

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2020

for

British Drilling and Freezing Company
Limited

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COMPANIES HOUSE

British Drilling and Freezing Company
Limited

Company Information
for the Year Ended 31 December 2020

DIRECTORS:

H W Mew
G Saunby
P J Wheelhouse

SECRETARY:

D Miller

REGISTERED OFFICE:

Private Road no. 3
Colwick Industrial Estate
Colwick
Nottinghamshire
NG4 2BB

REGISTERED NUMBER:

02409264 (England and Wales)

AUDITORS:

Bostockwhite Limited
Chartered Accountants and Statutory Auditors
Cabourn House
Station Street
Bingham
Nottinghamshire
NG13 8AQ

Group Strategic Report
for the Year Ended 31 December 2020

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

FAIR REVIEW OF BUSINESS

The poor trading conditions experienced in the last few years continued throughout 2020. Covid lockdown has been the main reason for the lack of work. The Brexit debacle and anti-carbon resentment has led to under investment by hydrocarbon explorers. These factors have caused severe fleet under-utilisation. The directors are confident that the company's liquidity and minimal debt protect it from such a downturn in the medium to near future.

Cost reduction and cash management remain top priorities with our investment yield taking an important role in business outcome.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk is that of under-utilisation of the rig fleet leading to erosion of the company's liquidity coupled with a reticence by clients and potential clients to invest in these politically uncertain times.

As part of the assessment of risks and uncertainties, we have considered the impact of COVID-19 and concluded that this does not give rise to a significant risk. Although there were operational disruptions in the year as a result, the company utilised the CJRS (Coronavirus Job Retention Scheme) to minimise the financial impact and we do not anticipate any material impact on going concern in the future.

FINANCIAL RISK MANAGEMENT

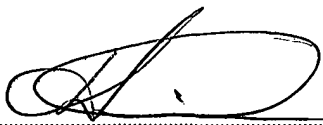
The group makes little use of financial instruments other than an operational bank account and current asset investments and therefore its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

KEY PERFORMANCE INDICATORS

The company takes a balanced approach between profit related and asset related key performance indicators.

The gross profit in the previous year has worsened by £1,256,394 to become a gross loss of £1,217,483 this year. Net current assets have decreased by £2,153,502.

ON BEHALF OF THE BOARD:



.....
D Miller - Secretary

Date: 18/5/21

Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of exploration drilling, ground freezing and the manufacture of cable handling equipment.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

H W Mew
G Saunby
P J Wheelhouse

DISCLOSURE IN THE STRATEGIC REPORT

In cases where the requirements of the Directors' Report and the Strategic Report overlap, disclosure is instead included within the Strategic Report on Page 2 under S414c(11).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

British Drilling and Freezing Company
Limited

Report of the Directors
for the Year Ended 31 December 2020

AUDITORS

The auditors, Bostockwhite Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
D Miller - Secretary

Date: 18/5/21

Report of the Independent Auditors to the Members of
British Drilling and Freezing Company
Limited

Qualified opinion

We have audited the financial statements of British Drilling and Freezing Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's result 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 qualified opinion

As more fully explained in the 'Employee Benefit Obligations' note later in these financial statements, the group and company have not accounted for the pension costs, assets and liabilities in respect of the defined benefit pension scheme in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")' section 28 'Employee Benefits'. Instead the pension costs have been accounted for as if the group and company were operating a defined contribution pension scheme, and no net pension asset or liability has been recognised in the company or group balance sheet.

The latest actuarial valuation, prepared for funding purposes rather than on the basis required under FRS 102, of the company's defined benefit pension scheme was at 31 December 2018, at which date the market value of the fund's assets was £9,429,000 and the past service liabilities were £13,623,000 resulting in a deficit, before deducting any deferred tax asset, of £4,194,000. The actuarial information required by FRS 102 section 28 'Employee Benefits' has not been obtained for the year ended 31 December 2020 or for the year ended 31 December 2019 nor have the relevant disclosures required been made in the financial statements. In the absence of the relevant actuarial information, it is not possible for us to quantify the financial effect of the group's and company's failure to account for the pension costs, assets and liabilities of the company's defined benefit pension scheme in accordance with FRS 102 section 28 'Employee Benefits'.

The audit opinion in previous years has also been qualified for the same reasons as described above.

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 group's and the parent 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.

Report of the Independent Auditors to the Members of
British Drilling and Freezing Company
Limited

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of
British Drilling and Freezing Company
Limited

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:

Firstly, due to the heavy involvement of the directors in the day to day running of the entity and the oversight over transactions, our assessment of the entity's financial statements to material misstatements, including fraud, is low.

Consequently, the risks identified are the inherent risks which surround dominant influence by management and revenue recognition. In response, we have:

- Reviewed minutes of meetings of management and those charged with governance
- Enquired of management and those charged with governance around actual and potential litigation and claims
- Tested journal entries and other adjustments for appropriateness, and evaluated the business rationale of any significant transactions outside the normal course of business
- Reviewed a sample of sales around the year end and ensured correct cut-off had been applied

Whilst the above procedures aid us in detecting irregularities, there exists the inherent difficulty in detecting irregularities, particularly those related to fraud. However, we believe the above risks to be the particular areas most susceptible to material misstatement.

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
British Drilling and Freezing Company
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.



Samantha White FCA CTA (Senior Statutory Auditor)
for and on behalf of Bostockwhite Limited
Chartered Accountants and Statutory Auditors
Cabourn House
Station Street
Bingham
Nottinghamshire
NG13 8AQ

Date:18/5/2021.....

**British Drilling and Freezing Company
Limited**

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	31.12.20 £	31.12.19 £
TURNOVER	3	1,186,543	5,142,651
Cost of sales		2,404,026	5,103,740
GROSS (LOSS)/PROFIT		(1,217,483)	38,911
Administrative expenses		1,712,198	1,717,918
		(2,929,681)	(1,679,007)
Other operating income	4	557,663	-
OPERATING LOSS	7	(2,372,018)	(1,679,007)
Interest receivable and similar income		107,088	140,095
LOSS BEFORE TAXATION		(2,264,930)	(1,538,912)
Tax on loss	8	-	-
LOSS FOR THE FINANCIAL YEAR		(2,264,930)	(1,538,912)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,264,930)	(1,538,912)
Loss attributable to:			
Owners of the parent		(2,264,930)	(1,538,912)
Total comprehensive income attributable to:			
Owners of the parent		(2,264,930)	(1,538,912)

The notes form part of these financial statements

**Consolidated Balance Sheet
31 December 2020**

	Notes	31.12.20		31.12.19	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		265,467		376,895
Investments	12		-		-
			<u>265,467</u>		<u>376,895</u>
CURRENT ASSETS					
Stocks	13	573,036		622,682	
Debtors	14	303,315		598,588	
Investments	15	3,711,064		4,921,876	
Cash at bank and in hand		2,263,338		1,295,052	
		<u>6,850,753</u>		<u>7,438,198</u>	
CREDITORS					
Amounts falling due within one year	16	2,625,762		1,059,705	
			<u>4,224,991</u>		<u>6,378,493</u>
NET CURRENT ASSETS					
			<u>4,490,458</u>		<u>6,755,388</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>4,490,458</u>		<u>6,755,388</u>
CAPITAL AND RESERVES					
Called up share capital	19		48,000		48,000
Capital redemption reserve	20		72,000		72,000
Retained earnings	20		4,370,458		6,635,388
			<u>4,490,458</u>		<u>6,755,388</u>
SHAREHOLDERS' FUNDS					
			<u>4,490,458</u>		<u>6,755,388</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18/5/21 and were signed on its behalf by:



P J Wheelhouse - Director

Company Balance Sheet
31 December 2020

	Notes	31.12.20		31.12.19	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		244,579		350,271
Investments	12		744,648		744,648
			<u>989,227</u>		<u>1,094,919</u>
CURRENT ASSETS					
Stocks	13	464,468		494,929	
Debtors	14	223,629		503,102	
Investments	15	3,711,064		4,921,876	
Cash at bank and in hand		2,007,078		1,156,803	
		<u>6,406,239</u>		<u>7,076,710</u>	
CREDITORS					
Amounts falling due within one year	16	2,422,288		904,576	
			<u>3,983,951</u>		<u>6,172,134</u>
NET CURRENT ASSETS					
			<u>4,973,178</u>		<u>7,267,053</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>4,973,178</u>		<u>7,267,053</u>
CAPITAL AND RESERVES					
Called up share capital	19		48,000		48,000
Capital redemption reserve	20		72,000		72,000
Retained earnings	20		4,853,178		7,147,053
			<u>4,973,178</u>		<u>7,267,053</u>
SHAREHOLDERS' FUNDS					
			<u>4,973,178</u>		<u>7,267,053</u>
Company's loss for the financial year			<u>(2,293,875)</u>		<u>(1,631,753)</u>

The financial statements were approved by the Board of Directors and authorised for issue on^{18/5/21} and were signed on its behalf by:



P J Wheelhouse - Director

**British Drilling and Freezing Company
Limited**

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	48,000	8,174,300	72,000	8,294,300
Changes in equity				
Total comprehensive loss	-	(1,538,912)	-	(1,538,912)
Balance at 31 December 2019	48,000	6,635,388	72,000	6,755,388
Changes in equity				
Total comprehensive loss	-	(2,264,930)	-	(2,264,930)
Balance at 31 December 2020	48,000	4,370,458	72,000	4,490,458

The notes form part of these financial statements

British Drilling and Freezing Company
Limited

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	48,000	8,778,806	72,000	8,898,806
Changes in equity				
Total comprehensive income	-	(1,631,753)	-	(1,631,753)
Balance at 31 December 2019	48,000	7,147,053	72,000	7,267,053
Changes in equity				
Total comprehensive income	-	(2,293,875)	-	(2,293,875)
Balance at 31 December 2020	48,000	4,853,178	72,000	4,973,178

The notes form part of these financial statements

**British Drilling and Freezing Company
Limited**

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

	Notes	31.12.20 £	31.12.19 £
Cash flows from operating activities			
Cash generated from operations	1	(345,991)	(1,895,942)
Net cash from operating activities		<u>(345,991)</u>	<u>(1,895,942)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(10,936)	(35,650)
Purchase of other investments		(81,875)	(98,580)
Sale of tangible fixed assets		-	5,700
Current asset investment withdrawal		1,300,000	-
Interest received		107,088	140,095
Net cash from investing activities		<u>1,314,277</u>	<u>11,565</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	1,295,052	3,179,429
Cash and cash equivalents at end of year	2	<u><u>2,263,338</u></u>	<u><u>1,295,052</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

1. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	31.12.20	31.12.19
	£	£
Loss for the financial year	(2,264,930)	(1,538,912)
Depreciation charges	122,364	183,129
Loss on disposal of fixed assets	-	1,300
Gain on revaluation of fixed assets	(7,313)	(328,543)
Finance income	(107,088)	(140,095)
	<u>(2,256,967)</u>	<u>(1,823,121)</u>
Decrease in stocks	49,646	45,537
Decrease/(increase) in trade and other debtors	295,273	(157,658)
Increase in trade and other creditors	1,566,057	39,300
	<u>1,566,057</u>	<u>39,300</u>
Cash generated from operations	<u><u>(345,991)</u></u>	<u><u>(1,895,942)</u></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 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>2,263,338</u>	<u>1,295,052</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>1,295,052</u>	<u>3,179,429</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank and in hand	1,295,052	968,286	2,263,338
	<u>1,295,052</u>	<u>968,286</u>	<u>2,263,338</u>
Liquid resources			
Current asset investments	4,921,876	(1,210,812)	3,711,064
	<u>4,921,876</u>	<u>(1,210,812)</u>	<u>3,711,064</u>
Total	<u>6,216,928</u>	<u>(242,526)</u>	<u>5,974,402</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

British Drilling and Freezing Company 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 General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Contractual income

In respect of long-term contracts and contracts for on-going services, turnover is recognised at the fair value of work done in the year, including estimates of amounts not invoiced. Turnover is shown net of Value Added Tax.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as they are incurred.

Income on rig mobilisation stages of a contract are recognised on the completion of these stages, in accordance with the terms of the contract.

Sale of goods

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of goods are recognised when goods are delivered and legal title has passed and the Group has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery.

Goodwill

Goodwill is capitalised and amortised evenly over 5 years as, in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 25% on cost, 20% on cost, 15% on cost and 10-50% straight line, per annum
Fixtures and fittings	- 15% on cost and 10-15% straight line, per annum
Motor vehicles	- 25% on cost and 10-33% straight line, per annum

Tangible fixed assets are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently, tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Stocks and work in progress

Stocks are valued at the lower of cost and estimated selling price less costs to complete the sale. Cost is based on the cost of purchase on a first in first out basis.

Work in progress is valued on a basis of direct costs plus attributable overheads based on normal levels of activity.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete the sale is recognised as an impairment loss in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

Leases

Rentals payable under operating leases, including any lease incentives received, are recognised on a straight line basis over the term of the relevant lease.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined benefit pension scheme for certain employees. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account in the year in which they become payable. The contributions are determined by a qualified actuary on the basis of triennial valuation. This scheme is closed to new members.

As explained in the note later in these accounts titled 'Employee Benefit Obligations', the directors have chosen not to adopt Section 28 'Employee Benefits' of FRS102 on the grounds that the costs of obtaining the required actuarial information is considered prohibitive.

The group also operates a defined contribution pension scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 to all its financial instruments.

Financial assets

Financial assets are recognised in the groups statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, 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.

Financial assets at fair value through profit or loss

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the group as lessee.

Stock provisioning

It is necessary for the directors to consider the recoverability of the cost of stocks and the associated provisioning required and includes where necessary, impairments for slow moving and obsolete stocks. Calculation of the provisioning requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

Tangible fixed asset depreciation

The assessment of the useful economic lives and the method of depreciating tangible fixed assets require judgement. Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets.

Bad debt provision

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculations of the bad debt provision requires judgement from the management team, based on the credit worthiness of the customer.

Contracts

In order to assess the appropriateness of the income and costs recognised on contracts, the group is required to make estimations of sales prices, costs and margins expected in order to determine whether any writedowns or reversals are required to ensure turnover and cost of sales are stated appropriately in the financial statements.

Recognition of deferred tax assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

3. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the group.

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

	31.12.20	31.12.19
	£	£
Drilling and ground freezing	236,444	3,711,427
Cable handling equipment	950,099	1,431,224
	<u>1,186,543</u>	<u>5,142,651</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	31.12.20	31.12.19
	£	£
United Kingdom	1,013,215	4,540,086
Rest of world	173,328	602,565
	<u>1,186,543</u>	<u>5,142,651</u>

4. OTHER OPERATING INCOME

	31.12.20	31.12.19
	£	£
Government grants	<u>557,663</u>	<u>-</u>

Government grants wholly relate to amounts received under the Coronavirus Job Retention Scheme (CJRS). There are no unfulfilled conditions attached to this income received. No other significant government assistance has been received for which the company has benefited.

5. EMPLOYEES AND DIRECTORS

	31.12.20	31.12.19
	£	£
Wages and salaries	1,638,266	2,690,620
Social security costs	151,930	250,854
Other pension costs	508,287	545,781
	<u>2,298,483</u>	<u>3,487,255</u>

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

	31.12.20	31.12.19
Office and management staff	7	9
Direct labour and depot staff	<u>51</u>	<u>62</u>
	<u>58</u>	<u>71</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 19 (2019 - 20).

6. DIRECTORS' EMOLUMENTS

	31.12.20	31.12.19
	£	£
Directors' remuneration	371,283	439,861
Directors' pension contributions to money purchase schemes	<u>2,943</u>	<u>2,890</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

6. DIRECTORS' EMOLUMENTS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1
Defined benefit schemes	3	3
	<u> </u>	<u> </u>

Information regarding the highest paid director is as follows:

	31.12.20	31.12.19
	£	£
Emoluments etc	129,290	158,327
Accrued pension at 31 December 2020	67,777	67,685
	<u> </u>	<u> </u>

Key management personnel comprise the executive directors whose aggregate remuneration is disclosed above.

7. OPERATING LOSS

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

	31.12.20	31.12.19
	£	£
Other operating leases	25,718	25,718
Depreciation - owned assets	122,364	183,129
Loss on disposal of fixed assets	-	1,300
Auditors' remuneration	16,400	16,050
-Subsidiary undertakings	4,000	4,000
Foreign exchange differences	(120)	1,328
Operating lease rentals	377,000	782,000
	<u> </u>	<u> </u>

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	31.12.20	31.12.19
	£	£
Loss before tax	(2,264,930)	(1,538,912)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(430,337)	(292,393)
Effects of:		
Expenses not deductible for tax purposes	-	265
Income not taxable for tax purposes	(4,050)	(62,423)
Capital allowances in excess of depreciation	(8,899)	(1,816)
Utilisation of tax losses	11,259	-
Losses carried forward	432,027	356,367
Total tax charge	-	-

The group has unused tax losses carried forward at the year end of £10,120,570 (2019: £7,846,746).

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill
	£
COST	
At 1 January 2020 and 31 December 2020	136,752
AMORTISATION	
At 1 January 2020 and 31 December 2020	136,752
NET BOOK VALUE	
At 31 December 2020	-
At 31 December 2019	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

11. TANGIBLE FIXED ASSETS

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2020	5,847,136	74,530	341,563	6,263,229
Additions	-	10,936	-	10,936
At 31 December 2020	5,847,136	85,466	341,563	6,274,165
DEPRECIATION				
At 1 January 2020	5,592,080	69,836	224,418	5,886,334
Charge for year	96,099	5,881	20,384	122,364
At 31 December 2020	5,688,179	75,717	244,802	6,008,698
NET BOOK VALUE				
At 31 December 2020	158,957	9,749	96,761	265,467
At 31 December 2019	255,056	4,694	117,145	376,895

Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 January 2020	5,778,275	35,276	280,445	6,093,996
Additions	-	10,936	-	10,936
At 31 December 2020	5,778,275	46,212	280,445	6,104,932
DEPRECIATION				
At 1 January 2020	5,531,055	30,581	182,089	5,743,725
Charge for year	92,862	5,881	17,885	116,628
At 31 December 2020	5,623,917	36,462	199,974	5,860,353
NET BOOK VALUE				
At 31 December 2020	154,358	9,750	80,471	244,579
At 31 December 2019	247,220	4,695	98,356	350,271

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	2,792,166
PROVISIONS	
At 1 January 2020 and 31 December 2020	2,047,518
NET BOOK VALUE	
At 31 December 2020	744,648
At 31 December 2019	744,648

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

Subsidiaries

Autoreel Limited

Registered office: Same as parent - see company information page.

Nature of business: Manufacture of cable handling equipment

	%
Class of shares:	holding
Ordinary	100.00

B.B. Drilling Limited

Registered office: Same as parent - see company information page.

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Boldon Drilling Limited

Registered office: Same as parent - see company information page.

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

The dormant companies above have taken the exemption in Section 480 of the Companies Act 2006 ("the Act") from the requirements in the Act for their individual accounts to be audited.

All subsidiaries are incorporated in England & Wales, and are included within the consolidation.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

13. STOCKS

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Raw materials	477,342	480,566	455,850	455,807
Work-in-progress	95,694	142,116	8,618	39,122
	<u>573,036</u>	<u>622,682</u>	<u>464,468</u>	<u>494,929</u>

Raw materials stock with a carrying value of £1,206,768 has previously been written down by £801,619. No earlier stock write down has been reversed during the current or preceding period.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Trade debtors	159,293	468,785	15,480	369,008
Amounts owed by group undertakings	-	-	80,695	19,187
Other debtors	2,994	1,372	12	127
Prepayments and accrued income	141,028	128,431	127,442	114,780
	<u>303,315</u>	<u>598,588</u>	<u>223,629</u>	<u>503,102</u>

15. CURRENT ASSET INVESTMENTS

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Short term investments	<u>3,711,064</u>	<u>4,921,876</u>	<u>3,711,064</u>	<u>4,921,876</u>

As a result of changes in market values, a fair value gain of £7,313 (2019: gain of £328,543) has been recognised within administrative expenses during the year.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.20	31.12.19	31.12.20	31.12.19
	£	£	£	£
Trade creditors	232,966	318,079	130,762	214,842
Amounts owed to group undertakings	-	-	100,373	100,373
Social security and other taxes	359,155	128,220	343,303	114,390
VAT	17,953	33,740	-	-
Other creditors	43,321	223,334	43,321	223,334
Accruals and deferred income	1,972,367	356,332	1,804,529	251,637
	<u>2,625,762</u>	<u>1,059,705</u>	<u>2,422,288</u>	<u>904,576</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	31.12.20	31.12.19
	£	£
Within one year	242,000	721,500
Between one and five years	907,500	450,000
	<u>1,149,500</u>	<u>1,171,500</u>

Company

	Non-cancellable operating leases	
	31.12.20	31.12.19
	£	£
Within one year	220,000	705,000
Between one and five years	825,000	450,000
	<u>1,045,000</u>	<u>1,155,000</u>

18. FINANCIAL INSTRUMENTS

The carrying amount of the group's financial instruments at 31 December were:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Financial assets:				
Debt instruments measured at amortised cost	306,894	598,588	223,629	503,102
Equity instruments measured at cost less impairment	-	-	744,648	744,648
Instruments measured at fair value through profit or loss	<u>3,711,064</u>	<u>4,921,876</u>	<u>3,711,064</u>	<u>4,921,876</u>
Financial liabilities:				
Measured at amortised cost	<u>2,239,537</u>	<u>897,745</u>	<u>1,978,613</u>	<u>689,813</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	31.12.20	31.12.19
Number:	Class:	value:	£	£
48,000	Ordinary	£1	48,000	48,000

Ordinary share rights

The company's ordinary shares which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

20. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2020	6,635,388	72,000	6,707,388
Deficit for the year	(2,264,930)		(2,264,930)
At 31 December 2020	4,370,458	72,000	4,442,458

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2020	7,147,053	72,000	7,219,053
Deficit for the year	(2,293,875)		(2,293,875)
At 31 December 2020	4,853,178	72,000	4,925,178

Reserves of the company represent the following:

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Retained earnings

Cumulative profit and loss net of distributions to owners.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

21. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit schemes

The group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group.

The directors have not accounted for pension costs, assets and liabilities in accordance with Section 28 'Employee Benefits' of FRS102 on the grounds that the costs of obtaining the required actuarial information is considered prohibitive. The group has continued to account for pension costs on the basis of contributions paid.

The pension charge for the year was £494,708 (2019: £507,323). No amounts were outstanding or prepaid at the year end.

The latest actuarial assessment of the scheme was made at 31 December 2018. The main assumptions adopted in this review were that the long term investment return would be 4.5% per annum, salary increases would be 2% per annum and post retirement increases would be 2.60% per annum. At 31 December 2018 the actuarial value of the schemes assets was £9,429,000 and the actuarial valuation of the schemes liabilities were £13,623,000, resulting in a scheme deficit of £4,194,000.

The next valuation date will be 31 December 2021.

In light of the deficit, the group has committed to making deficit funding contributions at a rate of £409,320 per annum payable monthly until November 2030.

Defined contribution schemes

The group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge for the year was £19,484 (2019: £15,277) which represents contributions payable by the group to the fund. No amounts were outstanding or prepaid at the year end.

22. RELATED PARTY DISCLOSURES

Entities over which the entity has control, joint control or significant influence

	31.12.20	31.12.19
	£	£
Lease charges for property, plant & equipment	377,000	760,000
Amount due to related party	43,321	223,334

Other related parties

During the year the group provided payroll services for its pension scheme at no cost to the scheme.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr P J Wheelhouse by virtue of his majority shareholding.