

Company number: SC145802

AMENDED

Company registration number SC145802 (England and Wales)

**SCHOELLER-BLECKMANN DARRON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

COMPANY INFORMATION

Directors	Daria Nevskaya Fedyaev Yuryevich	(Appointed 8 August 2022) (Appointed 25 November 2021)
Secretary	Stronachs Secretaries Limited	
Company number	SC145802	
Registered office	Howe Moss Terrace Kirkhill Industrial Estate Dyce Aberdeen AB21 0GR	
Auditor	SPW (UK) LLP Gable House 239 Regents Park Road London N3 3LF	

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SCHOELLER-BLECKMANN DARRON LIMITED

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SCHOELLER-BLECKMANN DARRON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for Schoeller-Bleckmann Darron Limited for the year ended 31 December 2021.

Business review

Revenue has decreased by 27.6% to \$10.9 million from \$15.0 million. Profit before tax has decreased by 416% to \$-1.4 million from \$0.5 million.

Reasons of sales decrease - NM sales decreased by almost 50% because no big tenders were won in 2020 for 2021, workshop sales decreased by 40% mostly because of two reasons - COVID-19 impact and workshop headcount reduction due to retirement. Replacement is ongoing, but it is quite challenging on local labour market.

Reasons of losses - Low sales could not cover fixed costs, and overheads was 20% higher than in prior year.

Our key objectives remain unchanged, keeping costs low while increasing revenues and market share due to best value for money of our products and services for customers.

Due to investments in new machinery, we could offer high-tech repairs strongly requested by our customers.

To overcome threats in the market we need to remain customer oriented and to monitor our pricing strategy closely.

Future Developments

The Company plans to increase its existing market share both in Russia and other geographical locations in the former Soviet Union while offering additionally high precision manufacturing.

Research and development of diversified markets became one of a strategic priority of the Company

Principal risks and uncertainties

The Company's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk and credit risk. The Company participates in policies developed and implemented for the group as a whole by the ultimate parent Company SBO AG undertaking to monitor and control these risks.

Given the size of the Company, the members have not delegated the responsibility of monitoring financial risk management to a sub-committee. The Company's Finance Department implements the policies set by the directors.

Nowadays political risks came to the fore and became decisive in determining the strategy for further development.

Credit risk

The Company has implemented policies that require customers to be credit checked before new accounts accepted.

The Company has a risk management program in place that seeks to limit adverse effects on financial performance by monitoring levels of debt finance and the related finance costs when applicable. The Company does not use derivative instruments to manage interest rate costs and, as such, no hedge accounting is applied.

The amount of exposure to any individual counterparty is subject to a limit, which is re-assessed annually by the members.

Foreign exchange risk

The Company operates in a number of currencies and is exposed to exchange rate fluctuations. This risk is assessed on an ongoing basis. The Company does not use derivative financial instruments to manage currency exchange movements and, as such, no hedge accounting is applied.

Interest rate cash flow risk

The group holds interest bearing assets including Company bank balances that receive interest income at a variable rate. The risks arising from holding such assets are regularly reviewed by the directors.

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SCHOELLER-BLECKMANN DARRON LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Political risk

The Company's branch operates in the Russian Federation. In 2021, there were not significant operational challenges due to the ongoing political situation compared to 2020. Sanctions were the same as in previous years.

In February 2022, the President of the Russian Federation signed decrees recognizing the independence of the Donetsk and Lugansk Independent Republics (hereinafter LPR and DPR). This decision, along with the decision to conduct a Special Military Operation in the LPR and DPR led to an escalation of the military conflict in Ukraine.

Extensive sanctions have been imposed by the United States of America, the European Union and other countries. These sanctions are aimed at significantly limiting Russia's participation in the global economy, access to high-tech goods and developments. In addition, a restriction was imposed on the use of part of the gold and foreign exchange reserves by the Bank of Russia, which radically changed the conditions for the Russian economy.

The additional sanctions introduced are not final and will continue to be supplemented, including an increase in the number of bank under sanctions, a ban on the supply of equipment for other sectors of the Russian economy (related to the aviation, military, oil refining industries), a further restriction of funds on accounts abroad for individual and legal entities and the termination of business with Russia.

Since March 2022 the Russian Federation has imposed restrictions on the withdrawal of funds by non-residents abroad. Since then the cash on the Company's accounts in bank can't be transferred from Russia and will be kept there until further changes in currency control politics in Russia are place.

The exchange rate of the Bank of Russia ranged from 51.1580 to 120.3785 rubles per US dollar and from 53.858 to 132.9581 rubles per euro. The key rate of the Bank of Russia increased from 8.5% to 9.5% in early 2022, and then it was increased to 20% in February, followed by a stepwise decrease to 9.5% by 30 June 2022.

UK and EU sanctions made further import of raw materials and spare parts from EU and UAE almost impossible. Russian restrictions made it impossible for non-residents to pay abroad.

Despite the political situation, all our main customers have remained in Russia and continue to place orders, providing us with revenue according to the budget approved in 2021. Stock in warehouses, the open winddown period for import from EU and the sanctions relief for certain products allow the Company to work without a shortage of materials.

Covid 19 risk and impact

The Covid-19 pandemic was classified as a global pandemic by the World Health Organisation.

As yet this pandemic has had minimal impact in the branch;s location and business operations are ongoing. Management are monitoring the situation but do not expect it to significantly impact operations given they operate in a key industry.

There is the risk that the pandemic impacts the operations and the government requires all businesses to close.

In 2021 there were several cases of Covid-19 infection, with one full lock down for 3 weeks. Management is monitoring the situation and takes all required measures to avoid such situations in future.

Brexit

The company and branch are not impacted by the decision of the United Kingdom electorate to leave the European Union ("Brexit").

Financial key performance indicators

The Company regard the level of revenue and operating profit as they key indicators of the Company's financial performance. These indicators are included above.

All the above indicators are monitored on an ongoing basis,

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved on behalf of the board and signed on its behalf


Fedyaev Yuryevich
Director

3 February 2025

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SCHOELLER-BLECKMANN DARRON LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the Company in the year under review were those of the manufacture, repair and sale of non-magnetic and black steel drill string components for oil and gas wells, as well as thread connection inspections services, rent of down-hole motors, drilling jars, NMDC's, and multi-activating circulation wells for the oil & gas industry.

Results and dividends

The loss for the year after taxation, amounted to \$-1.4 million (2020: profit \$0.5 million).

During the year 2021, an interim dividend of \$0.0 million (2020: \$0.8 million) was paid. The directors do not recommend the payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Daria Nevskaya	(Appointed 8 August 2022)
Fedyaev Yuryevich	(Appointed 25 November 2021)
M Fosleitner	(Resigned 25 October 2021)
G Grohmann	(Resigned 6 July 2022)
K H Mader	(Resigned 6 July 2022)
C M MacPherson	(Resigned 6 July 2022)

Qualifying third party indemnity provisions

The Company's Articles of Association include provisions indemnifying the directors for all liabilities incurred in the performance of their duties.

Political donations

The Company made no political donations or incurred any political expenditure during the year (2020: \$nil).

Matters covered in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulation 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 3. These matters relate to future developments and financial instruments.

Overseas branches

The company has a branch in the Russian Federation

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have continued to adopt the going concern basis of accounting in preparing the financial statements.

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SCHOELLER-BLECKMANN DARRON LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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:

- properly select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

SPW (UK) LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board



Fedyaev Yuryevich
Director

3 February 2025

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SCHOELLER-BLECKMANN DARRON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Schoeller-Bleckmann Darron Limited

Opinion

We have audited the financial statements of Schoeller-Bleckmann Darron Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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SCHOELLER-BLECKMANN DARRON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCHOELLER-BLECKMANN DARRON LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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SCHOELLER-BLECKMANN DARRON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCHOELLER-BLECKMANN DARRON LIMITED (CONTINUED)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the commodities market;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- Transferring assets to another company in the group whilst the Russian v Ukraine war is ongoing

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing management's assessment concerning the transfer of assets;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

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SCHOELLER-BLECKMANN DARRON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCHOELLER-BLECKMANN DARRON LIMITED (CONTINUED)



Shirish Shah (Senior Statutory Auditor)

For and on behalf of SPW (UK) LLP, Statutory Auditor

Chartered Accountants

Gable House

239 Regents Park Road

London

N3 3LF

3 February 2025

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SCHOELLER-BLECKMANN DARRON LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	\$	\$
Revenue	3	10,864,803	15,001,978
Cost of sales		(8,749,701)	(11,383,941)
Gross profit		<u>2,115,102</u>	<u>3,618,037</u>
Administrative expenses		(3,655,181)	(2,639,789)
Operating (loss)/profit	4	(1,540,079)	978,248
Investment income	6	71,888	65,095
Finance costs	7	(57,877)	(57,381)
(Loss)/profit before taxation		<u>(1,526,068)</u>	<u>985,962</u>
Tax on (loss)/profit	8	58,678	(530,352)
(Loss)/profit and total comprehensive income for the financial year		<u><u>(1,467,390)</u></u>	<u><u>455,610</u></u>

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SCHOELLER-BLECKMANN DARRON LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

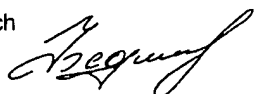
	Notes	2021 \$	\$	2020 \$	\$
Non-current assets					
Property, plant and equipment	10	5,788,209		8,428,927	
Right-of-use assets	10	460,255		484,018	
Deferred tax asset	16	453,901		191,773	
		<u>6,702,365</u>		<u>9,104,718</u>	
Current assets					
Inventories	11	5,331,798		4,677,832	
Trade and other receivables	12	3,999,897		4,309,971	
Cash and cash equivalents		5,910,838		4,390,277	
		<u>15,242,533</u>		<u>13,378,080</u>	
Current liabilities	14	<u>(2,844,144)</u>		<u>(1,908,619)</u>	
Net current assets		<u>12,398,389</u>		<u>11,469,461</u>	
Total assets less current liabilities		<u>19,100,754</u>		<u>20,574,179</u>	
Non-current liabilities	14	(516,858)		(522,893)	
Net assets		<u>18,583,896</u>		<u>20,051,286</u>	
Equity					
Called up share capital	17	6,782,773		6,782,773	
Retained earnings		11,801,123		13,268,513	
Total equity		<u>18,583,896</u>		<u>20,051,286</u>	

The notes on pages 13 to 26 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 3 February 2025 and are signed on its behalf by:

Fedyaev Yuryevich
Director



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SCHOELLER-BLECKMANN DARRON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital \$	Retained earnings \$	Total \$
Balance at 1 January 2020		6,782,773	13,612,903	20,395,676
Year ended 31 December 2020:				
Profit and total comprehensive income		-	455,610	455,610
Transactions with owners:				
Dividends	9	-	(800,000)	(800,000)
Balance at 31 December 2020		<u>6,782,773</u>	<u>13,268,513</u>	<u>20,051,286</u>
Year ended 31 December 2021:				
Loss and total comprehensive income		-	(1,467,390)	(1,467,390)
Balance at 31 December 2021		<u><u>6,782,773</u></u>	<u><u>11,801,123</u></u>	<u><u>18,583,896</u></u>

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SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Schoeller-Bleckmann Darron Limited is a private company limited by shares incorporated in Scotland. The registered address of the Company is given on page 1. The principal operations of the Company are included in the Directors' report Pg 4 - 5.

1.1 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Group Regulations 2008/410 ('Regulations').

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure exemptions applied

The company can take advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

- (i) The requirements of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The requirements of IFRS 13 'Fair Value Measurement' paragraphs 91-99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
- (iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to disclosures of estimates used to measure recoverable amounts;
- (iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79 (a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 18(118)(e)),
- (v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vi) The requirements IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (viii) The requirements of IAS 24 'Related Party Disclosures' relating to the disclosure of key management personnel compensation relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points (i) to (iii), the equivalent disclosures are included in the consolidated financial statements of the group, Schoeller-Bleckmann Oilfield Equipment AG which the Company is consolidated into.

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SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the company.

Functional and presentational currency

The Company's functional currency is US Dollar as this is the currency of the primary economic environment of that which the Company operates.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumption are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.14

1.2 Foreign currency

Transactions in foreign currencies are translated into the functional currencies at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates as at that date. Exchange rates are \$1 : RR70.34 (2020: \$1 : RR74.04).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided during the year in the normal course of business, net of discounts, VAT, and other sales-related taxes. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is recognised on despatch of goods or provisions of related services.

1.4 Taxation

Current tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

1.5 Property, plant and equipment

Property, plant and equipment is recognised as an asset only if it probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing an the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Freehold property	5% to 20% on cost
Fixtures and fittings	25% to 33% on cost
Plant and machinery	10% to 25% on cost
Motor vehicles	20% to 33% on cost
Construction in progress is not depreciated until brought into use.	

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

The gain or loss arising on the disposal of an asset are determined as the difference between the disposal proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit.

The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Costs includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets held at amortised cost

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A 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.

1.9 Financial liabilities

These financial liabilities include trade and other payables only.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised costs using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial liabilities

A financial liabilities is derecognised only when the company's obligations is extinguished, that is, when the obligation is discharged, cancelled, or expires.

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies **(Continued)**

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

1.11 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained Earnings include all current and prior period retained profits.

1.12 Provisions

Provision for onerous contracts, restructuring costs and legal claims are recognised when: the company has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood, that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is assessed based on the impact on the class of obligations as a whole, even if the likelihood of an outflow with respect to any one individual item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

1.13 Employee benefits

The company contributes to the Russian Social Security Fund in compliance with local legislation. Costs are expensed as incurred.

1.14 Leases

All leases are accounted for in the same manner:

- A right of use asset and lease liability is recognised on the statement of financial position, initially measured at the present value of future lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities are recognised in the statement of comprehensive income

The initial measurement of the right of use asset and lease liability takes into account the value of lease incentives such as rent free periods, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event of condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in Interest-bearing loans and borrowings.

SCHOELLER-BLECKMANN DARRON LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****2 Critical accounting estimates and judgements**

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most effect on the financial statements

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the level and the likely timing of future taxable profits. Further details on deferred tax asset recognition are disclosed in note 13.

Key sources of estimation uncertainty*Right-of-use assets*

The interest rate used to calculate the finance charge on a right-of-use asset is the same as the interest rate used by the parent company on loans to the company. This being the cost of money to the company if it were to borrow funds to satisfy the lease obligation. The weighted average lessee's incremental borrowing rate applied was between 11% and 13%.

3 Revenue

The whole of the revenue is attributable to manufacture, repair and sale of plant equipment and parts for the oil industry.

All revenue arose within the Russian Federation.

	2021	2020
	\$	\$
Revenue analysed by class of business		
Manufacture, repair and sale of plant equipment	10,864,803	15,001,978
	<u> </u>	<u> </u>

4 Operating (loss)/profit

	2021	2020
	\$	\$
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(23,650)	790,133
Fees payable to the company's auditor for the audit of the company's financial statements	116,875	52,000
Depreciation of property, plant and equipment	2,104,274	2,142,624
Cost of inventories recognised as an expense	4,888,263	7,403,962
	<u> </u>	<u> </u>

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Production	73	75
Administration	2	1
Control and accounting	5	5
Sales and marketing	12	13
Management	1	1
Total	<u>93</u>	<u>95</u>

Their aggregate remuneration comprised:

	2021 \$	2020 \$
Wages and salaries	2,392,551	2,084,381
Social security costs	647,095	522,871
	<u>3,039,646</u>	<u>2,607,252</u>

Directors' remuneration of \$381,496 (2020: \$266,818) was paid in the year.

No contributions were made to a pension on behalf of a director (2020: \$nil).

The directors of the company are also the key management personnel.

6 Finance income

	2021 \$	2020 \$
Finance income		
Interest on bank deposits	71,888	65,095
	<u>71,888</u>	<u>65,095</u>

7 Finance costs

	2021 \$	2020 \$
Interest on financial liabilities measured at amortised cost:		
Interest on right-of-use assets	57,877	57,381
	<u>57,877</u>	<u>57,381</u>

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Taxation

	2021	2020
	\$	\$
Current tax		
UK corporation tax on profits for the current period	13,375	480,984
Foreign taxes and reliefs	138,420	-
	<u>151,795</u>	<u>480,984</u>
Deferred tax		
Origination and reversal of temporary differences	(262,128)	49,368
Foreign exchange differences	51,655	-
	<u>(210,473)</u>	<u>49,368</u>
Total tax charge/(credit)	<u>(58,678)</u>	<u>530,352</u>

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2021	2020
	\$	\$
(Loss)/profit before taxation	<u>(1,526,068)</u>	<u>985,962</u>
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(289,953)	187,333
Effect of expenses not deductible in determining taxable profit	243,250	5,492
Permanent capital allowances in excess of depreciation	188,175	-
Deferred tax adjustments in respect of prior years	-	95,970
Foreign exchange differences	51,371	-
Origination and reversal of temporary differences	-	102,080
Re-measurement of deferred tax	(262,128)	(21,012)
Foreign tax	-	160,489
Short timing difference from provisions	10,607	-
Taxation (credit)/charge for the year	<u>(58,678)</u>	<u>530,352</u>

9 Dividends

	2021	2020	2021	2020
	per share	per share	Total	Total
	\$	\$	\$	\$
Amounts recognised as distributions:				
4,365,000 Ordinary shares of £1 each				
Final dividend paid	-	0.18	-	800,000

SCHOELLER-BLECKMANN DARRON LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Property, plant and equipment**

	Freehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Right-of-use assets	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2021	6,690,611	4,732,770	280,921	10,275,971	530,757	22,511,030
Additions	-	86,251	72,280	734,319	-	892,850
Disposals	-	-	-	(716,909)	-	(716,909)
Revaluation decrease	(1,384,091)	85,546	2,112	-	-	(1,296,433)
At 31 December 2021	5,306,520	4,904,567	355,313	10,293,381	530,757	21,390,538
Accumulated depreciation and impairment						
At 1 January 2021	2,955,581	3,104,916	233,449	7,257,400	46,739	13,598,085
Charge for the year	404,773	581,007	18,877	1,075,854	23,763	2,104,274
Eliminated on disposal	-	-	-	(560,285)	-	(560,285)
At 31 December 2021	3,360,354	3,685,923	252,326	7,772,969	70,502	15,142,074
Carrying amount analysed between owned assets and right-of-use assets						
At 31 December 2021						
Owned assets	1,946,166	1,218,644	102,987	2,520,412	-	5,788,209
Right-of-use assets	-	-	-	-	460,255	460,255
	1,946,166	1,218,644	102,987	2,520,412	460,255	6,248,464
At 31 December 2020						
Owned assets	3,735,030	1,627,854	47,472	3,018,571	-	8,428,927
Right-of-use assets	-	-	-	-	484,018	484,018
	3,735,030	1,627,854	47,472	3,018,571	484,018	8,912,945

Property, plant and equipment includes right-of-use assets, as follows:

	Right-of-use assets
	\$
Net carrying value at 1 January 2020	-
Depreciation charge	(23,763)
Other movements	507,781
Net carrying value at 31 December 2020	484,018
Depreciation charge	(23,763)
Net carrying value at 31 December 2021	460,255

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Property, plant and equipment

(Continued)

(i) Amounts recognised in the statement of comprehensive income

Depreciation charge of right-of use assets \$23,763 (2020: \$23,763)

Interest expense (included within finance costs) note 8 \$57,877 (2020: \$ 57,381)

(ii) The company's leasing activities and how these are accounted for

The company leases apartments and computer equipment. Rental contracts are typically made for fixed periods of 1 year, but may have extensive options.

Contracts may contain both lease and non lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate leases and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the company under residual value guarantee
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the cases for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Inventories:

	2021	2020
	\$	\$
Finished goods	5,331,798	4,677,832

An impairment loss of \$48,189 was recognised in the year (2020: \$76,893).

12 Trade and other receivables

	2021	2020
	\$	\$
Trade receivables	3,762,737	4,174,937
Amounts owed by fellow group undertakings	40,381	65,708
Other receivables	366	50,234
Prepayments and accrued income	196,413	19,092
	<u>3,999,897</u>	<u>4,309,971</u>

Trade debtors is stated net of a provision of \$18,576 (2020: \$156,836)

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13 Trade and other payables

	2021	2020
	\$	\$
Trade payables	90,704	-
Amounts owed to fellow group undertakings	1,851,146	1,137,622
Accruals and deferred income	403,897	390,494
Other payables	183,073	17,738
	<u>2,528,820</u>	<u>1,545,854</u>

There is a floating charge over all the assets of the Company in favour of Royal Bank of Scotland.

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

SCHOELLER-BLECKMANN DARRON LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****14 Liabilities**

		Current		Non-current	
	Notes	2021	2020	2021	2020
		\$	\$	\$	\$
Trade and other payables	13	2,528,820	1,545,854	-	-
Corporation tax		43,865	112,316	-	-
Other taxation and social security		265,234	244,870	-	-
Lease liabilities	15	6,225	5,579	516,858	522,893
		<u>2,844,144</u>	<u>1,908,619</u>	<u>516,858</u>	<u>522,893</u>

15 Lease liabilities

	2021	2020
	\$	\$
Maturity analysis		
Within one year	6,225	5,579
In two to five years	516,858	522,893
Total undiscounted liabilities	<u>523,083</u>	<u>528,472</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	\$	\$
Current liabilities	6,225	5,579
Non-current liabilities	516,858	522,893
	<u>523,083</u>	<u>528,472</u>

Other leasing information is included in note .

16 Deferred taxation

	Assets	
	2021	2020
	\$	\$
Deferred tax balances	<u>453,901</u>	<u>191,773</u>

Deferred tax assets are expected to be recovered after more than one year.

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Liabilities	Notes	Current		Non-current	
		2021	2020	2021	2020
		\$	\$	\$	\$
Trade and other payables	13	2,528,820	1,545,854	-	-
Corporation tax		43,865	112,316	-	-
Other taxation and social security		265,234	244,870	-	-
Lease liabilities	15	6,225	5,579	516,858	522,893
		<u>2,844,144</u>	<u>1,908,619</u>	<u>516,858</u>	<u>522,893</u>

15 Lease liabilities	2021	2020
Maturity analysis	\$	\$
Within one year	6,225	5,579
In two to five years	516,858	522,893
Total undiscounted liabilities	<u>523,083</u>	<u>528,472</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	\$	\$
Current liabilities	6,225	5,579
Non-current liabilities	516,858	522,893
	<u>523,083</u>	<u>528,472</u>

Other leasing information is included in note .

16 Deferred taxation	Assets	
	2021	2020
	\$	\$
Deferred tax balances	<u>453,901</u>	<u>191,773</u>

Deferred tax assets are expected to be recovered after more than one year.

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Deferred taxation

(Continued)

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Total
	\$
Liability at 1 January 2021 and 31 December 2021	-
<i>Statutory database figures differ from the trial balance by:</i>	
Deferred tax asset at 1 January 2021	191,773
Deferred tax asset at 31 December 2021	453,901

17 Share capital

	2021	2020	2021	2020
	Number	Number	\$	\$
Ordinary share capital				
Authorised				
4,365,000 Ordinary shares of £1 each of 0p each	4,365,000	4,365,000	6,782,773	6,782,773

18 Contingent liabilities

The Company has entered into an intercompany guarantee with its bank for all amounts due from Darron Tool & Engineering (Sheffield) Limited, Schoeller-Bleckmann Oilfield Equipment (UK) Limited and Schoeller-Bleckmann Darron Limited.

19 Subsequent Events

There have been no significant events affecting the Company since the year end.

20 Related party transactions

Company number: SC145802

SCHOELLER-BLECKMANN DARRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Related party transactions

(Continued)

During the year the Company made sales of \$nil (2020: \$nil), purchases of \$3,354,709 (2020: \$3,525,111) from Schoeller-Bleckmann Oilfield Technology GMBH, a company in the same group. The balance due to Schoeller-Bleckmann Oilfield Technology GMBH at the year end was \$988,867 (2020: \$561,286).

During the year the Company made sales of \$nil (2020: \$nil), purchases of \$332,885 (2020: 694,992), fixed asset purchases of \$87,996 (2020: \$584,406) and royalties of \$645,394 (2019: \$742,796) from Drilling Services International Limited, a company in the same group. The net balance due to Drilling Services International Limited at the year-end was \$361,737 (2020: \$171,599).

During the year the Company made sales of \$nil (2020: \$nil), purchases of \$578,155 (2020: \$371,897) from BICO Faster Drilling Tools Inc, a company in the same group. The balance due to BICO Faster Drilling Tools Inc at year end was \$449,470 (2020: \$67,563).

During the year the Company made purchases and incurred management charges of \$108,650 (2020: \$150,020) from Schoeller-Bleckmann Oilfield Equipment AG, the ultimate parent company. The balance due to Schoeller-Bleckmann Oilfield Equipment AG at year end was \$28,770 (2020: \$26,909).

At 31 December 2021, the balance due from OOO Schoeller-Bleckmann amounted to \$40,381 (2020: \$54,145). During the year the Company made purchases of \$54,382 (2019: \$54,330), from OOO Schoeller-Bleckmann. The balance due to OOO Schoeller-Bleckmann at year end was \$10,768 (2020: \$nil).

During the year the Company made purchases of \$nil (2020: \$76,500), from Knust-SBD Pte Limited, a company in the same group.

During the year the Company made sales of \$nil (2020: \$nil) to, and purchases of \$nil (2020: \$nil) from Schoeller-Bleckmann Oilfield Equipment Middle East FTZ, a company in the same group. The balance due from Schoeller-Bleckmann Darron Limited at the year end was \$nil (2020: \$453).

During the year the Company made purchases of \$nil (2020: \$19,054) from Schoeller-Bleckmann Oilfield Equipment Vietnam Co. Ltd, a company in the same group. The balance due from Schoeller-Bleckmann Oilfield Equipment Vietnam Co. Ltd at the year end was \$nil (2020: \$11,563).

During the year the Company made asset and freight purchases of \$nil (2020: \$345,000) from The Wellboss Company, a company in the same group. The balance due from The Wellboss Company at the year end was \$nil (2020: \$309,811).

21 Controlling party

The Company's immediate parent undertaking is Schoeller-Bleckmann Oilfield Equipment (UK) Limited.

The directors consider Schoeller-Bleckmann Oilfield Equipment AG, incorporated in Austria, to be the Company's ultimate parent undertaking. Schoeller-Bleckmann Oilfield Equipment AG prepares group accounts which are available for public inspection at Handelsgericht Wr. Neustadt 2700 Wr. Neustadt, Austria. The smallest and largest group of undertakings for which group accounts are drawn up and of which the company is included is the group headed by Schoeller-Bleckmann Oilfield Equipment AG.