

British Engineering Services Finco 1 Limited
Annual report and unaudited financial statements
for the year ended 31 December 2023

Registered number: 13042625

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British Engineering Services Finco 1 Limited

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British Engineering Services Finco 1 Limited

Company information

Directors

James Reeves
John Campbell

Company Secretary

Pinsent Masons LLP
3 Hardman Street
Manchester
United Kingdom
M3 3AU

Registered office

British Engineering Services
Unit 718 Eddington Way
Birchwood Park
Warrington
United Kingdom
WA3 6BA

Registered No: 13042625

British Engineering Services Finco 1 Limited

Directors' report

The directors of British Engineering Services Finco 1 Limited (the Company) present their directors' report and the unaudited financial statements for the year ended 31 December 2023.

The Company forms part of the Group headed by British Engineering Services Topco 1 Limited. Further details can be found in note 11 of the financial statements.

Directors

The directors, who served throughout the year and up to the date of this report, were as follows:

Paul Hirst	(Resigned 12 June 2023)
Andrew Kinsey	(Resigned 12 June 2023)
Sebastian Lomax	(Resigned 12 June 2023)
James Reeves	
John Campbell	(Appointed 12 June 2023)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



James Reeves
Director
British Engineering Services Finco 1 Limited
British Engineering Services
Unit 718 Eddington Way
Birchwood Park
Warrington
United Kingdom
WA3 6BA

2 September 2024

British Engineering Services Finco 1 Limited

Directors' responsibilities statement

The directors are responsible for preparing 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 period. 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), 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

British Engineering Services Finco 1 Limited

Profit and loss account

For the year ended 31 December 2023

	2023 £000	2022 £000
Administrative expenses	(4)	(20)
Operating loss	(4)	(20)
Finance income (net)	377	141
Profit before taxation	373	121
Tax on profit	(4,978)	(3,432)
Loss for the financial year	(4,605)	(3,311)

All activity arises from continuing operations.

There are no recognised gains and losses other than those presented in the results above and, consequently, a separate statement of other comprehensive income has not been prepared.

The notes on pages 7 to 14 form part of these financial statements.

British Engineering Services Finco 1 Limited

Balance Sheet

As at 31 December 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	4	-	-
Debtors	5	1,673	1,108
		<u>1,673</u>	<u>1,108</u>
Current assets			
Debtors	5	215,910	192,215
Creditors: Amounts falling due within one year	6	<u>(12,698)</u>	<u>(7,139)</u>
Net current assets		<u>203,212</u>	<u>185,076</u>
Total assets less current liabilities		<u>204,885</u>	<u>186,184</u>
Creditors: Amounts falling due after more than one year	7	<u>(215,489)</u>	<u>(192,183)</u>
Net liabilities		<u><u>(10,604)</u></u>	<u><u>(5,999)</u></u>
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account		<u>(10,604)</u>	<u>(5,999)</u>
Shareholder's deficit		<u><u>(10,604)</u></u>	<u><u>(5,999)</u></u>

The notes on pages 7 to 14 form part of these financial statements.

For the year ended 31 December 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – Small Entities.

The financial statements of British Engineering Services Finco 1 Limited were approved by the board of directors and authorised for issue on 2 September 2024.

They were signed on its behalf by:



James Reeves
Director
Registered number: 13042625

British Engineering Services Finco 1 Limited

Notes to the financial statements

For the year ended 31 December 2023

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and preceding financial periods.

a. General information and basis of accounting

British Engineering Services Finco 1 Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is British Engineering Services, Unit 718 Eddington Way, Birchwood Park, Warrington, United Kingdom, WA3 6BA.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and Companies Act 2006.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements have been rounded to the nearest £000.

British Engineering Services Finco 1 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of the remuneration of key management personnel and financial instruments.

b. Basis of consolidation

Consolidated financial statements have not been prepared under section 400 of the Companies Act 2006 as the Company is a wholly owned subsidiary of British Engineering Services Topco 1 Limited, a Company incorporated in the United Kingdom and registered in England and Wales. British Engineering Services Topco 1 Limited produces consolidated financial statements including the results of British Engineering Services Finco 1 Limited.

c. Going concern

The Company is in a net liability position of £10,604k as 31 December 2023 (2022: net liability £5,999k). The directors have received confirmation that British Engineering Topco 1 Limited ("The Group"), the Group holding company, will continue to provide the necessary level of support to enable the Company to continue to operate for at least 12 months from signing the financial statements. In considering the ability of the Group to provide any necessary support the directors have obtained an understanding of the Group's trading and cash flow forecasts for the 12 months following the signing of these financial statements, with reference to covenants on the external borrowing of the Group to ensure these can be complied with.

Taking all these factors into account, including all reasonable uncertainties, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and in any case for a period of not less than 12 months from the date of signing these financial statements and as such concluded that it is appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

d. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

d. Financial instruments (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (e) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in subsidiaries are measured at cost less impairment.

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

d. Financial instruments (continued)

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, on a pro rata basis.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's 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.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

f. 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.

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.

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

1. Accounting policies (continued)

f. Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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 differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

g. Related party transactions

In accordance with Section 33 of FRS 102 the Company has not disclosed details of transactions with fellow wholly owned undertakings within the British Engineering Services Topco 1 Limited group of companies.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical judgements in applying the Company's accounting policies.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

3. Staff numbers and costs

There are no employees employed by the Company.

4. Investments

	2023 £000	2022 £000
<i>Subsidiary undertakings</i>		
Cost and net book value	-	-

Principal investments

Subsidiary undertakings:

	Principal activity	Shareholding
British Engineering Services Midco Limited ^{1, 2}	Holding company	100% ordinary shares
British Engineering Services Bidco Limited ²	Holding company	100% ordinary shares
British Engineering Services Holdco Limited ²	Holding company	100% ordinary shares
British Engineering Services Limited ²	Trading company	100% ordinary shares
Vertigo Inspection (ROI) Limited ³	Trading company	100% ordinary shares
British Engineering Services Asset Reliability Limited (previously known as Practice Care Maintenance Services Ltd) ²	Trading company	100% ordinary shares
Vibration Control Limited ²	Dormant	100% ordinary shares
Vibrotech Reliability Services Limited ²	Dormant	100% ordinary shares
V.C.I. Consultancy Limited ²	Dormant	100% ordinary shares
UK Road Tanker Inspection Limited ²	Trading company	100% ordinary shares
British Engineering Inspection Services Limited ²	Dormant	100% ordinary shares
BES Group Testing AWL Limited (previously known as A. Williamson Limited) ²	Trading company	100% ordinary shares
Proviso Systems Limited ²	Dormant	100% ordinary shares
BES Group Electrical Limited ² (previously known as Lantei Limited) ²	Trading company	100% ordinary shares
Boyd Brothers (Fauldhouse) Limited ⁴	Trading company	100% ordinary shares
Notus Heavy Lift Solutions Limited ²	Trading company	100% ordinary shares
Xeiad Limited ²	Trading company	100% ordinary shares
British Engineering Services Asset Reliability Straininstall Limited (previously known as Straininstall UK Limited) ²	Trading company	100% ordinary shares
British Engineering Services Asset Reliability Mimic Limited (previously known as James Fisher Mimic Limited) ²	Trading company	100% ordinary shares
Engineering Safety Inspection Services Limited ²	Trading company	100% ordinary shares
BES Group Testing Alliance Limited (previously known as Alliance Inspection Limited) ²	Trading company	100% ordinary shares
BES Group Testing Rotech Limited (previously known as Rotech Laboratories Limited) ²	Trading company	100% ordinary shares
Inspire (Structures) Limited ²	Trading company	100% ordinary shares
Inspired Access Solutions Limited ²	Trading company	100% ordinary shares

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

4. Investments (continued)

Principal investments (continued)

1. Held directly by British Engineering Services Finco 1 Limited.
2. The companies registered office is British Engineering Services, Unit 718, Eddington Way, Birchwood Park, Warrington, WA3 6BA.
3. The companies registered office is First Floor, Riverside Two, 43-49 Sir John Rogerson's Quay, Dublin 2, D02 KV60, Republic of Ireland.
4. The company s registered office is 2 Dunlop Court, Deans Industrial Estate, Livingston, EH54 8SL.

5. Debtors

	2023 £000	2022 £000
<i>Amounts falling due after more than one year:</i>		
Deferred tax asset (note 8)	1,673	1,108
<i>Amounts falling due within one year:</i>		
Amounts owed by Group undertakings	215,910	192,149
Other debtors	-	66
	215,910	192,215

Amounts owed by Group undertakings are interest bearing and repayable on demand.

6. Creditors – amounts falling due within one year

	2023 £000	2022 £000
Accruals	4	-
Amounts owed to Group undertakings	12,675	7,120
Other creditors	19	19
	12,698	7,139

Amounts owed to Group undertakings are interest bearing and repayable on demand.

7. Creditors – amounts falling due after more than one year

	2023 £000	2022 £000
Loan notes	154,187	154,176
Loan notes - accrued interest	61,302	38,007
	215,489	192,183

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

7. Creditors – amounts falling due after more than one year (continued)

Loan notes are held by Inflexion, AlpInvest and management. Interest is payable at a rate of 12%. On the management loan notes this rate reduces to 6% if one of the management note holders leaves the company. The termination date for all of the loan notes is January 2029. Loan note interest is payable in January 2029.

Borrowings are repayable as follows:

	2023 £000	2022 £000
Loan notes (including accrued interest)		
After five years	215,489	192,183
	<u>215,489</u>	<u>192,183</u>

8. Deferred tax asset

	2023 £000	2022 £000
<i>Deferred tax asset</i>		
Brought forward	1,108	527
Credited to profit and loss account	565	581
Carried forward	<u>1,673</u>	<u>1,108</u>
	2023 £000	2022 £000
Deferred tax asset is recognised as follows:		
Short term timing differences	<u>1,673</u>	<u>1,108</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2023, and the deferred tax asset as at 31 December 2023 has been calculated based on this rate.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority.

9. Called-up share capital

	2023 £000	2022 £000
Allotted, called-up and fully-paid		
1 ordinary shares of £1 each	<u>-</u>	<u>-</u>

British Engineering Services Finco 1 Limited

Notes to the financial statements (continued)

For the year ended 31 December 2023

10. Events after the balance sheet date

On the 15 January 2024, a subsidiary of the group, British Engineering Services Holdco Limited, a company incorporated in the United Kingdom, acquired 100% of the issued share capital of BES Group Heavy Lifting Solutions Limited.

On the 24 May 2024, a subsidiary of the group, British Engineering Services Holdco Limited, a company incorporated in the United Kingdom, acquired 100% of the ordinary share capital of RAK Global Holdings Limited.

These are non-adjusting events in the director's view.

11. Ultimate parent and controlling party

The immediate parent Company is British Engineering Services Topco 1 Limited, a company incorporated in the United Kingdom.

The largest and smallest group in which the results of the Company are consolidated is that headed by British Engineering Services Topco 1 Limited, a company incorporated in the United Kingdom. The consolidated financial statements of British Engineering Services Topco 1 Limited are available to the public and may be obtained from the registered address, British Engineering Services, Unit 718 Eddington Way, Birchwood Park, Warrington, United Kingdom, WA3 6BA.

Funds managed by Inflexion Private Equity Partners LLP are the majority shareholders and ultimate controlling party of British Engineering Services Topco 1 Limited. The registered address of Inflexion Private Equity Partners LLP is 47 Queen Anne Street, London, W1G 9JG, United Kingdom.