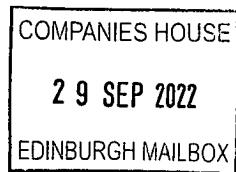


COMPANY REGISTRATION NUMBER SC257425



DENHOLM OILFIELD SERVICES GROUP LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2021

THURSDAY



SBDLP4F6

SCT

29/09/2022

#133

COMPANIES HOUSE

DENHOLM OILFIELD SERVICES GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

| CONTENTS | PAGE |
|--|-------------|
| Officers and professional advisers | 1 |
| The Directors' report | 2 |
| Independent auditor's report to the members of Denholm Oilfield Services Group Limited | 4 |
| Profit and loss account | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 10 |
| Notes to the financial statements | 11 |

DENHOLM OILFIELD SERVICES GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

J S Denholm
M J Beveridge
P M Fisher
F Muqattash
M Clark

Company secretary

C J M Denholm

Registered office

19 Woodside Crescent
Glasgow
G3 7UL

Independent auditor

Ernst & Young LLP
Statutory Auditor
Glasgow
United Kingdom

DENHOLM OILFIELD SERVICES GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2021

The directors submit their report and the audited financial statements of the company, registration number SC257425, for the year ended 31 December 2021.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. In addition, as a result of taking this exemption, no Strategic Report has been prepared.

Principal activities

The principal activity of the company is that of a holding company.

Results and dividends

The profit for the year after taxation was £291,035 (2020 - £282,806).

The directors did not recommend a dividend in respect of the year ended 31 December 2021 (2020 - £nil).

Directors

The directors who served the company during the year and to the date of this report are listed on page 1.

Re-appointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Group Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the company.

Directors' responsibilities statement

The directors are responsible for preparing 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DENHOLM OILFIELD SERVICES GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

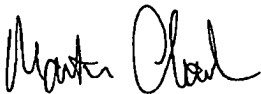
YEAR ENDED 31 DECEMBER 2021

Going concern

In response to the worldwide restrictions being introduced during 2020 and 2021 to combat the Covid-19 pandemic, immediate steps were taken to protect the health and wellbeing of the Company's stakeholders.

Having observed the outcome of actual events through 2021, and visibility improving over 2022 trading levels, the directors have prepared projections for the year ahead and to 30 September 2023 to assess the implications on the financial performance of the company. The directors, having considered these projections and cash resources, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for a period extending to at least twelve months from the signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Approved on behalf of the Board on 28 September 2022.



M Clark
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM OILFIELD SERVICES GROUP LIMITED
YEAR ENDED 31 DECEMBER 2021

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Denholm Oilfield Services Group Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 14, 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 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 twelve months from when the financial statements are authorised for issue to 30 September 2023.

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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM OILFIELD SERVICES GROUP LIMITED
YEAR ENDED 31 DECEMBER 2021**

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 2, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM OILFIELD SERVICES GROUP LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2021

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.

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 102 and Companies Act 2006) and the relevant tax compliance regulations in the UK and Ireland;
- We understood how Denholm Oilfield Services Group Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the board minutes and papers provided to the Audit Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence which was then followed up;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business and a review of board minutes to identify any non-compliance with laws and regulations.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM OILFIELD SERVICES GROUP LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2021

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.

Nicola McIntyre CA (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
Glasgow
United Kingdom

29 September 2022

DENHOLM OILFIELD SERVICES GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--------------------------------------|------|-----------------|-----------|
| Administrative expenses | | (8,651) | (8,202) |
| OPERATING LOSS | 2 | (8,651) | (8,202) |
| Interest receivable | 4 | 460,194 | 445,673 |
| Interest payable and similar charges | 5 | (90,857) | (88,069) |
| PROFIT BEFORE TAXATION | | 360,686 | 349,402 |
| Tax on profit | 6 | (69,651) | (66,596) |
| PROFIT FOR THE FINANCIAL YEAR | | 291,035 | 282,806 |

All of the activities of the company are classed as continuing.

There are no items of comprehensive income other than the profit of £291,035 attributable to the shareholders for the year ended 31 December 2021 (2020 - £282,806). Accordingly, a separate statement of other comprehensive income is not presented.

The notes on pages 11 to 17 form part of these financial statements.

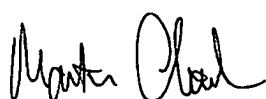
DENHOLM OILFIELD SERVICES GROUP LIMITED

BALANCE SHEET

31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|---|------|--------------------------|-------------------|
| FIXED ASSETS | | | |
| Investments | 7 | 1,507,000 | 1,507,000 |
| | | <u>1,507,000</u> | <u>1,507,000</u> |
| CURRENT ASSETS | | | |
| Debtors | 8 | 11,667,239 | 11,304,637 |
| Cash at bank and in hand | | 192 | 134 |
| | | <u>11,667,431</u> | <u>11,304,771</u> |
| CREDITORS: Amounts falling due within one year | 9 | (2,374,343) | (2,302,718) |
| NET CURRENT ASSETS | | <u>9,293,088</u> | <u>9,002,053</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>10,800,088</u> | <u>10,509,053</u> |
| NET ASSETS | | <u>10,800,088</u> | <u>10,509,053</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 11 | 10,000,000 | 10,000,000 |
| Profit and loss account | | 800,088 | 509,053 |
| SHAREHOLDERS' FUNDS | | <u>10,800,088</u> | <u>10,509,053</u> |

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime. These financial statements were approved by the Board on 28 September 2022.



M Clark
Director

The notes on pages 11 to 17 form part of these financial statements.

DENHOLM OILFIELD SERVICES GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

| | Called-up share capital £ | Profit and loss account £ | Total £ |
|------------------------------------|--|--|--------------------|
| Balance at 1 January 2020 | 10,000,000 | 226,247 | 10,226,247 |
| Total comprehensive profit | - | 282,806 | 282,806 |
| Balance at 31 December 2020 | 10,000,000 | 509,053 | 10,509,053 |
| Total comprehensive profit | - | 291,035 | 291,035 |
| Balance at 31 December 2021 | 10,000,000 | 800,088 | 10,800,088 |

The notes on pages 11 to 17 form part of these financial statements.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of accounting

Denholm Oilfield Services Group Limited is a private company limited by shares incorporated in the Scotland under the Companies Act. The address of the registered office is given on page 1. The nature of the company's principal activities are set out within the Directors' Report on page 2.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 Section 1A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. They have been prepared on the going concern basis as explained in the Directors' Report.

Denholm Oilfield Services Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Denholm Oilfield Services Group Limited is consolidated in the financial statements of its parent, as disclosed in note 14. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Consolidation

The company is exempt from the obligation to prepare and deliver group financial statements under S400 of the Companies Act 2006. Accordingly, these financial statements present only the financial position of the company. The undertaking whose consolidated accounts its results are included in is the immediate and ultimate parent undertaking, Denholm Energy Services Limited.

Functional currency

The directors have adopted the pound sterling as the company's functional and presentational currency, being the currency of the primary economic environment in which the company operates.

Investments

Unlisted fixed asset investments are shown at cost less provision for impairment as assessed by the directors.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transaction, or at an average rate where this rate approximates the actual rate at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Exchange differences arising are included as an exchange gain or loss in the profit and loss account.

Derivative financial instruments

The activities of the company expose it directly to the financial risks of changes in foreign currency exchange rates. The company uses forward foreign exchange contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recorded on the balance sheet and subsequently measured at fair value, which is calculated using standard industry valuation techniques in conjunction with observable market data. The changes in fair value are reported through the profit and loss account.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. There were no critical judgements or key sources of estimation uncertainty made by the directors in applying the company's accounting policies in the current year.

Going concern

The Directors are required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In adopting the going concern basis for preparing these financial statements, the Board has considered the Company's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties for the going concern period to 30 September 2023. The directors, having considered these projections and cash resources, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for a period extending to at least twelve months from the signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

2. OPERATING LOSS

Operating loss is stated after charging:

| | 2021 | 2020 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| Auditor's remuneration - audit fees | 8,240 | 8,000 |

3. DIRECTORS' REMUNERATION

There were no employees in the current or preceding year. None of the company's directors were paid by Denholm Oilfield Services Group Limited for their services to the company in either the current or preceding financial year. Directors who are also directors of the ultimate parent undertaking did not receive any remuneration in respect of their services to the company in either the current or preceding financial year.

4. INTEREST RECEIVABLE

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Interest receivable on amounts due from parent undertakings | 460,194 | 445,673 |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2021 | 2020 |
|---|---------------|---------------|
| | £ | £ |
| Interest payable on amounts due to group undertakings | 90,857 | 88,069 |

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

6. TAXATION

(a) Analysis of tax charge in the year

| | 2021 £ | 2020 £ |
|--|--------------------|--------------------|
| Current tax: | | |
| In respect of the year: | | |
| UK Corporation tax based on the results for the year | 69,814 | 66,314 |
| Adjustments in respect of prior periods | (1,044) | - |
| | <hr/> 68,770 | <hr/> 66,314 |
| Total current tax | | |
| Deferred tax: | | |
| Origination and reversal of timing differences (note 10) | 881 | 282 |
| | <hr/> 69,651 | <hr/> 66,596 |
| Total tax on profit | <hr/> <hr/> 69,651 | <hr/> <hr/> 66,596 |

(b) Factors affecting current tax charge for the year

Total tax for the year when expressed as a percentage of profit before taxation is higher at 19.3% (2020 - higher at 19.1%) than the standard rate of corporation tax in the UK of 19% (2020 - 19%).

| | 2021 £ | 2020 £ |
|---|--------------------|--------------------|
| Profit before tax | 360,686 | 349,402 |
| Profit multiplied by standard rate of corporation tax | 68,530 | 66,386 |
| Difference in current tax rate and deferred tax rate | (533) | (400) |
| Adjustments in respect of prior periods | 1,654 | 610 |
| | <hr/> 69,651 | <hr/> 66,596 |
| Total tax on profit | <hr/> <hr/> 69,651 | <hr/> <hr/> 66,596 |

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

7. INVESTMENTS

| | Subsidiary Undertakings £ |
|--------------------------------------|--|
| Cost | |
| At 1 January 2021 & 31 December 2021 | 6,000,000 |
| Amounts provided | |
| At 1 January 2021 & 31 December 2021 | 4,493,000 |
| Net Book Value | 1,507,000 |

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Subsidiary undertakings | Country of registration | Principal activity | % | Registered address |
|------------------------------------|------------------------------------|---------------------------|----------|-------------------------------|
| Denholm Valvecare Holdings Limited | Scotland | Holding Company | 100% | 19 Woodside Crescent, Glasgow |

Details of the investments held by Denholm Valvecare Holdings Limited, in which the subsidiary company holds 20% or more of the nominal value of any class of share capital are as follows:

| Subsidiary undertakings | Country of registration | Principal activity | % | Registered address |
|------------------------------------|------------------------------------|---------------------------|----------|----------------------------------|
| Denholm Valvecare (Kazakhstan) LLP | Kazakhstan | Valve sales and servicing | 90% | 45 Abylkhair Khan Avenue, Atyrau |

8. DEBTORS

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Amounts falling within one year | | |
| Amounts receivable from parent undertaking | 11,665,019 | 11,301,536 |
| Deferred taxation (note 10) | 2,220 | 3,101 |
| | 11,667,239 | 11,304,637 |

Amounts owed by the parent undertakings includes an unsecured loan payable by the immediate parent company which bears interest at a rate of 4% and is repayable on demand.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

9. CREDITORS: Amounts falling due within one year

| | 2021 | 2020 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed to group undertakings | 2,296,289 | 2,228,404 |
| Corporation tax | 69,814 | 66,314 |
| Accruals and deferred income | 8,240 | 8,000 |
| | <u>2,374,343</u> | <u>2,302,718</u> |

The amounts owed to group undertakings is in respect of an unsecured loan due to group companies which bears interest at a fixed rate of 4% and is repayable on demand.

10. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

| | 2021 | 2020 |
|---|--------------|--------------|
| | £ | £ |
| Asset brought forward | 3,101 | 3,383 |
| Profit and loss account movement arising during the year (note 6) | (881) | (282) |
| Asset carried forward | <u>2,220</u> | <u>3,101</u> |

The deferred tax asset consists of the tax effect of timing differences in respect of:

| | 2021 | 2020 |
|---|--------------|--------------|
| | £ | £ |
| Accounting depreciation in excess of capital allowances | <u>2,220</u> | <u>3,101</u> |

11. SHARE CAPITAL

Allotted, called up and fully paid:

| | 2021 | | 2020 | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | Number | £ | Number | £ |
| Ordinary shares of £1 each | <u>10,000,000</u> | <u>10,000,000</u> | <u>10,000,000</u> | <u>10,000,000</u> |

There is one class of ordinary share in issue, with one voting right per share and no right to fixed income.

12. RELATED PARTY TRANSACTIONS

Transactions with entities in which the Denholm Energy Services Limited group of companies has 100% of the voting rights are not disclosed as permitted by Financial Reporting Standard 102, Section 33 - "Related Party Disclosures."

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

13. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking is Denholm Energy Services Limited, a company registered in England. The registered address of the ultimate parent company is 12 Finsbury Square, London. Copies of the accounts of Denholm Energy Services Limited may be obtained from the Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

The financial statements of Denholm Energy Services Limited are both the smallest and largest group which consolidate the company.

14. CONTINGENT LIABILITY

The company has cross-guaranteed the bank borrowings of its ultimate parent company, Denholm Energy Services Limited. The company's maximum exposure as at 31 December 2021 is £35,455,000 (2020 - £36,268,000).