

Report of the Directors and
Financial Statements for the Year Ended 31 December 2022
for
Oil & Gas Systems Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2022**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	11

Oil & Gas Systems Limited

Company Information
for the Year Ended 31 December 2022

DIRECTORS:

I V Kuzmin
S P O'Donnell

SECRETARY:

S P O'Donnell

REGISTERED OFFICE:

Denmark House
St. Thomas Place
Ely
CB7 4EX

REGISTERED NUMBER:

02167775 (England and Wales)

AUDITORS:

Zenith Audit Ltd
Statutory Auditors
First floor
18 Devonshire Row
London
EC2M 4RH

Report of the Directors
for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

I V Kuzmin
S P O Donnell

CHARITABLE DONATIONS

The company has donated £5,000 to UNICEF UK.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Zenith Audit Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S P O Donnell - Director

30 May 2023

**Report of the Independent Auditors to the Members of
Oil & Gas Systems Limited**

Opinion

We have audited the financial statements of Oil & Gas Systems Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 2022 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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.

**Report of the Independent Auditors to the Members of
Oil & Gas Systems Limited**

Responsibilities of directors

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

Auditors' 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 a Report of the Auditors 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.

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

We performed risk assessment procedures and obtained an understanding of the Company and its environment, the applicable financial reporting framework, the applicable laws and regulations, the Company's system of internal control and the fraud risk factors relevant to the Company that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the Company's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

We considered compliance with UK Companies Act 2006 and the applicable tax legislation as the key laws and regulations which non-compliance could directly lead to material misstatement due to fraud at the financial statement level. We evaluated whether the selection and application of accounting policies by the Company may be indicative of fraudulent financial reporting. Our audit procedures responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries;
- Selecting and testing journal entries and other adjustments made at the end of a reporting period and throughout the period;
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions or 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 Report of the Auditors.

**Report of the Independent Auditors to the Members of
Oil & Gas Systems Limited**

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 a Report of the Auditors 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.

Filip Lyapov (Senior Statutory Auditor)
for and on behalf of Zenith Audit Ltd
Statutory Auditors
First floor
18 Devonshire Row
London
EC2M 4RH

30 May 2023

Statement of Comprehensive Income
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
TURNOVER	4	6,690,448	15,234,219
Cost of sales		<u>(4,094,619)</u>	<u>(11,559,766)</u>
GROSS PROFIT		2,595,829	3,674,453
Administrative expenses		<u>(2,322,083)</u>	<u>(2,481,075)</u>
		273,746	1,193,378
Other operating income		<u>12,479</u>	<u>2,749</u>
OPERATING PROFIT and			
PROFIT BEFORE TAXATION		286,225	1,196,127
Tax on profit	8	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		286,225	1,196,127
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR			
THE YEAR		<u>286,225</u>	<u>1,196,127</u>

Oil & Gas Systems Limited (Registered number: 02167775)**Balance Sheet**
31 December 2022

	Notes	31.12.22 £	31.12.21 £
FIXED ASSETS			
Tangible assets	9	101,646	125,325
Investments	10	<u>4</u>	<u>4</u>
		101,650	125,329
CURRENT ASSETS			
Debtors	11	12,929,467	17,460,840
Cash at bank		<u>2,355,651</u>	<u>358,518</u>
		15,285,118	17,819,358
CREDITORS			
Amounts falling due within one year	12	<u>(8,638,492)</u>	<u>(10,004,905)</u>
NET CURRENT ASSETS		6,646,626	7,814,453
TOTAL ASSETS LESS CURRENT LIABILITIES		6,748,276	7,939,782
CREDITORS			
Amounts falling due after more than one year	13	(457,601)	(1,935,332)
PROVISIONS FOR LIABILITIES	14	<u>(303,742)</u>	<u>(303,742)</u>
NET ASSETS		5,986,933	5,700,708
CAPITAL AND RESERVES			
Called up share capital	15	5,877,988	5,877,988
Share premium	16	20,550	20,550
Other reserves	16	117,572	117,572
Retained earnings	16	<u>(29,177)</u>	<u>(315,402)</u>
SHAREHOLDERS' FUNDS		5,986,933	5,700,708

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2023 and were signed on its behalf by:

S P O Donnell - Director

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2021	5,877,988	(1,511,529)	20,550	117,572	4,504,581
Changes in equity					
Total comprehensive income	-	1,196,127	-	-	1,196,127
Balance at 31 December 2021	<u>5,877,988</u>	<u>(315,402)</u>	<u>20,550</u>	<u>117,572</u>	<u>5,700,708</u>
Changes in equity					
Total comprehensive income	-	286,225	-	-	286,225
Balance at 31 December 2022	<u>5,877,988</u>	<u>(29,177)</u>	<u>20,550</u>	<u>117,572</u>	<u>5,986,933</u>

Cash Flow Statement
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
Cash flows from operating activities			
Cash generated from operations	1	2,014,968	(1,363,369)
Net cash from operating activities		<u>2,014,968</u>	<u>(1,363,369)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(17,835)	(9,755)
Net cash from investing activities		<u>(17,835)</u>	<u>(9,755)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,997,133</u>	<u>(1,373,124)</u>
Cash and cash equivalents at beginning of year	2	358,518	1,731,642
Cash and cash equivalents at end of year	2	<u><u>2,355,651</u></u>	<u><u>358,518</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.22	31.12.21
	£	£
Profit before taxation	286,225	1,196,127
Depreciation charges	39,165	45,301
Loss on disposal of fixed assets	2,349	2,489
	<u>327,739</u>	<u>1,243,917</u>
Decrease in stocks	-	110,431
Decrease/(increase) in trade and other debtors	4,531,373	(7,869,088)
(Decrease)/increase in trade and other creditors	<u>(2,844,144)</u>	<u>5,151,371</u>
Cash generated from operations	<u>2,014,968</u>	<u>(1,363,369)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>2,355,651</u>	<u>358,518</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>358,518</u>	<u>1,731,642</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank	<u>358,518</u>	<u>1,997,133</u>	<u>2,355,651</u>
	<u>358,518</u>	<u>1,997,133</u>	<u>2,355,651</u>
Total	<u>358,518</u>	<u>1,997,133</u>	<u>2,355,651</u>

Notes to the Financial Statements
for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

Oil & Gas Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling pound (£).

Going concern

Having considered post year end trading and financial results, cash reserves and committed borrowing facilities, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The principal creditor continues to be a related company and the directors are of the opinion that this related company will continue to support the working capital requirements of Oil & Gas Systems Limited and other connected group companies. Solaris Engineering (CY) Limited, the immediate parent undertaking, has indicated its willingness and ability to support the company for at least twelve months following the date of approval of these financial statements. Furthermore, the parent company has confirmed that they will not draw in the loan balances disclosed in notes 12 and 13 for a period of one year following the signing of these financial statement.

Prior year reclassifications

During the year, the company made certain prior year reclassifications in the creditors note for better presentation and consistency with the current year.

Turnover

Revenue is the total amount receivable by the company for equipment supplied and services provided, invoiced in accordance with contract payment terms once certain milestones have been reached and on the basis applied to long term contracts, excluding VAT and trade discounts.

Long term contracts are assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Revenue is ascertained in a manner appropriate to the stage of completion of the contract. Stage of completion is determined by the costs to date as a percentage of the total budgeted costs to complete.

Revenue related to the sale of spares and site services is recognised upon delivery of the goods or completion of the service provided.

Other sales income represents the total amounts receivable for project management and from the recharge of administrative costs to other companies and is recognised on an accruals basis once the company is contractually entitled to the income.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Depreciation is provided on the following basis:

Motor vehicles - 17% straight line basis

Fixtures and fittings - 25%-37.5% reducing balance basis

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 profit or loss.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets 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 profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Offsetting of financial assets and financial liabilities

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.

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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, the following judgements and key estimates have been made by the directors:

Useful lives of tangible fixed assets

The cost of tangible fixed assets is depreciated over its estimated useful economic life. Management estimates the useful lives of these tangible assets to vary. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy of tangible fixed assets is described in note 2. The carrying amount of the company's tangible fixed assets in the balance sheet is disclosed in note 9 of the financial statements.

Warranty provision

A warranty provision is provided on the construction contracts, providing for the anticipated cost of the labour and parts necessary to repair, during the warranty period, equipment sold to customers. The estimated warranty costs are accounted for by accruing these costs for each contract upon completion of the contract.

Stock

The company writes down stock to net realisable value based on an estimate of the realisable value of stock. Written down stock is recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate or judgement, such difference will impact the carrying value of stock and write-downs of stock in the periods in which such estimates or judgements have been changed. The accounting policy of stocks is described in note 2. At the year end, all stock has been fully provided for.

Carrying value of accrued income

The carrying value of accrued income is made on a specific basis, based on the stage of completion which is determined by the costs to date as a percentage of the total budgeted costs to complete.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.12.22	31.12.21
	£	£
Contract sales	6,016,000	14,765,943
Spares	199,000	178,636
Site services	458,000	288,996
Others	17,448	644
	<u>6,690,448</u>	<u>15,234,219</u>

An analysis of turnover by geographical market is given below:

	31.12.22	31.12.21
	£	£
United Kingdom	112,448	544,000
Europe	-	3,000
United States of America	-	34,000
Rest of the world	6,578,000	14,653,219
	<u>6,690,448</u>	<u>15,234,219</u>

5. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£	£
Wages and salaries	1,630,176	1,902,854
Social security costs	218,328	227,329
Other pension costs	54,801	53,676
	<u>1,903,305</u>	<u>2,183,859</u>

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Workshop and engineering	26	32
Administration	13	14
Sales	4	5
Director	1	1
	<u>44</u>	<u>52</u>

6. DIRECTORS' EMOLUMENTS

	31.12.22	31.12.21
	£	£
Directors' remuneration	116,236	106,760
Directors' pension contributions to money purchase schemes	<u>3,127</u>	<u>2,843</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

7. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.22	31.12.21
	£	£
Other operating leases	187,320	188,207
Depreciation - owned assets	39,165	45,300
Loss on disposal of fixed assets	2,349	2,489
Foreign exchange differences	114,347	351,979
Cost of stock recognised as expense	3,413,275	10,638,522
Fees payable to the company's auditor for the audit of the company's financial statement	12,000	14,000

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21
	£	£
Profit before tax	286,225	1,196,127
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	54,383	227,264
Effects of:		
Expenses not deductible for tax purposes	588	595
Depreciation in excess of capital allowances	2,484	4,845
Utilisation of tax losses	(57,455)	(232,704)
Total tax charge	-	-

The company has unused tax losses for which no deferred tax asset has been recognised of £976,481 (2021: £1,278,874).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2022	1,018,959	48,434	1,067,393
Additions	17,835	-	17,835
Disposals	(55,253)	-	(55,253)
At 31 December 2022	<u>981,541</u>	<u>48,434</u>	<u>1,029,975</u>
DEPRECIATION			
At 1 January 2022	893,634	48,434	942,068
Charge for year	39,165	-	39,165
Eliminated on disposal	(52,904)	-	(52,904)
At 31 December 2022	<u>879,895</u>	<u>48,434</u>	<u>928,329</u>
NET BOOK VALUE			
At 31 December 2022	<u>101,646</u>	<u>-</u>	<u>101,646</u>
At 31 December 2021	<u>125,325</u>	<u>-</u>	<u>125,325</u>

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2022	
and 31 December 2022	<u>4</u>
NET BOOK VALUE	
At 31 December 2022	<u>4</u>
At 31 December 2021	<u>4</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Oil & Gas Services Limited

Registered office: Denmark House, St. Thomas Place, Ely, England, CB7 4EX

Nature of business: Dormant

	% holding	31.12.22 £	31.12.21 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		<u>2</u>	<u>2</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**10. FIXED ASSET INVESTMENTS - continued****Oil & Gas Manufacturing Limited**

Registered office: Denmark House, St. Thomas Place, Ely, England, CB7 4EX

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00	31.12.22	31.12.21
		£	£
Aggregate capital and reserves		<u>2</u>	<u>2</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade debtors	777,304	2,020,447
Amounts owed by group undertakings	5,252,011	3,865,878
Other debtors	27,116	26,625
Performance guarantee with Barclays	261,979	523,958
VAT	54,397	385,795
Prepayments	155,369	60,805
Accrued income	6,401,291	10,577,332
	<u>12,929,467</u>	<u>17,460,840</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade creditors	249,275	1,919,024
Amounts owed to group undertakings	4,668,023	758,973
Social security and other taxes	58,677	60,682
Other creditors	1,245	8,326
Accrued expenses	3,661,272	7,257,900
	<u>8,638,492</u>	<u>10,004,905</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.22	31.12.21
	£	£
Amounts owed to related parties	457,601	1,935,332
	<u>457,601</u>	<u>1,935,332</u>

14. PROVISIONS FOR LIABILITIES

	31.12.22	31.12.21
	£	£
Other provisions	<u>303,742</u>	<u>303,742</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

14. **PROVISIONS FOR LIABILITIES - continued**

	Other provisions £
Balance at 1 January 2022	303,742
Balance at 31 December 2022	<u>303,742</u>

A warranty provision has been recognised on the construction contracts, providing for the anticipated cost of the labour and parts necessary to repair, during the warranty period for equipment sold to customers. The estimated warranty costs are accounted for by accruing these costs for each contract upon completion of the contract.

15. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	31.12.22	31.12.21
Number:	Class:	value:	£	£
2,717,192	Ordinary shares	£1	2,717,192	2,717,192
5,405,711	Preference shares	\$1	<u>3,160,796</u>	<u>3,160,796</u>
			<u>5,877,988</u>	<u>5,877,988</u>

The ordinary shares are irredeemable and have full rights in the company with respect to voting, dividend and capital distribution.

The zero coupon preference shares do not entitle the holders thereof to receive notice of, attend or vote at general meetings of the company. The zero-coupon preference shares are entitled to receive back the capital paid up on such shares in preference to any other class of share for the time being in issue, upon winding-up, sale or any other return of capital of the company, but do not entitle holders to participate any further in the distribution of any surplus assets. The zero-coupon preference shares do not entitle the holders to receive any dividends on the redeemable preference shares held by them.

16. **RESERVES**

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

Other reserves are in respect of share redemption in previous years (dated pre 2007) and represents the capital redemption reserve which is not distributable.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

17. RELATED PARTY DISCLOSURES

During the year the company has paid administrative expenses on behalf of Oil and Gas Measurement Limited, a company under common control and as at 31.12.2022 balance receivable from Oil and Gas Measurement Limited was £4,169,146 (2021: £3,865,878). (Note 11)

Other debtors at the year end includes a balance of £27,293 (2021: £27,293) owed by a director of the company. (Note 11)

Company has received loan from OGH Limited, a company under common control and as at 31.12.2022 balance payable to OGH Limited was NIL (2021- £14,069). (Note 12)

During the previous year, the Company received loan from Solaris Engineering (CY) Limited, parent company and as at 31.12.2022 the loan balance payable was £457,601 (2021- £1,935,332). (Note 13)

During the year, the Company accrued office rent expenses of £150,000 (2021: £151,407) on behalf of a company under common control, Enigma Property Ltd. At the year end, there is no signed office lease agreement for future years.

18. AUDITOR LIABILITY LIMITATION AGREEMENT

An auditors' limitation of liability agreement has been approved by the members for the financial period ended 31 December 2022. The principal terms and conditions are as below:

- The agreement limit's the amount of any liability owed to the Company by the auditors in respect of any negligence default, breach of duty or breach of trust, occurring in the course of audit of the Company's accounts and pursuant to this agreement the auditor may be guilty in relation to the Company.
- The agreement also stipulates the maximum aggregated amount payable in event of any of the circumstances stated above.

19. POST BALANCE SHEET EVENTS

After the balance sheet date, we have seen significant macro-economic uncertainty as a result of the conflict in Ukraine. The scale and duration of this development remains uncertain and could impact the earnings and cash flow.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent entity is Solaris Engineering (CY) Limited, a company incorporated in Cyprus. In the opinion of the directors the ultimate controlling party is Solaris Trust reg, Liechtenstein, managed by its trustees Mr Viktor Andreas Buechel and Mr Dominik Gebhard Risch.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.