Registered number: SC623755

WELL-SENSE TECHNOLOGY UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

WELL-SENSE TECHNOLOGY UK LIMITED

COMPANY INFORMATION

Directors	S E Ferguson A Green N S McGuinness
Registered number	SC623755
Registered office	Union Plaza (6th Floor) 1 Union Wynd Aberdeen AB10 1DQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD

WELL-SENSE TECHNOLOGY UK LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is a cost effective, reliable, and revolutionary method of well intervention for downhole data acquisition for the global oil and gas industry.

Results and business review and key performance indicators

These financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") including comparatives.

The Directors consider turnover and EBITDA to be key performance indicators in their ability to monitor the Company's strategic and operational effectiveness. Additionally, the Directors monitor cash invested in developing new technology and the likely chances of operational and financial success of new products.

Like 2020, 2021 has seen challenges from the COVID-19 pandemic. 2020 witnessed a significant level of uncertainty in our industry as the demand for oil reduced, and its price fell, as people could not travel domestically or internationally while lockdowns and travel bans were imposed. 2021 has seen a significant recovery in the price of oil and industry activity has increased as a result. The continuing challenge for our businesses has come from the lack of international travel, and the requirement for periods of quarantine for our staff as they carry out our operations.

On an operational level, 2021 saw significant progress for the Company. We had operations across the globe, for a variety of services, with successful deployment of our technology and our answer products. There was huge progress in North America where our technology is now proven in horizontal wells for frac monitoring.

The profit for the year for the Company was £6,457 (2020 - loss of £154,507).

Principal risks and uncertainties

The Company faces the economic risks associated with the oil sector, particularly the oil price and its effect on the levels of activity in the industry. This is especially true at the moment given the COVID-19 situation and its effect on global demand for oil. Additionally, the Company faces technology risk – we are developing a number of new products, many of which are innovative, and some of these products are as yet untested in the market.

Brexit – we have monitored our position in regards to Brexit and its effect on the Company. So far there has not been a significant impact on any of our group companies and we remain hopeful that will be the case in the longer term.

Future developments

2022 got off to an encouraging start for the Company. The steady increase in oil prices in 2021 improved sentiment in the industry and this continued into 2022. Activity levels are improving in some of our target markets and worldwide demand for oil continues to increase as travel opens up post lockdown.

We continue to have operations in various locations throughout the world. Additionally, the interest in our technology in the US land market continues to grow.

We remain confident about our future. Our core technology is market leading and provides huge benefits to our clients (both in terms of cost savings and the quality of data acquisition).

Going concern

Covid-19, the Ukraine war, and the inflationary pressures in the UK economy have placed greater focus than ever on the adoption of the going concern concept for the preparation of the financial statements. The Company, along with its parent company, has prepared a detailed consolidated forecast for financial year 2023 including profit and loss account, cash flow and balance sheet projections to satisfy its going concern position. These projections have included appropriate sensitivity analysis. The Company will continue to reforecast regularly throughout 2023 and beyond.

The forecasts give confidence to the Board that the Company will be able to meet its liabilities as they fall due from its existing facilities.

As a result, the Company's financial statements have been prepared on a going concern basis.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including foreign currency exposure and liquidity risk.

Foreign currency risk

The Company's technology is being marketed around the world. As our turnover in foreign currencies increases, appropriate currency hedging strategies may be employed to minimise risks from currency fluctuation. There was no such currency hedging in place at 31 December 2021.

Liquidity risk

Our main liquidity risk at present is from our technology development, and the risks from cost over runs or delays in achieving sustainable levels of income from new technology. We closely manage the investment made in each new product, and regularly assess its viability and marketability.

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

Stuart Ferguson
Stuart Ferguson (Feb 14, 2023 10:29 GMT)

S E Ferguson
Director

Date: Feb 14, 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £6,457 (2020 - loss £154,507).

Directors

The Directors who served during the year were:

S E Ferguson
A Green (appointed 17 February 2021)
N S McGuinness

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.

Matters covered in the Strategic Report

The Company has chosen, in accordance with section 414C(11) Companies Act 2006, to set out in the Company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of principal risks and uncertainties, financial risk management, financial key performance indicators and future developments.

Disclosure of information to auditor

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information.

Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

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 and signed on its behalf.

Stuart Ferguson
Stuart Ferguson (Feb 14, 2023 [illegible]:29 GMT)

S E Ferguson
Director

Date: Feb 14, 2023

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 year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit 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.

Anna Campbell
Anna Campbell (Feb 15, 2023 10:47 GMT)

Anna Campbell (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: Feb 15, 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover		756,604	385,148
Cost of sales		(163,504)	(92,327)
Gross profit		593,100	292,821
Administrative expenses		(573,185)	(453,023)
Other operating income	3	-	5,695
Operating profit/(loss)	4	19,915	(154,507)
Tax on profit/(loss)		(13,458)	-
Profit/(loss) for the financial year		6,457	(154,507)

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 12 to 22 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible fixed assets	7		4,485		10,146
Tangible fixed assets	8		218,943		253,679
			223,428		263,825
Current assets					
Stocks		20,226		27,994	
Debtors: amounts falling due within one year	9	333,192		44,000	
Cash and cash equivalents	10	247,320		233,681	
		600,738		305,675	
Creditors: amounts falling due within one year	11	(920,055)		(671,846)	
Net current liabilities			(319,317)		(366,171)
Total assets less current liabilities			(95,889)		(102,346)
Net liabilities			(95,889)		(102,346)
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		(95,989)		(102,446)
			(95,889)		(102,346)

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 by:

Stuart Ferguson
Stuart Ferguson (Feb 14, 2023 ?:29 GMT)

S E Ferguson
Director

Date: Feb 14, 2023

The notes on pages 12 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	100	52,061	52,161
Comprehensive loss for the year			
Loss for the year	-	(154,507)	(154,507)
Total comprehensive loss for the year	-	(154,507)	(154,507)
At 1 January 2021	100	(102,446)	(102,346)
Comprehensive income for the year			
Profit for the year	-	6,457	6,457
Total comprehensive income for the year	-	6,457	6,457
At 31 December 2021	100	(95,989)	(95,889)

1. General information

Well-Sense Technology UK Limited is a private company limited by shares and is incorporated in Scotland. The Company's registered number is SC623755. Its registered office is located at Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1 DQ.

The principal activity of the Company is a cost effective, reliable, and revolutionary method of well intervention for downhole data acquisition for the global oil and gas industry.

These financial statements have been presented in Pound Sterling (£), which is also the functional currency of the Company, as this is the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements are rounded to the nearest £.

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 following principal accounting policies have been applied:

2.2 Going concern

Covid-19, the Ukraine war, and the inflationary pressures in the UK economy have placed greater focus than ever on the adoption of the going concern concept for the preparation of the financial statements. The Company, along with its parent company, has prepared a detailed consolidated forecast for financial year 2023 including profit and loss account, cash flow and balance sheet projections to satisfy its going concern position. These projections have included appropriate sensitivity analysis. The Company will continue to reforecast regularly throughout 2023 and beyond.

The forecasts give confidence to the Board that the Company will be able to meet its liabilities as they fall due from its existing facilities.

As a result, the Company's financial statements 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 profit or loss 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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

2. Accounting policies (continued)

2.4 Turnover (continued)

Rendering of services

Turnover 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 turnover 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 Comprehensive Income on a straight-line basis over the lease term.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 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 Comprehensive Income 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)

2.8 Taxation

Tax is recognised in the Statement of Comprehensive Income 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.

The Company has a net deferred tax asset of £27,366 (2020 - £19,475), relating to tax losses, which is not accounted for in the financial statements due to uncertainty over its immediate recoverability.

2.9 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.

2.10 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)

2.10 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%
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 Comprehensive Income.

2.11 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 the Statement of Comprehensive Income.

2.12 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.

2.13 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.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, 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)

2.15 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.

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 Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Other operating income

	2021 £	2020 £
Government grants receivable	-	5,695

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2021 £	2020 £
Exchange differences	(18)	9,989
Depreciation of tangible fixed assets	80,406	67,754
Amortisation of intangible fixed assets	5,661	3,747

5. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	6,000	5,000

Fees payable to the Company's auditor in respect of:

	2021 £	2020 £
All other services	3,500	2,950

6. Employees

The average monthly number of employees, including Directors, during the year was 8 (2020 - 4).

7. Intangible fixed assets

	Software £
Cost	
At 1 January 2021	14,591
At 31 December 2021	14,591
Amortisation	
At 1 January 2021	4,445
Charge for the year	5,661
At 31 December 2021	10,106
Net book value	
At 31 December 2021	4,485
At 31 December 2020	10,146

Software is amortised over a period of 3 years, on a straight-line basis.

8. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2021	319,588	2,817	8,291	330,696
Additions	60,220	-	2,092	62,312
Disposals	(23,747)	-	-	(23,747)
At 31 December 2021	356,061	2,817	10,383	369,261
Depreciation				
At 1 January 2021	73,863	835	2,319	77,017
Charge for the year	75,970	997	3,439	80,406
Disposals	(7,105)	-	-	(7,105)
At 31 December 2021	142,728	1,832	5,758	150,318
Net book value				
At 31 December 2021	213,333	985	4,625	218,943
At 31 December 2020	245,725	1,982	5,972	253,679

9. Debtors

	2021 £	2020 £
Trade debtors	296,403	-
Other debtors	36,164	43,620
Prepayments and accrued income	625	380
	333,192	44,000

10. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	247,320	233,681

11. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	4,563	5,820
Amounts owed to group undertakings (note 15)	872,444	645,128
Other taxation and social security	15,192	6,223
Accruals and deferred income	27,856	14,675
	920,055	671,846

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	100	100

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

13. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

14. 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 £11,067 (2020 - £6,461).

15. Related party transactions

The Company has taken advantage of the exemptions available under FRS 102, Section 33, and not disclosed transactions with companies that are part of Well-Sense Technology group of companies.

The Company made purchases of £8,891 (2020 - £Nil) from Unity Well Integrity UK Limited, a company which is also majority owned by FrontRow Energy Technology Group Limited.

16. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

17. Controlling party

The immediate parent company is Well-Sense Technology Limited who own 100% of the issued share capital. The smallest group in which the results of the Company are consolidated is that of Well-Sense Technology Limited.

The largest group in which the results of the Company are consolidated is that headed by FrontRow Energy Technology Group Limited whose group financial statements can be obtained from Companies House. FrontRow Energy Technology Group Limited is the ultimate parent company. FrontRow Energy Technology is deemed to be the ultimate controlling party.