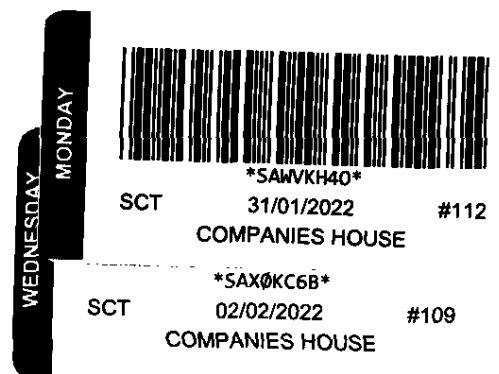


Senergy Wells Limited
Report and financial statements
for the 16 month period ended 31 October 2020

Company registration number: SC231439



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Directors and advisers

Directors

D M Clark
S B Gilbert

Secretary

G Megginson

Bankers

National Westminster Bank
Corporate and Commercial Banking
250 Bishopsgate
London
EC2M 4AA

Registered office

Kingswells Causeway
Prime Four Business Park
Kingswells
Aberdeen
Scotland
AB15 8PU

Registered number

SC231439

Strategic report

Business review

The principal activity of the Company is the provision of *wells* project management and wells engineering services to the global oil and gas industry.

Turnover for the 16 month period of £22.5 million (12 months to 30 June 2019: £19.7 million) shows an increase of 14.2% from the previous period. The increase in turnover is driven by the longer accounting period.

Loss for the period, after taxation, amounted to £8.6 million (12 months to 30 June 2019: £1.4 million).

Net liabilities for the Company at 31 October 2020 were £8.3 million (30 June 2019: net assets of £0.3 million), a decrease of £8.6 million from the prior period. Significant movements driving the £8.6m decrease are:

- £4.4m decrease in prepayments and accrued income due to the timing of work done and invoicing.
- £1.6m decrease in trade debtors due to increase in provision for doubtful debts;
- £1.3m decrease in other debtors; and
- A £0.8m increase in the provision made for redundancy and relocation costs.

Impact of the Coronavirus ("COVID-19") outbreak

During the financial period, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

There has been major disruption to the global economy including business slowdowns or shutdowns and significant travel restrictions. These events have resulted in significant declines in both global economic activity and financial market valuations.

The Company is part of the Vysus Group Holdings Limited group ("the Group") which provides wells project management and wells engineering services to the global oil and gas industry.

The spread of the virus has resulted in a reduction of business activity in the Group, as customers' operations were affected either by government-imposed regulations restricting the physical movement of individuals in an effort to limit the spread of the coronavirus or as a result of customers facing their own economic and/or operational challenges in responding to the virus.

In an effort to protect its employees' health and well-being, the Group implemented a number of measures, including having most office workers work remotely and suspending non-essential employee travel including to customer sites to perform services where the safety of employees could not be assured. Whilst the Group has increased its portfolio of services which can be offered remotely, the Group's net sales were negatively impacted by the effects of the pandemic.

In response, the Group undertook a series of initiatives with the goal of reducing the negative impact of the virus on the Group's financial performance and cash flows. These measures, which primarily ran from April until July 2020, impacted approximately 25% of global personnel and included initiatives such as reduced working hours in return for a reduction in pay. The Group has participated in government-backed assistance schemes related to the furlough or temporary reduction in headcount in certain key geographies.

The introduction of national vaccination programmes and falling levels of COVID infection has led to the ease of lockdown restrictions in different regions. After listening to employee feedback, the Group has decided to change ways of working for all colleagues which reflects the best of both office, field and remote working. The Group now seeks to achieve an environment where colleagues have greater flexibility to choose their way of working to achieve the best results.

Strategic report

Principal risks and uncertainties

In the opinion of the directors, the principal risks and uncertainties facing the Company relate to uncertainty associated with a sustained period of low oil prices. The risk is managed through systematic and thorough analysis of the market and opportunities, tracking of pipeline and business development activity, and active management of the cost base.

The principal strategic risks of the Company are:

- Global economic slow-down affects the key markets in which the Company operates.
- Emerging and disruptive technologies, or other changes in the competitive landscape adversely impact our business model.
- Loss of customer trust or decline in customer experience leads to loss of market share.
- Inability to attract and retain the best people and talent with the necessary skills, including technical and commercial, to support the delivery of the Company's strategy.
- Geopolitical changes, such as the UK's exit from the EU or changing sanction regimes impacts our markets.

The principal operational and compliance risks of the Company are:

- Health, safety and security of our workforce
- Failure of a client asset or process as a result of a breakdown in the Company's quality assurance processes
- Cyber and data related security incidents
- Major project delay overspend or failure
- Legal and regulatory compliance, including adherence to legal and regulatory standards and litigation risk in various jurisdictions. Key laws and regulations that impact the Company include those relating to anti-bribery and corruption, data protection and competition.

Financial risk management

Senergy Wells Limited is exposed to credit risk as a result of its operations and the activities that it carries out.

Credit risk

Senergy Wells Limited performs assessments on the creditworthiness of new clients, and where appropriate assigning a credit limit to clients' accounts.

By order of the Board



S B Gilbert

25 November 2021

Company registration number: SC231439

Directors' report

The directors present their report and financial statements for the 16 month period ended 31 October 2020.

Board of directors

The directors of the Company during the period and subsequently were:

D M Clark
S B Gilbert

Principal activities

The principal activity of the Company is the provision of wells project management and wells engineering services to the global oil and gas industry.

Results

Commentary on the results for the period can be found in the Strategic Report.

Future developments

The directors do not foresee any material change in the nature of the business or trading results.

Dividend

The directors do not recommend a dividend (30 June 2019: none).

Principal risks and uncertainties

The principal risks and uncertainties and financial risk management objectives and policies are discussed within the Strategic Report.

Post balance sheet events

There have been no significant events affecting the company since the period end.

Employees

Senergy Wells Limited strives to be an equal opportunities employer.

Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Parent and ultimate parent

The ultimate parent is Inspirit Vysus Holdings Limited, a company registered in England and Wales. The immediate parent is Senergy Oil & Gas Limited, a company registered in Scotland.

Going concern

While the Company has net liabilities, another group company, Vysus Group Holdings Limited, has agreed to provide support to Senergy Wells Limited. This support has been provided for a period of at least 12 months from the date of approval of these financial statements. With this support, the directors believe Senergy Wells Limited is able to meet its liabilities as they fall due and the directors continue to adopt the going concern basis in preparing the accounts.

By order of the Board



S B Gilbert
25 November 2021

Company registration number: SC231439

Statement of the directors' responsibilities in respect of the financial statements

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 those financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- 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 proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities

Profit and loss account for the 16 month period ended 31 October 2020

		16 months ended 31 October 2020	12 months ended 30 June 2019
	Note	£'000	£'000
Turnover	3	22,484	19,715
Cost of sales		(19,901)	(16,792)
Gross profit		<u>2,583</u>	<u>2,923</u>
Administrative expenses		(10,677)	(4,281)
Operating loss	4	<u>(8,094)</u>	<u>(1,358)</u>
Loss before taxation		<u>(8,094)</u>	<u>(1,358)</u>
Taxation	6	(549)	(9)
Loss for the financial period		<u>(8,643)</u>	<u>(1,367)</u>

All items presented above relate to continuing operations.

There was no other comprehensive income for the current and preceding period

Balance sheet as at 31 October 2020

		31 October 2020	30 June 2019
	Note	£'000	£'000
Fixed assets			
Tangible fixed assets	7	11	253
		<u>11</u>	<u>253</u>
Current assets			
Debtors	8	1,929	9,365
Cash at bank and in hand		364	351
		<u>2,293</u>	<u>9,716</u>
Creditors: amounts falling due within one year	9	(9,831)	(9,629)
Net current assets		<u>(7,538)</u>	<u>87</u>
Total assets less current liabilities		<u>(7,527)</u>	<u>340</u>
Creditors: Amounts falling due after more than one year			
Provisions for liabilities	10	(776)	—
Total net assets		<u>(8,303)</u>	<u>340</u>
Capital and reserves			
Share capital	11	—	—
Profit and loss account		(8,303)	340
Total shareholder's funds		<u>(8,303)</u>	<u>340</u>

For the period to 31 October 2020, the company was entitled to exemption from audit under 479A Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its financial statements under s476 of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with s386 of the Companies Act 2006, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the period, and of its result for the financial period in accordance with s393 and which otherwise comply with the requirements of the Companies Act 2006, so far as applicable to the company.

The financial statements of Senergy Wells Limited, company number SC231439 were approved by the Board of Directors on November 25, 2021 and signed on its behalf by:



S B Gilbert
Director

Statement of changes in equity for the period ended 31 October 2020

	Called up share capital	Profit and loss account	Total
	£000	£000	£000
At 1 July 2018	—	1,707	1,707
Loss for the financial period and total comprehensive loss	—	(1,367)	(1,367)
At 30 June 2019	<u>—</u>	<u>340</u>	<u>340</u>
Loss for the financial period and total comprehensive loss	—	(8,643)	(8,643)
At 31 October 2020	<u>—</u>	<u>(8,303)</u>	<u>(8,303)</u>

Notes to the financial statements for the period ended 31 October 2020

1. Legal information, basis of accounting and accounting policies

Senergy Wells Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. Its registered office is disclosed on page 1 and its principal activities are disclosed within the Director's report.

- a. The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

While the Company has net liabilities of £8,303,000 at 31 October 2020 another group company, Vysus Group Holdings Limited, has agreed to provide support to Senergy Wells Limited. This support has been provided for a period of at least 12 months from the date of approval of these financial statements. With this support, the directors believe Senergy Wells Limited is able to meet its liabilities as they fall due and the directors continue to adopt the going concern basis in preparing the accounts.

The functional currency of the reporting entity is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. These financial statements are also presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

Senergy Wells Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, intra-group transactions, presentation of a cash flow statement and remuneration of key management personnel.

- b. Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation of tangible fixed assets is provided by the straight line method, commencing with the year in which they are ready for use, at rates estimated to write off their cost during their respective useful lives as follows:

Land and buildings	up to 50 years
Computer equipment	3 to 5 years

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

Sale of goods

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

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

Notes to the financial statements for the period ended 31 October 2020 (continued)

Rendering of services

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

- i. the amount of revenue can be measured reliably;
 - ii. it is probable that the company will receive the consideration due under the contract;
 - iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and
 - iv. the costs incurred and the costs to complete the contract can be measured reliably.
- d. Interest receivable from bank and short-term deposits includes interest accrued.
- e. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

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

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

- f. Foreign currencies are dealt with as follows:
- i. Foreign currency denominated assets and liabilities of Senergy Wells Limited are translated at the rate of exchange ruling at the balance sheet date.
 - ii. Income and expenditure for the year are translated at the appropriate rates prevailing during the year, updated on a monthly basis.
 - iii. Exchange differences are recorded in the profit and loss account.
- g. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).
- h. Short-term employee benefits are recognised as an expense in the period in which they relate.

Critical accounting 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 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.

Notes to the financial statements for the period ended 31 October 2020 (continued)

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.

The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements.

Revenue recognition

The Company has long-term customer contracts under which service delivery can extend over a number of years. In accounting for such long-term contracts, an estimate is required of the costs to complete the contract to determine the percentage of completion, which is used to determine the amount of revenue to be recognised. These estimates are used to forecast the ultimate profitability of each contract. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the contract is recognised immediately. If these estimates indicate that any contract will be less profitable than previously forecast, accrued income may have to be written down to the extent that it is no longer considered being fully recoverable.

Recoverability of aged trade receivables

Judgement is required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances. To the extent that actual recovery experience differs significantly from the historical trends of the Company or from the assumptions on recovery following the detailed reviews of individually significant balances, the income and expenditure account of the Company in future years may be materially affected.

2. Ownership of share capital

The issued share capital is held by Senergy Oil and Gas Limited, a company registered in Scotland. The ultimate beneficial interest in the issued share capital of the Company is held by Inspirit Vysus Holdings Limited, a company registered in England and Wales.

3. Turnover

Turnover is attributable to providing oil well project management services and wells engineering services to the global oil and gas industry. All income is recorded net of VAT and similar sales taxes. A geographical analysis of turnover is not included as the directors consider it would be seriously prejudicial to the interests of the Company

Notes to the financial statements for the period ended 31 October 2020 (continued)

4. Operating loss

Operating loss is stated after charging

	16 months ended 31 October 2020 £'000	12 months ended 30 June 2019 £'000
Depreciation of tangible fixed assets	16	8
Auditor's remuneration:		
• Fees payable to Company's auditor for the audit of the Company's accounts	—	27
Foreign exchange loss	64	19
Charge for bad and doubtful debts	1,171	40
Operating lease rentals:		
• Leasehold properties	74	41
• Other equipment	5	2

5. Staff costs

	16 months ended 31 October 2020 £'000	12 months ended 30 June 2019 £'000
Wages and salaries	6,194	4,660
Social security costs	701	555
Other pension costs	690	518
	7,585	5,733
	Number	Number
Average monthly number of employees in the period	77	71
	77	71

The directors during the period are employees of another group company. They did not receive any remuneration during the period (12 months to 30 June 2019: £nil) in respect of their services to the company.

Notes to the financial statements for the period ended 31 October 2020 (continued)

6. Taxation

	16 months ended 31 October 2020 £'000	12 months ended 30 June 2019 £'000
Current tax on loss		
UK corporation tax	3	5
Foreign tax	544	—
Adjustment in respect of prior periods		
• UK corporation tax	2	4
Total current tax charge	549	9
Deferred tax		
Effect of tax rate change on opening balance	—	—
Total deferred tax	—	—
Total tax charge on loss	549	9

The standard rate of tax applied to the reported loss is 19% (2019: 19%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:

Factors affecting the charge for the period	16 months ended 31 October 2020 £'000	12 months ended 30 June 2019 £'000
Loss before taxation	(8,094)	(1,358)
Loss multiplied by average standard rate of United Kingdom corporation tax of 19% (2019: 19%)	(1,538)	(258)
Effects of		
• Group relief surrendered for nil consideration	1,567	318
• (Non-taxable income) / non-deductible expenses	(20)	(55)
• Unprovided timing differences	(6)	—
• Other taxes	544	—
• Adjustments in respect of previous periods	2	4
Total tax charge for the period	549	9

Notes to the financial statements for the period ended 31 October 2020 (continued)

6. Taxation (continued)

Deferred tax asset	31 October 2020 £'000	30 June 2019 £'000
At start of period	—	—
Charged to profit and loss	—	—
At end of period	—	—

Deferred tax liabilities on short-term timing differences are recognised whenever the treatment for tax purposes has enabled deductions to be taken in advance of the financial statements. Deferred tax assets on short-term timing differences and any losses have not been recognised unless the asset is expected to be recovered in the foreseeable future. Deferred tax assets not recognised amount to £19,000 (2019: £10,000). Unrecognised assets will potentially become recoverable against future profits generated.

7. Tangible fixed assets

	Land and Buildings £'000	Computer equipment £'000	Total £'000
Cost:			
At 1 July 2019	234	27	261
Disposals	(234)	—	(234)
At 31 October 2020	—	27	27
Depreciation:			
At 1 July 2019	3	5	8
Charged in period	5	11	16
Disposals	(8)	—	(8)
At 31 October 2020	—	16	16
Net book value:			
At 31 October 2020	—	11	11
At 30 June 2019	231	22	253

Notes to the financial statements for the period ended 31 October 2020 (continued)

8. Debtors

	31 October 2020	30 June 2019
	£'000	£'000
Trade debtors	664	2,265
Amounts due from Group undertakings	269	340
Other debtors	27	1,299
Prepayments and accrued income	951	5,314
Corporation tax debtor	18	147
	<u>1,929</u>	<u>9,365</u>

9. Creditors: amounts falling due within one year

	31 October 2020	30 June 2019
	£'000	£'000
Trade creditors	188	549
Amounts owed to Group undertakings	7,926	5,816
Other creditors	—	972
Corporation tax creditor	—	25
Other taxation and social security	37	12
Accruals and deferred income	1,680	2,255
	<u>9,831</u>	<u>9,629</u>

10. Provisions for liabilities

	Employee related £'000
At 1 July 2019	—
Created	776
At 31 October 2020	<u>776</u>

Restructuring

Provision is made for redundancy and relocation costs with respect to the restructuring programmes in addition to certain employee benefits. Settlement is expected within the next two years.

Notes to the financial statements for the period ended 31 October 2020 (continued)

11. Share capital

	31 October 2020	30 June 2019
	£	£
Issued, called up and fully paid		
300 Ordinary shares of £0.01 each	3	3
	<u>3</u>	<u>3</u>

The Company has one class of ordinary share which carry no right to fixed income.

12. Related party transactions and parent entities

The ultimate parent is Inspirit Vysus Holdings Limited, a company registered in England and Wales. The immediate parent is Senergy Oil and Gas Limited, a company registered in Scotland, whose registered office is Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, AB110 8PU.

The Company has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with fellow subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

These financial statements are included in the consolidated financial statements of Vysus Group Holdings Limited, whose audited financial statements are available from its registered office at L4 18 Hanover Street, London, United Kingdom, W1S 1YN.

The parent of the smallest group for which consolidated accounts are prepared of which this Company is a part is Vysus Group Holdings Limited, a Company registered in England and Wales. The financial statements of Vysus Group Holdings Limited are available from its registered address at L4 18 Hanover Street, London, United Kingdom, W1S 1YN.

13. Contingent liabilities, capital and financial commitments

Senergy Wells Limited has no capital commitments as at 31 October 2020 (30 June 2019: none), no operating lease commitments (30 June 2019: none) and £1.0 million of bank guarantees (2019: none).