued)

#### Deferred tax

Origination and reversal of timing differences	79	66
Changes in tax rates	20	15
Adjustment in respect of prior periods	283	65
	<u>          </u>	<u>          </u>
Total deferred tax	382	146
	<u>          </u>	<u>          </u>
Total tax charge	1,015	587
	<u>          </u>	<u>          </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £000	2022 £000
Profit before taxation	4,073	2,963
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2022: 19.00%)	815	563
Tax effect of expenses that are not deductible in determining taxable profit	34	38
Tax effect of income not taxable in determining taxable profit	(12)	(7)
Adjustments in respect of prior years	(124)	16
Effect of change in corporation tax rate	19	15
Research and development tax credit	-	(56)
Effect of overseas tax rates	-	18
Deferred tax adjustments in respect of prior years	283	-
	<u>          </u>	<u>          </u>
Taxation charge for the year	1,015	587
	<u>          </u>	<u>          </u>

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 9 Intangible fixed assets

	Goodwill	Capitalised software	Product development	Licences	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 June 2022	1,027	833	963	-	2,823
Additions	-	197	486	20	703
At 31 May 2023	1,027	1,030	1,449	20	3,526
<b>Amortisation and impairment</b>					
At 1 June 2022	-	714	325	-	1,039
Amortisation charged for the year	103	49	31	1	184
At 31 May 2023	103	763	356	1	1,223
<b>Carrying amount</b>					
At 31 May 2023	924	267	1,093	19	2,303
At 31 May 2022	1,027	119	638	-	1,784

### 10 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 June 2022	1,390	7,547	818	9,755
Additions	15	313	141	469
Disposals	-	(26)	(6)	(32)
At 31 May 2023	1,405	7,834	953	10,192
<b>Depreciation and impairment</b>				
At 1 June 2022	945	6,113	678	7,736
Depreciation charged in the year	47	318	67	432
Eliminated in respect of disposals	-	(11)	-	(11)
At 31 May 2023	992	6,420	745	8,157
<b>Carrying amount</b>				
At 31 May 2023	413	1,414	208	2,035
At 31 May 2022	445	1,434	140	2,019

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 10 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2023 £000	2022 £000
Plant and machinery	85	112

### 11 Fixed asset investments

	Notes	2023 £000	2022 £000
Investments in subsidiaries	12	3,679	3,679

#### Movements in fixed asset investments

	Shares in group undertakings £000
<b>Cost or valuation</b> At 1 June 2022 & 31 May 2023	25,363
<b>Impairment</b> At 1 June 2022 & 31 May 2023	21,684
<b>Carrying amount</b> At 31 May 2023	3,679
At 31 May 2022	3,679

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 12 Subsidiaries

Details of the company's subsidiaries at 31 May 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Walker Technical Resources Limited	2	Pipe rehabilitation and maintenance services	Ordinary	100.00	-
MOSS Mechanical On Site Services Limited	1	On-site machining and bolt tightening services and machine hire	Ordinary	100.00	-
Sky Futures Partners Limited	1	Industrial drone inspection services	Ordinary	100.00	-
IC Integrity PTY Limited	3	Asset rehabilitation and maintenance services	Ordinary	51.00	-
ICR Integrity Norge AS	4	Asset rehabilitation and maintenance services	Ordinary	100.00	-
ICR Integrity USA LLC	5	Asset rehabilitation and maintenance services	Ordinary	-	100.00
Omni Integrity Limited	1	Business and domestic software development	Ordinary	100.00	-
Assured Integrity Services Limited	1	Dormant	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

- 1 57-59 Elmsfield Park, Holme, Carnforth, Lancashire, England, LA6 1RJ
- 2 H2 Claymore Avenue, Holme, Aberdeen Energy Park, Bridge of Don, Aberdeen, AB23 8GW
- 3 15-19 Lida Rd, Canning Vale, WA 6155, Australia
- 4 Moseidveien, 1, Forus, 4033, Stravanger, Norway
- 5 1254 Enclave Parkway, Suite 625, Houston, TX 77077

### 13 Stocks

	2023 £000	2022 £000
Raw materials and consumables	2,557	1,838
Work in progress	115	48
	<u>2,672</u>	<u>1,886</u>

### 14 Debtors

	2023 £000	2022 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	4,138	4,266
Amounts owed by group undertakings	2,043	1,987
Group relief	154	246
Other debtors	111	48
Prepayments and accrued income	1,694	1,362
	<u>8,140</u>	<u>7,909</u>

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 14 Debtors (Continued)

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	13,876	11,262
	<u>          </u>	<u>          </u>
<b>Total debtors</b>	<b>22,016</b>	<b>19,171</b>
	<u>          </u>	<u>          </u>

Interest is charged on the amounts due from parent and fellow subsidiary undertakings at a rate of 4% (2022 - 4%).

### 15 Creditors: amounts falling due within one year

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Obligations under finance leases	<b>17</b>	30	50
Trade creditors		2,659	2,194
Amounts owed to group undertakings		7,345	5,637
Corporation tax		713	355
Other taxation and social security		355	1,119
Other creditors		465	973
Accruals and deferred income		2,079	1,644
		<u>          </u>	<u>          </u>
		<b>13,646</b>	<b>11,972</b>
		<u>          </u>	<u>          </u>

### 16 Creditors: amounts falling due after more than one year

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
Obligations under finance leases	<b>17</b>	26	46
Amounts owed to group undertakings		58,237	59,132
		<u>          </u>	<u>          </u>
		<b>58,263</b>	<b>59,178</b>
		<u>          </u>	<u>          </u>

Interest is charged on the amounts due from parent and fellow subsidiary undertakings at a rate of 4% (2022 - 4%).

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 17 Finance lease obligations

	2023	2022
	£000	£000
Future minimum lease payments due under finance leases:		
Less than one year	30	50
Between one and five years	26	46
	<u>56</u>	<u>96</u>

Obligations under finance leases are secured by the related assets and bear finance charges ranging from 5% to 10% per annum.

### 18 Provisions for liabilities

	Notes	2023	2022
		£000	£000
Other provisions		-	24
Deferred tax liabilities	19	554	172
		<u>554</u>	<u>196</u>

Movements on provisions apart from deferred tax liabilities:

	Other provisions £000
At 1 June 2022	24
Other movements	(24)
At 31 May 2023	<u>-</u>

A former subsidiary company vacated a premises in Ellon in May 2019, leaving the company with the lease which had 3.5 years remaining on the lease term. An onerous contract provision was therefore recognised as at 31 May 2019 for £189,000. As at 31 May 2023 the balance on the provision was £nil (2022 - £24,000).

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

#### 19 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	<b>Liabilities 2023 £000</b>	<b>Liabilities 2022 £000</b>
<b>Balances:</b>		
Accelerated capital allowances	652	338
Other short-term timing differences	(98)	(166)
	<u>554</u>	<u>172</u>

#### 20 Retirement benefit schemes

	<b>2023 £000</b>	<b>2022 £000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	229	183
	<u>229</u>	<u>183</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £77,000 (2022 - £163,000) were payable to the fund at the year end and are included in creditors.

#### 21 Share capital

	<b>2023 Number</b>	<b>2022 Number</b>	<b>2023 £000</b>	<b>2022 £000</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of 25p each	1,022,525	1,022,525	256	256
	<u>1,022,525</u>	<u>1,022,525</u>	<u>256</u>	<u>256</u>

#### 22 Reserves

##### Share premium

The share premium reserve represents the premium arising on issue of equity shares, net of issue expenses.

##### Capital redemption reserve

The capital redemption reserve represents share capital repurchased by the company.

##### Other reserves

The other reserve is a merger reserve which represents the difference between nominal value of the shares issued and the fair value of assets acquired.

##### Profit and loss reserves

The profit and loss reserve represents the cumulative profit or losses.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 23 Financial commitments, guarantees and contingent liabilities

##### *Financial commitments*

The bank hold a cross corporate guarantee which includes the companies: ICR Integrity Limited, Walker Technical Resources Limited, MOSS Mechanical On Site Services Limited, Sky Futures Partners Limited, ICR Integrity (Group) Limited, ICR (Investment 2) Limited, ICR (Investment 1) Limited, ICR Integrity (Holdings) Limited, Omni Integrity Limited and ICR (Holdings 1) Limited.

At the year end the total due to the bank by the group was £28,285,000 (2022 - £29,079,000).

The Group was refinanced in December 2019. Each company in the Group is party to a group guarantee of £4,000,000 in favour of Graphite Capital Partners. Consequently, Graphite Capital Partners VIII A LP, Graphite Capital Partners VIII B LP, Graphite Capital Partners VIII CLP, Graphite Capital Partners VIII D LP, Graphite Capital Partners VIII 'TOP UP FUND' A LP, Graphite Capital Partners VIII 'TOP UP FUND' B LP and Graphite Capital Co-Investment VIII LP provide a guarantee and indemnity of up to £4,000,000 to The Royal Bank of Scotland Plc with respect to the group's banking facilities.

In August 2022, a member of the group which the company belongs entered into an Amendment and Restatement Agreement which extended the bank facilities to May 2025. In December 2023, the bank facilities were extended to January 2027 to support the group's growth plans.

##### *Contingent liabilities*

A one-off payment for the acquisition of Assured Integrity Services limited is payable up to the maximum amount of £1,000,000 dependant on the level of hire equipment revenue achieved up to March 2024. Management believe this is a contingent liability due to the uncertainty on the achievability of the timeline of launching new technology in challenging market conditions.

#### 24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£000	£000
Within one year	475	420
Between one and five years	1,075	1,090
In over five years	1,239	1,522
	<u>2,789</u>	<u>3,032</u>

#### 25 Post balance sheet events

In December 2023, a member of the group which the company belongs to entered into an Amendment and Restatement Agreement which extended the bank facilities to January 2027 as detailed in note 23.

# ICR INTEGRITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

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### 26 Ultimate controlling party

The immediate parent company is ICR Integrity (Group) Limited, a company registered in the United Kingdom.

The ultimate parent company is ICR (Holdings) 1 Limited, a company registered in the United Kingdom.

The Directors do not believe there is one controlling party. Graphite Capital General Partner VIII LLP manage funds that hold shares in the ultimate parent company. None of the funds individually has an ultimate controlling stake in the ultimate parent company. No individual holds more than 20% of the share capital of the group. Hence, the directors consider that there is no ultimate controlling party.

Group consolidated accounts are prepared by ICR Integrity (Holdings) 1 Limited and its registered office is 57-59 Elmsfield Park, Holme, Carnforth, Lancashire, England, LA6 1RJ.