Registered number: SC623755

WELL-SENSE TECHNOLOGY UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

WELL-SENSE TECHNOLOGY UK LIMITED

COMPANY INFORMATION

Directors	N S McGuinness (appointed 8 March 2019) S E Ferguson (appointed 23 June 2020)
Registered number	SC623755
Registered office	Union Plaza (6th Floor) 1 Union Wynd Aberdeen AB10 1DQ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX

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DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the period ended 31 December 2019.

Director

The directors who served during the period were:

C Feherty (appointed 8 March 2019, resigned 23 June 2020)
N S McGuinness (appointed 8 March 2019)
S E Ferguson (appointed 23 June 2020)

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The Covid-19 situation has placed greater focus than ever on the adoption of the going concern concept for the preparation of Group's accounts, and those of our individual companies. In line with the recommendations of the Financial Reporting Council, a Board paper was presented to our August 2020 Board meeting detailing the work carried out by each of our companies in terms of financial projections, scenario planning and cost mitigations in light of the market downturn.

Each Group company prepared a reforecast for 2020 and an outline budget for 2021 including profit and loss account, cash flow and balance sheet projections. The Group will update these reforecasts regularly throughout the remainder of the year.

Additionally, the Group benefits from supportive shareholders who have provided a mixture of debt and equity.

The projections for the individual companies, and for the Group, for 2020 and beyond give confidence to the Board that the Group will be able to meet its liabilities as they fall due from its existing facilities or those it believes will be made available to the Group during that period.

As a result the Group's accounts, and the accounts of all the Group companies, have been prepared on a going concern basis.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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.*

This report was approved by the board on 9/11/2020 and signed on its behalf.

Stuart Ferguson

S E Ferguson
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELL-SENSE TECHNOLOGY UK LIMITED

Opinion

We have audited the financial statements of Well-Sense Technology UK Limited (the 'company') for the period ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the notes to the financial statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELL-SENSE TECHNOLOGY UK LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELL-SENSE TECHNOLOGY UK LIMITED (CONTINUED)

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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' Report.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELL-SENSE TECHNOLOGY UK LIMITED (CONTINUED)

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.

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

Use of our report

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

Grant Thornton UK LLP

James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
Date: 9/11/2020

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 31 DECEMBER 2019

	2019 £
Turnover	463,818
Cost of sales	(149,931)
Gross profit	313,887
Administrative expenses	(261,826)
Operating profit	52,061
Profit after tax	52,061
Profit/(loss) for the period	52,061
Retained earnings at the end of the period	52,061

There were no recognised gains and losses for 2019 other than those included in the Statement of Income and Retained Earnings.

The notes on pages 9 to 16 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £
Fixed assets			
Intangible assets	5		**7,673**
Tangible assets	6		**276,521**
			284,194
Current assets			
Stocks		**8,115**	
Debtors: amounts falling due within one year	7	**318,047**	
Cash at bank and in hand	8	**120,046**	
		446,208	
Creditors: amounts falling due within one year	9	**(678,241)**	
Net current (liabilities)/assets			**(232,033)**
Total assets less current liabilities			**52,161**
Net assets			**52,161**
Capital and reserves			
Called up share capital			**100**
Profit and loss account			**52,061**
			52,161

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 were approved and authorised for issue by the board and were signed on its behalf on 9/11/2020

Susan Ferguson

S E Ferguson
Director

The notes on pages 9 to 16 form part of these financial statements.

1. General information

Well-Sense is a private company limited by shares and is incorporated in Scotland. Registered number: SC623755. Its registered head office is located at Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ.

The company was incorporated on 8 March 2019, and these are the first set of financial statements prepared for the entity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Covid-19 situation has placed greater focus than ever on the adoption of the going concern concept for the preparation of Group's accounts, and those of our individual companies. In line with the recommendations of the Financial Reporting Council, a Board paper was presented to our August 2020 Board meeting detailing the work carried out by each of our companies in terms of financial projections, scenario planning and cost mitigations in light of the market downturn.

Each Group company prepared a reforecast for 2020 and an outline budget for 2021 including profit and loss account, cash flow and balance sheet projections. The Group will update these reforecasts regularly throughout the remainder of the year.

Additionally, the Group benefits from supportive shareholders who have provided a mixture of debt and equity.

The projections for the individual companies, and for the Group, for 2020 and beyond give confidence to the Board that the Group will be able to meet its liabilities as they fall due from its existing facilities or those it believes will be made available to the Group during that period.

As a result the Group's accounts, and the accounts of all the Group companies, have been prepared on a going concern basis.

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2. Accounting policies (continued)

2.4 Revenue

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 also 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:

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

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 of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.6 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20%
Motor vehicles	- 20%
Fixtures and fittings	- 33%
Office equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.14 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Income and Retained Earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

There are no significant judgements or estimates to disclose.

4. Employees

The average monthly number of employees, including directors, during the period was 2.

5. Intangible assets

	Software £
Cost	
Additions	8,371
At 31 December 2019	8,371
Amortisation	
Charge for the year	698
At 31 December 2019	698
Net book value	
At 31 December 2019	7,673

Amortisation on intangible assets is charged to admin expenses.

6. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
Additions	284,052	149	2,926	287,127
At 31 December 2019	284,052	149	2,926	287,127
Depreciation				
Charge for the period on owned assets	10,065	8	533	10,606
At 31 December 2019	10,065	8	533	10,606
Net book value				
At 31 December 2019	273,987	141	2,393	276,521

7. Debtors

	2019 £
Trade debtors	156,933
Other debtors	55,890
Prepayments and accrued income	105,224
	318,047

8. Cash and cash equivalents

	2019 £
Cash at bank and in hand	120,046

9. Creditors: Amounts falling due within one year

	2019 £
Trade creditors	28,326
Amounts owed to group undertakings	514,449
Other taxation and social security	3,285
Obligations under finance lease and hire purchase contracts	124,484
Accruals and deferred income	7,697
	678,241

10. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,333. Contributions totaling £Nil were payable to the fund at the reporting date.

11. Controlling party

The controlling party is Well Sense Technology Limited who own 100% of the issued share capital, which in turn is owned by FrontRow Energy Technology Group Limited 57.46%.

The smallest group which the company is consolidated into is WellSense Technology Limited, and the largest is FrontRow Energy Technology Group Limited.