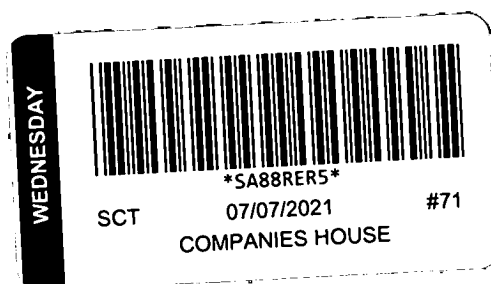


Registered number: 06212769

SWELLFIX UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



COMPANIES HOUSE

7 JUL 2021

EDINBURGH MAILBOX

SWELLFIX UK LIMITED
Registered number: 06212769

COMPANY INFORMATION

DIRECTORS

Alan Pearson
William Wright

COMPANY SECRETARY

Burness Paul LLP

REGISTERED NUMBER

06212769

REGISTERED OFFICE

New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hampshire
United Kingdom
SO53 3LG

PRINCIPAL PLACE OF BUSINESS

Vanguard House
Kingshill Commercial Park
Venture Drive
Westhill
Aberdeenshire
AB32 6FQ

INDEPENDENT AUDITORS

Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

SOLICITORS

Burness Paul LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1DQ

SWELLFIX UK LIMITED
Registered number: 05212769

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SWELLFIX UK LIMITED
Registered number: 06212769

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal activities

The principal activity of the Company is the sale of oil and gas completion products and services and the provision of procurement and management services to other companies within the Tendeka B.V. group of companies (the "group"). All revenues were generated from the provision of products and services to the group and third parties.

Review of business

2020 remained a financially challenging year, with the continuing low price of oil and corresponding price effect for service companies.

The key financial indicators that the Company utilises to manage the business are:

- 1) Revenue and Gross Margin % associated
- 2) EBITDA
- 3) Cash flow

Gross profit excluding intercompany royalties was 38% (2019: 42%), EBITDA excluding royalty was a loss of \$810,338 (2019 – loss of \$1,102,364). Overall gross margin decreased due to the product mix in the year, with a lower element of the new technologies at higher margins which were delayed due to the impact of COVID-19 in the year.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company include the following:

Brexit

The Company has considered the impact of Brexit and considers this to have no material impact on the Company's operations.

Use of third-party production

Relying on a third party for production presents various risks including quality of products and on time delivery. Products are produced by third party specialists with close assistance from operations managers and follow strict quality plans which are audited regularly to ensure product standards are maintained.

Customers

Customers present a risk in the event they may fail to pay the Company. The Company maintains strong relationships with key customers and has established credit control parameters. Specific credit terms are agreed with customers where appropriate and are closely managed.

Competitive risk

Competition is always a risk as others progress and enhance their technology and the market becomes increasingly saturated. The Company operates in highly competitive markets. Product and service improvements are worked on an ongoing basis throughout the year and there is a prime focus on technology and research and development to continue to improve growth and market share.

The effect of legislation or other regulatory activities

Legislation may be introduced that affects the Company and consequently its associated activities. The Company, with the assistance of its professional advisers, monitors forthcoming and current legislation regularly. The Company is ensuring it is part of the energy transition and developing products for new "green" energy and carbon storage, this will assist the Company as the sector faces more challenges and risks due to climate change.

SWELLFIX UK LIMITED
Registered number: 08212769

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020
(CONTINUED)

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, credit risk, liquidity risk and interest rate risk. Swellfix UK Limited operates a risk management programme that seeks to limit potential adverse effects on its financial performance by monitoring levels of debt finance and the related finance costs. Swellfix UK Limited does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. Given the size of the Company, the

Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Group and Directors are implemented by the Company's finance department.

Foreign currency risk

The Company is exposed to foreign currency risk as a result of its operations. However, given the size of the Company's operations, the costs of managing exposure to foreign exchange risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company also incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than USD. The currencies giving rise to this are primarily Euros, Norwegian Kroner and Sterling. No formal hedging policy is used.

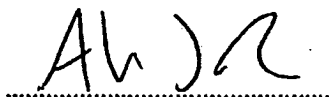
Liquidity risk

The Group has access to short-term debt finance that is designed to ensure the group has sufficient available funds for operations and is currently operating with a significant cash balance.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to business customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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



.....
Alan Pearson
Director

Date: 24th June 2021

SWELLFIX UK LIMITED
Registered number: 08212769

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

RESULTS

The profit and loss account for the year is set out on page 9. The profit for the financial year amounted to \$2,660,555 (2019: \$4,231,921). The Directors propose do not propose payment of a dividend (2019: Nil).

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Alan Pearson
William Wright
Gemma Walker (resigned 23 April 2020)

In terms of the Articles of Association, Directors are not subject to retirement by rotation.

Financial management

The group prepares a detailed annual budget, and this becomes the key document against which performance during the year is monitored.

Revenue for the year was \$13,773,450 (2019: \$13,579,945). The Company was impacted in 2020 by the effect of the COVID-19 pandemic which impacted the adoption of new technology in the year mainly, but also its sales of core products were lower than expected as general activity in the industry was impacted by the pandemic.

Research & development

Product improvement and development is an essential aspect of the business and considerable resource is dedicated to this end.

Employment of disabled persons

The group policy is to facilitate the employment of disabled people, their recruitment, training, career development and promotion, and the retention of employees who become disabled.

Health and safety

The Company's objective is to achieve zero work related injuries. In 2020 this was achieved.

Comprehensive injury and ill-health prevention programs are implemented in the organisation. The Company QHSE Management System is certified to ISO45001 and ISO9001 standards.

Outlook for next 12 months and going concern

The Directors of the Company are of the opinion that the going concern basis is appropriate for the preparation of the financial statements.

The Company had a good pipeline of orders for 2021 and are now seeing an overall recovery in the market with a number of large tenders submitted for delivery in H2 2021. The Company is continuing to develop new technology to maximize recovery and is well placed in the current market as customers are looking to maximize current resources. The Company has managed to fulfil all orders timely with no operational delays in 2020 and up to the date of signing these accounts and see no foreseeable risk in terms of delivery.

The Company believes that the next 12 months will continue to be difficult in terms of trading given the COVID-19 pandemic but see growth in the second half of 2021 and substantial growth in 2022 as we come out of the COVID-19 pandemic. The Company believes that it will be profitable as well as cash positive in this period given its strong pipeline and customer base.

SWELLFIX UK LIMITED
Registered number: 06212769

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

Outlook for next 12 months and going concern (continued)

The Company's ultimate parent, Tendeka BV, has sufficient financial resources and funding to provide continuing support to the Company for at least 12 months after the approval of the financial statements. Working capital facilities of \$6.7m are currently available to the Group. The group has a \$4.7m facility with DNB in Norway as well as a general working capital facility through RBS for \$2m.

Future Developments

The Company's products are well placed in a low oil environment as they assist in production optimization and getting the highest level of return from our customers' assets. The Company will continue to augment business development and commercialise new technologies to provide alternative solutions and improved products as well as looking at its cost base to size accordingly. The Company is also looking at new products for alternative energy sources to ensure that it is well placed in the energy transition to greener energy.

Post balance sheet events

There were no post balance sheets events affecting the 2020 financial statements (2019: COVID-19).

DISCLOSURE OF INFORMATION TO AUDITORS

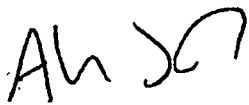
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- Directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
Alan Pearson
Director

Date: 24th June 2021

SWELLFIX UK LIMITED
Registered number: 06212769

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors are responsible for preparing the Strategic Report, 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 prepared 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

SWELLFIX UK LIMITED
Registered number: 06212769

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWELLFIX UK LIMITED

Opinion

We have audited the financial statements of Swellfix UK Limited for the year ended 31 December 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Other Comprehensive Income, and the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 until December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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

SWELLFIX UK LIMITED
Registered number: 06212769

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 there is 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

SWELLFIX UK LIMITED
Registered number: 06212769

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how Swellfix UK Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company communicates its policies and procedures in these areas. We corroborated our enquiries through our review of the supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations. Our procedures on journal entries testing includes a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management.

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.

Ernst & Young LLP

Kevin Weston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
Date: 24th June 2021

SWELLFIX UK LIMITED
Registered number: 06212769

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
REVENUE FROM CONTRACTS WITH CUSTOMERS	3	13,773,450	13,579,945
Cost of sales		<u>(8,584,142)</u>	<u>(7,842,536)</u>
GROSS PROFIT		5,189,308	5,737,409
Administrative expenses		<u>(7,803,161)</u>	<u>(8,143,120)</u>
OPERATING LOSS	5	<u>(2,613,853)</u>	<u>(2,405,711)</u>
Other income	4	5,939,486	7,924,027
Interest payable and similar charges	8	(633,598)	(560,194)
Interest receivable and similar income	9	<u>552,605</u>	<u>356,617</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,244,640	5,314,739
Tax expense on ordinary activities	10	<u>(584,085)</u>	<u>(1,082,818)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>2,660,555</u>	<u>4,231,921</u>

All amounts relate to continuing operations.
The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

There is no other comprehensive income attributable to the shareholders of the Company other than the profit for the year.

SWELLFIX UK LIMITED
Registered number: 06212769

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020


	Share capital	Profit and loss account	Total Equity
	\$	\$	\$
At 1 January 2019	14	4,355,547	4,355,561
Profit for the financial year	-	4,231,921	4,231,921
At 31 December 2019	14	8,587,468	8,587,482
Profit for the financial year	-	2,660,555	2,660,555
At 31 December 2020	14	11,248,023	11,248,037

SWELLFIX UK LIMITED
REGISTERED NUMBER: 06212769

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	\$	2020 \$	\$	2019 \$
FIXED ASSETS					
Intangible assets	11		51,853		59,434
Tangible assets	12a		1,121,434		1,789,203
Right of use assets	12b		3,289,042		3,517,026
Deferred tax asset	10		530,670		375,024
Investments	13		<u>79</u>		<u>79</u>
			4,993,078		5,740,766
CURRENT ASSETS					
Stocks	14	4,091,375		2,880,185	
Trade and other receivables	15	24,877,746		25,410,798	
Cash at bank and in hand		<u>1,777,043</u>		<u>555,501</u>	
		30,746,164		28,846,484	
CURRENT LIABILITIES					
Trade and other payables	16	<u>(21,188,652)</u>		<u>(22,285,565)</u>	
NET CURRENT ASSETS / (LIABILITIES)			<u>9,557,512</u>		<u>6,560,919</u>
NON-CURRENT LIABILITIES					
Lease liabilities	17		(3,234,657)		(3,714,203)
Other non-current liabilities			(67,896)		-
NET ASSETS			<u>11,248,037</u>		<u>8,587,482</u>
CAPITAL AND RESERVES					
Called up share capital	18		14		14
Profit and loss account	19		<u>11,248,023</u>		<u>8,587,468</u>
TOTAL SHAREHOLDERS' FUNDS	20		<u>11,248,037</u>		<u>8,587,482</u>

The financial statements on pages 9 to 11 were approved and authorised for issue by the board and were signed on its behalf by:



Alan Pearson
 Director
 Date: 24th June 2021

The notes on pages 12 to 30 form part of these financial statements.

SWELLFIX UK LIMITED
Registered number: 06212769

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Swellfix UK Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 24th June 2021 and the statement of financial position was signed on the board's behalf by Alan Pearson. Swellfix UK Limited is incorporated and domiciled in England and is a Company limited by shares.

The registered office address is New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, United Kingdom, SO53 3LG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in US dollars.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Tendeka B.V.

Tendeka B.V., the ultimate parent company and controlling party, is a company incorporated in the Netherlands and heads the smallest and largest group in which the results of the Company are consolidated.

The principal accounting policies adopted by the Company are as set out in note 2.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows.
- The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- The requirements of paragraph 17 and 18A and IAS 24 Related Party Disclosures.
- The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)- 134(f) and 135(c)-135(e), of IAS 36 Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2.1 Basis of Preparation (continued)

Going Concern

The Directors of the Company are of the opinion that the going concern basis is appropriate for the preparation of the financial statements.

The Company had a good pipeline of orders for 2021 and are now seeing an overall recovery in the market with a number of large tenders submitted for delivery in H2 2021. The Company is continuing to develop new technology to maximize recovery and is well placed in the current market as customers are looking to maximize current resources. The Company has managed to fulfil all orders timely with no operational delays in 2020 and up to the date of signing these accounts and see no foreseeable risk in terms of delivery.

The Company believes that the next 12 months will continue to be difficult in terms of trading given the COVID-19 pandemic but see growth in the second half of 2021 and substantial growth in 2022 as we come out of the COVID-19 pandemic. The Company believes that it will be profitable as well as cash positive in this period given its strong pipeline and customer base.

The Company's ultimate parent, Tendeka BV, has sufficient financial resources and funding to provide continuing support to the Company for at least 12 months after the approval of the financial statements. Working capital facilities of \$6.7m are currently available to the Group. The group has a \$4.7m facility with DNB in Norway as well as a general working capital facility through RBS for \$2m.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective for annual period beginning on or after 1 January 2020, as listed below.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards and Interpretations

The Company has considered all new and amended IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ending 31 December 2020. Where the changes affect the Company, the relevant application and disclosure has been made during the year to 31 December 2020. The new and amended IFRSs during the year are as detailed below:

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material

The application of the above standards has not had any material impact on the accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

2.2 Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting period beginning on or after 1 January 2021 or later periods, but the Company has not early adopted them:

- IFRS 17 Insurance Contracts (effective from annual periods beginning on or after 1 January 2021, with early adoption permitted).
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Phase 2)
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

It is not anticipated that the application of the above standards and amendments will have any material impact on the Company's financial statements.

2.3 Judgements and key sources of estimation and uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Depreciation of property, plant and equipment

Assets are depreciated based on useful lives dependent on assumptions made in management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, then that charge is adjusted. Variations between actual and estimated useful economic lives could impact operating results significantly, though historically few changes to useful economic lives have been required. Please see note 12a and 12b for a breakdown of tangible assets and right of use assets.

Impairment of property, plant and equipment

Assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When no changes of circumstances occur then an annual impairment review is carried out.

2.4 Foreign currencies

The Company is domiciled in the UK. Transactions and balances are predominantly transacted in US dollars. The parent company Tandeka B.V. has a US dollar functional currency. The Company operates as part of the Tandeka B.V. group ("the group") with no autonomy with regard to strategy or operations. The majority of transactions regarding revenues and direct costs are denominated in US dollars hence; the functional currency of the Company is US dollars.

The results of Swellfix UK Limited are included in the consolidated financial statements of Tandeka B.V. which are available from the Chamber of Commerce in the Netherlands.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2.4 Foreign currencies (continued)

Transactions in foreign currencies are recorded in US dollars at the rate of exchange ruling the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date. All subsequent gains or losses are recognised in the statement of comprehensive income. The applicable exchange rates used in preparation of the financial statements were:

	2020	2019
	£/\$	£/\$
Opening exchange rate	1.31	1.27
Closing exchange rate	1.36	1.31

2.5 Revenue

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customers.

Sale of goods

The Company expects revenue recognition to occur at a point in time when control of goods is transferred to the customer, generally on collection of the goods by the customer or upon delivery of the goods to the customer.

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, the company must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.

Rendering of services

The Company expects revenue recognition to occur at the point the services are rendered.

Variable consideration

The Company does not provide its customers with rebates but only the right to return the goods that are sold within a certain period after the initial sale. The Company's management does not expect any significant returns in sales subsequent to the year-end.

Advances received from customers

Generally, the Company receives only short-term advances from its customers. These are presented as part of accruals and other payables. Accordingly, there are no financing components in the Company's contracts with customers.

Principal versus agent

The Company has concluded that it is acting as principal in all its revenue arrangements as the Company controls the goods before they are transferred to the customer.

Other adjustments

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2.6 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.7 Intangible fixed assets and amortisation (Research & Development expenditure)

Development expenditure relates to expenses associated with the application for patents in order to secure and protect intellectual property. Development expenditure is capitalised only when there is a formalised development plan for proven technologies and the viability of these technologies can be determined with reasonable certainty, otherwise the cost is expensed in the income statement. Qualifying expenditure is stated at historic cost less amortisation and is amortised over a maximum estimated useful economic life of 20 years.

Management review capitalised legal costs for impairment on an annual basis. Allowance is made for any impairment losses expected: a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash generating unit to which it belongs) exceeds its recoverable amounts.

Research expenditure is expensed as it is incurred. During the year, the Company charged \$530,357 (2019: \$581,973) of research expenditure to the profit and loss account. This is included in administrative expenses in the income statement.

2.8 Tangible fixed assets, right of use assets and depreciation

Tangible fixed assets and right of use assets are stated at cost less depreciation. This is shown in administrative expenses on the face of the income statement on page 9. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Lease term
Plant & machinery	-	4 - 7 years
Fixtures & fittings	-	4 - 7 years
Computer equipment	-	3 years
Right of use asset	-	Lease term

Assets held as under construction are not depreciated until brought into use.

2.9 Investments

Shares in Group undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Dividends received are included in the period in which the related dividends are actually received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2.10 Financial Instruments

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially transfers all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Financial assets

Initial recognition and measurement

Financial assets of the Company are initially recognised at cost. The Company has financial assets in the form of intercompany, trade and other receivables.

Subsequent measurement

Trade and intercompany receivables

Receivables are carried at the lower of their original invoiced value and recoverable amount. Intercompany receivables have no fixed payment terms but are generally assumed to be due within one year whereas the majority of trade receivables are due within 30 days.

Receivables balances are reviewed regularly, and any doubtful debts are provided for accordingly reducing the receivable balance.

Other receivables

The Company has other receivables in the form of security deposits and VAT recoverable. They are measured at the amount expected to be recovered.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company's provision matrix is zero, as there were no historical credit losses and no forward-looking factors predicted to create credit losses. Details of any expected credit losses from trade receivables are contained in note 15.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Impairment of financial assets (continued)

In certain cases, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Financial Liabilities

Initial recognition and measurement

Financial liabilities of the Company are initially recognised at cost. The Company has financial liabilities in the form of intercompany, trade and other payables and intercompany loans.

Subsequent measurement

Trade and intercompany payables

Payables continue to be carried at cost. Intercompany payables have no fixed payment terms but are generally assumed to be due within one year whereas the majority of trade payables are due within 30 days.

Intercompany loans

Intercompany loans continue to be carried at cost and have no fixed payment terms but are generally assumed to be due within one year.

Other payables

The Company has other payables in the form of tax liabilities, which are due fully to the relevant authorities.

2.12 Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses.

2.13 Taxation

Current tax, including UK and foreign tax is provided on taxable profits at the current rate of taxation.

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 result 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.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be sufficient taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2.14 Leases

At inception of a contract, the company assesses whether a contract is, or contains a lease. The Company recognises a right-of-use asset and a lease liability at the lease commencement date if the lease is for a period of more than 12 months and the contract conveys the right of the Company to control the use of an identifiable asset in exchange for consideration.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is measured at amortised cost using the effective interest method. The rate of interest charged in 2020 was 3.5%, resulting in a charge to the Income Statement of \$152,881. Please see note 17.

2.15 Pension

The Company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2.16 Share based payments

Swellfix UK Limited is a wholly owned subsidiary of Swellfix B.V, a wholly owned subsidiary of Tendeka B.V. The Tendeka B.V. group operates a share option plan for Group employees, the majority of whom provide services to several group companies including Swellfix UK Limited. The share-based compensation expense in this respect is initially recorded in the Tendeka B.V. financial statements and an element of the share-based compensation expense is reallocated to Swellfix UK Limited by means of a management charge.

3. REVENUE

Revenue is attributable to the Company's principal activity. A geographical analysis is as follows:

	2020 \$	2019 \$
North & South America	475,827	1,067,794
Europe, Former Soviet Union & Africa	5,711,435	5,195,437
Middle East & North Africa	1,429,021	2,884,113
Asia Pacific	6,157,167	4,432,601
	<u>13,773,450</u>	<u>13,579,945</u>

Revenue from the sale of goods amounted to \$13,510,332 (2019 - \$13,107,591) and the sale of services totalled \$263,118 (2019 - \$472,354).

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NOTES TO THE FINANCIAL STATEMENTS
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3. REVENUE (continued)

The breakdown per product is as follows:

	2020	2019
	\$	\$
Sand and inflow Control	10,361,502	8,479,529
Zonal Isolation	2,891,643	2,827,911
Wireless intelligent completions	197,541	1,834,365
Software	162,385	206,933
Reservoir monitoring	160,379	131,207
	<u>13,773,450</u>	<u>13,579,945</u>

4. OTHER INCOME

	2020	2019
	\$	\$
Royalty income	5,264,843	7,805,514
Research and development expenditure credits	343,359	129,084
Grant receipt/(refund)	331,284	(10,551)
	<u>5,939,486</u>	<u>7,924,027</u>

Swellfix UK Limited legally owns all the Group's technology for Sand and Inflow Control. This intellectual property is licensed to Tendeka AS by charging them a royalty for the use of this intellectual property.

5. OPERATING LOSS

The operating loss is stated after charging:

	2020	2019
	\$	\$
Amortisation - intangible fixed assets	7,581	8,658
Depreciation of tangible fixed assets - owned by the Company	763,639	830,184
Depreciation of tangible fixed assets - right of use assets	357,601	345,992
Interest payable on leased assets	152,881	151,631
Loss/(gain) on foreign exchange	36,143	232,156
Research and development expenditure	530,357	581,973
Inventory recognised as an expense	7,575,784	6,976,468

The statutory audit fees paid by Swellfix UK were \$Nil (2019 - \$Nil). The statutory audit fees paid by the parent company, Tendeka B.V., on behalf of Swellfix UK Limited, were \$31,228 (2019 - \$19,700).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

6. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

	2020 \$	2019 \$
Wages and salaries	3,889,589	5,138,421
Social security costs	378,309	488,264
Other pension costs	455,501	446,373
	<u>4,723,399</u>	<u>6,073,058</u>

Amounts shown above are prior to the recharge of employment costs of \$2,008,146 (2019 - \$2,831,865) as part of inter-company management recharges.

Wages and salaries includes contract labour costs of \$421,281 (2019- \$522,884).

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

	2020 No.	2019 No.
Administration	68	55
Research and development	1	2
Sales	3	5
	<u>62</u>	<u>62</u>

7. DIRECTORS' REMUNERATION

	2020 \$	2019 \$
Directors' emoluments	<u>355,075</u>	<u>513,472</u>
Contributions to pension schemes	<u>19,096</u>	<u>21,030</u>

During the year retirement benefits were accruing to 2 Directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of \$250,193 (2019 - \$330,559) and a pension contribution of \$16,884 (2019 - \$12,288).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 \$	2019 \$
Intercompany interest payable	480,717	408,563
Interest payable on leased assets	152,881	151,631
	<u>633,598</u>	<u>560,194</u>

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 \$	2019 \$
Intercompany interest receivable	<u>552,605</u>	<u>356,617</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020 \$	2019 \$
Total tax charge for the year		
UK tax charge	644,417	773,467
Foreign withholding tax	140	951
Adjustments in respect of prior years	95,174	177,191
Deferred tax	(155,646)	131,209
	<u>584,085</u>	<u>1,082,818</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower (2019 - higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 \$	2019 \$
Profit before taxation	3,244,640	5,314,739
Profit before taxation multiplied by the standard rate of UK Corporation tax at 19% (2019: 19%)	<u>616,482</u>	<u>1,009,800</u>
Effects of:		
Expenses not deductible for tax purposes	52,227	98,902
Adjustment in respect of prior years	95,174	177,191
Movement in recognised deferred tax asset	(155,646)	131,209
Utilisation of tax losses	(24,292)	(335,235)
Withholding tax	140	951
Tax charge for the year	<u>584,085</u>	<u>1,082,818</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

10. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors that may affect future tax charges

The Company has gross tax losses of \$2,703,006 which are available indefinitely for offset against future taxable profits of the equivalent amount (2019: \$2,830,859). Deferred tax assets have been recognised in respect of these items due to the positive forecast and availability of suitable future profits from which they can be deducted.

Changes to the UK corporation tax rate were enacted as part of Finance Act 2020 which received Royal Assent on 22 July 2020. The change reversed a previously enacted rate reduction to 17% due to come into effect from 1 April 2020. As a result a rate of 19% was retained from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the main corporation tax rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. It is not anticipated that the increase in corporation tax rate will have any material impact of the company's financial statements.

	2020	2019
	\$	\$
Deferred Tax Asset		
As at 1 January	375,024	506,233
Income/(expense) for the year	<u>155,646</u>	<u>(131,209)</u>
As at 31 December	<u>530,670</u>	<u>375,024</u>

11. INTANGIBLE ASSETS

	Development expenditure \$
Cost	
At 1 January 2020 and 31 December 2020	<u>185,826</u>
Accumulated amortisation	
At 1 January 2020	126,392
Charge for the year	<u>7,581</u>
At 31 December 2020	<u>133,973</u>
Net book value	
At 31 December 2020	<u>51,853</u>
At 31 December 2019	<u>59,434</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

12a. TANGIBLE ASSETS

	Leasehold Improvements	Plant & Machinery	Fixtures & Fittings
	\$	\$	\$
Cost			
At 1 January 2020	1,292,573	670,860	856,265
Additions	-	30,684	33,519
Transfers from Assets Under Construction	-	33,307	1,995
At 31 December 2020	<u>1,292,573</u>	<u>734,851</u>	<u>891,779</u>
Accumulated depreciation			
At 1 January 2020	575,964	425,777	748,875
Charge for the year	62,803	63,552	46,639
At 31 December 2020	<u>638,767</u>	<u>489,329</u>	<u>795,514</u>
Net book value			
At 31 December 2020	<u>653,806</u>	<u>245,522</u>	<u>96,265</u>
At 31 December 2019	<u>716,609</u>	<u>245,083</u>	<u>107,390</u>
	Computer Equipment	Assets Under Construction	Total
	\$	\$	\$
Cost			
At 1 January 2020	2,297,746	37,514	5,154,958
Additions	30,549	1,118	95,870
Transfers from Assets Under Construction	-	(35,302)	-
At 31 December 2020	<u>2,328,295</u>	<u>3,330</u>	<u>5,250,828</u>
Accumulated depreciation			
At 1 January 2020	1,615,139	-	3,365,755
Charge for the year	590,645	-	763,639
At 31 December 2020	<u>2,205,784</u>	<u>-</u>	<u>4,129,394</u>
Net book value			
At 31 December 2020	<u>122,511</u>	<u>3,330</u>	<u>1,121,434</u>
At 31 December 2019	<u>682,607</u>	<u>37,514</u>	<u>1,789,203</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

12b. RIGHT OF USE ASSETS

	Property \$	Other \$	Total \$
Cost			
At 1 January 2020	3,842,492	20,526	3,863,018
Foreign currency translation	128,929	688	129,617
At 31 December 2020	<u>3,971,421</u>	<u>21,214</u>	<u>3,992,635</u>
Accumulated depreciation			
At 1 January 2020	339,834	6,158	345,992
Charge for the year	351,237	6,364	357,601
At 31 December 2020	<u>691,071</u>	<u>12,522</u>	<u>703,593</u>
Net book value			
At 31 December 2020	<u>3,280,350</u>	<u>8,692</u>	<u>3,289,042</u>
At 1 January 2020	<u>3,502,658</u>	<u>14,368</u>	<u>3,517,026</u>

13. INVESTMENTS

	\$
At 1 January 2020 and 31 December 2020	79

The investment value represents amounts held in the following companies:

Name	Registered office	Share in equity 2020 %	Share in equity 2019 %
Tendeka Canada Limited	1800 – 510 West Georgia Street Vancouver, BC, V6B 0M3, Canada	100	100
Tendeka Malaysia SDN.BHD	B4-3A Solaris Dutamas (Publika), No 1, Jalan Dutamas 1, 50480, Kuala Lumpur, Malaysia	100	-

A new subsidiary, Tendeka Malaysia SDN.BHD, was incorporated on 18th May 2020.

The above investment comprises 100 shares of common class without par value. The nature of the business of all companies above is the supply of completion products and services to the oil and gas industry.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	2020 \$	2019 \$
Raw materials	1,678,593	1,556,591
Work in progress	464,011	44,881
Finished goods and goods for resale	1,948,771	1,278,713
	<u>4,091,375</u>	<u>2,880,185</u>

	2020	2019
	\$	\$
Trade receivables	1,140,032	2,077,298
Amounts owed by group undertakings	22,954,497	22,248,993
Other receivables	168,368	269,842
VAT receivable	263,032	352,411
Prepayments and accrued income	351,817	462,254
	<u>24,877,746</u>	<u>25,410,798</u>

	Current	1-30	31-60	61-90	>90	Total
Trade Receivables	132,773	(117,203)	161,142	-	1,103,339	1,280,051
Bad debt provision	-	-	-	-	(140,019)	(140,019)
	132,773	(117,203)	161,142	-	983,320	1,140,032

Estimated credit losses of \$49,772 has been provided for amounts owed by group undertakings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16. TRADE AND OTHER PAYABLES

Amounts falling due within one year

	2020	2019
	\$	\$
Trade creditors	1,428,685	2,359,156
Amounts owed to group undertakings	16,482,554	16,481,024
Other taxation and social security	367,858	165,982
Corporation tax liability	644,219	886,211
Lease liability	812,778	452,400
Accruals and deferred income	1,454,577	1,940,792
	<hr/>	<hr/>
	21,188,652	22,285,565

Amounts owed to group undertakings are unsecured, have no specified payment terms and bear interest at 3%.

The carrying amount of trade creditors is a reasonable approximation of fair value.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

17. LEASE LIABILITIES

Amounts falling due after more than one year

	2020	2019
	\$	\$
Lease liabilities	<u>3,234,657</u>	<u>3,714,203</u>

The carrying amounts of lease liabilities and the movement during the period are as follows:

	2020	2019
	\$	\$
At 1 January	4,166,603	4,319,280
Interest	152,881	151,631
Payments	(443,378)	(453,851)
Loss on foreign exchange	171,330	149,543
	<u>4,047,436</u>	<u>4,166,603</u>
Current liabilities	812,779	452,400
Non-current liabilities	3,234,657	3,714,203
	<u>4,047,436</u>	<u>4,166,603</u>

The following are the amounts recognised in the Income Statement:

	2020	2019
	\$	\$
Depreciation expense of right-of-use assets	357,601	345,992
Interest expense on lease liabilities	152,881	161,631
Expenses related to short term leases	26,529	20,560
Loss on foreign exchange	171,330	149,543
	<u>708,341</u>	<u>667,726</u>

18. CALLED UP SHARE CAPITAL

	2020	2019
	\$	\$
Allotted, called up and fully paid		
10 (2019: 10) Ordinary shares of £1 each	<u>14</u>	<u>14</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

19. RESERVES

	Profit and loss account \$
At 1 January 2020	8,587,468
Profit for the financial year	2,660,555
	<hr/>
At 31 December 2020	<u>11,248,023</u>

The Profit and Loss Account Reserve represents the accumulated earnings retained within the Company over time, which have not been paid out as dividends. The purpose of this reserve is to allow the Company to maintain its investment in its core business.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2020 \$	2019 \$
Opening shareholder's funds	8,587,482	4,355,561
Profit for the financial year	<u>2,660,555</u>	<u>4,231,921</u>
Closing shareholder's funds	<u>11,248,037</u>	<u>8,587,482</u>

21. PENSIONS

The Company contributes to a defined contribution pension scheme. \$34,896 (2019: \$37,516) of contributions were outstanding at the balance sheet date.

22. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under IAS 24 Related Party Disclosures not to disclose related party transactions between the subsidiaries of the Tendeka B.V. Group. There were no other material related party transactions requiring disclosure IAS 24.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Swellfix B.V., a company registered in the Netherlands.

Tendeka B.V., the parent company of Swellfix B.V., is the only undertaking for which consolidated financial statements that include the results of Swellfix UK Limited. Copies of the Tendeka B.V. financial statements can be obtained from the Company Secretary, Theo Mann-Bouwmeesterlaan 574, 2597 HM's, Gravenhage, The Netherlands.

The ultimate parent of Tendeka B.V.; Shell Technology Venture Fund 1 B.V., is deemed to be the ultimate controlling party. Shell Technology Venture Fund 1 B.V. is registered in the Netherlands. Copies of the Shell Technology Venture Fund 1 B.V. financial statements can be obtained from the Chamber of Commerce in the Netherlands.

The Directors regard Shell Technology Venture Fund 1 B.V. as the ultimate controlling party by virtue of its shareholding in Tendeka B.V.

SWELLFIX UK LIMITED
Registered number: 06212769

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

24. POST BALANCE SHEET EVENTS

There are no post balance sheet events.