ERCL Limited
Report and Financial Statements
For the year ended 31 July 2016

Company Information

Parent Company	Getech Group plc
Directors	A Darbyshire W H Edwards R J Heath P J Markwick R Wolfson (resigned 31 July 2016)
Company Secretary	A Darbyshire
Registered Number	08743541
Registered Office	Dragon Court 15 Station Road Henley-on-Thames RG9 1AT
Auditors	Grant Thornton UK LLP No. 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN
Bankers	NatWest bank plc PO Box 183 8 Park Row Leeds LS1 1QT

Directors' report

The directors present their report and financial statements for the year ended 31 July 2016.

Principal activities
ERCL Limited specialises in upstream oil and gas consultancy.

Results and dividends
The results for the year are set out on page 6.

The Directors paid a dividend of £800,000 during the year (2015: £nil).

Directors
The following Directors have held office since 1 August 2015:

A Darbyshire
W H Edwards
R J Heath
P J Markwick (appointed 8 April 2016)
R Wolfson (resigned 31 July 2016)

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with the Financial Reporting Standards. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed in the financial statements, subject to any material departures disclosed and explained in the financial statements.

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 auditors
The directors of the company who held office on the date of approval of this annual report confirm that:

- as far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP, are deemed to be reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Directors' report

Strategic report
Under section 414B Strategic report: small companies exemption, of Companies Act 2006, ERCL Limited are exempt from preparing a strategic report.

The report was approved by the board on 7 November 2016 and signed on their behalf.

A Darbyshire
Company Secretary

Auditor's report

Independent auditor's report to the members of ERCL Limited
We have audited the financial statements of ERCL Limited for the year ended 31 July 2016 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and accompanying notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Auditor's report

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Victoria McLoughlin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
7 November 2016

Statement of comprehensive income

For the year ended 31 July 2016

	Note	**Year ended 31 July 2016 £'000**	7 months ended 31 July 2015 £'000
Revenue	3	2,152	2,423
Cost of sales		(1,181)	(176)
Gross profit		970	2,246
Administrative costs		(502)	(1,177)
Operating profit/(loss)	4	469	1,070
Finance income		-	-
Finance costs		-	-
Profit before tax		469	1,070
Income tax credit/(charge)	6	120	(227)
Total comprehensive income for the year		589	842

The statement of comprehensive income has been prepared on the basis that all operations are continuing.

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.

Statement of financial position

As at 31 July 2016

Company registration number: 08743541

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	**22**	25
		22	25
Current assets			
Inventories	9	**582**	116
Trade and other receivables	0	**1,008**	1,511
Cash and cash equivalents		**220**	559
		1,810	2,186
Total assets		**1,832**	2,211
Liabilities			
Current liabilities			
Trade and other payables	11	**231**	136
Current tax liabilities	6	—	262
		231	398
Non-current liabilities			
Deferred tax liabilities	6	**4**	5
		4	5
Total liabilities		**235**	403
Net assets		**1,597**	1,808
Equity			
Equity attributable to owners of the Parent			
Share capital	12	**10**	10
Retained earnings		**1,587**	1,798
Total equity		**1,597**	1,808

The financial statements on pages 6 to 19 were approved by the Board of Directors on 7 November 2016.

P J Markwick
Director

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 July 2016

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2014	10	955	955
Total transactions with owners	—	—	—
Total comprehensive income for the year	—	842	842
At 31 December 2015	10	1,798	1,808
Dividends	—	(800)	(800)
Total transactions with owners	—	(800)	(800)
Total comprehensive income for the year	—	589	597
At 31 July 2016	10	1,587	1,597

The accompanying notes on pages 9 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

1. Company information

The financial statements of ERCL Limited (the "Company") for the year ended 31 July 2016 were approved by the board and authorised for issue on 7 November 2016 and the Balance Sheet was signed on the Board's behalf by Dr Paul Markwick.

ERCL Limited specialises in upstream oil and gas consultancy.

ERCL Limited is incorporated and domiciled in England and Wales and its registered office address is Dragon Court, 15 Station Road, Henley-on-Thames, RG9 1AT.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the Company, judgements and key areas of estimation uncertainty and the transition to FRS 101 are set out in Notes 2.2 and 2.17.

2. Accounting Policies

2.1. Statement of compliance

These financial statements have been prepared on a historical cost basis, in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 - 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

2.2. First-time adoption of FRS 101

The Company has transitioned to FRS 101 from UK Generally Accepted Accounting Practice for all periods presented. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to FRS 101.

There are no material differences for the Company when preparing FRS 101 for the first time, and we have therefore not prepared a reconciliation as at the date of transition.

2.3. *Disclosure exemptions*

The company has taken advantage of the following disclosure exemptions under FRS 101:

- a statement of cash flows and related notes
- the requirement to produce a balance sheet at the beginning of the earliest comparative period
- the requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the group as they are wholly owned by the group
- presentation of comparative reconciliations for property, plant and equipment
- disclosure of key management personnel compensation
- capital management disclosures
- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period
- the effect of future accounting standards not adopted
- *disclosures in relation to impairment of assets*
- disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)
- fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

2.4. *Going concern*

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements.

2.5. *Parent Company*

The Company is a wholly owned subsidiary of Getech Group plc which prepares publicly available consolidated financial statements in accordance with IFRS as adopted by the EU. This Company is included in the consolidated financial statements of Getech Group plc for the year ended 31 July 2016. These accounts are available from its registered office at Kitson House, Elmete Hall, Elmete Lane, Leeds LS8 2LJ.

2.6. *Tangible assets*

Property, Plant and Equipment (PPE) is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management.

Depreciation is recognised on a straight line basis for fixtures and fittings and computer equipment over their useful lives, which is deemed to be three years. Material residual value estimates and useful economic lives are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

2.7. *Financial Assets*

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which they were acquired. All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets comprise the following:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables, cash and cash equivalents, and other financial assets are classified as loans and receivables. Loans and receivables are measured initially at fair value plus transaction costs, and subsequently at amortised cost using the effective interest rate method less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying value and the present value of estimated future cash flows.

2.8. *Inventories*

Amounts included in work in progress are stated at cost, including absorption of relevant overheads, after provision has been made for any foreseeable losses and the deduction of any applicable payments on account.

2.9. *Cash and cash equivalents*

Cash comprises cash on hand and demand deposits which are presented as cash at bank and in hand in the statement of financial position.

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

2.10. *Financial Liabilities*

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value and all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in profit or loss. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in profit or loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are designated as at fair value through profit or loss on initial recognition. Deferred consideration on acquisitions of assets, which is contingent on subsequent sales of such assets, is treated as financial liability at fair value through profit or loss, and the value is allocated between current and non-current liabilities in accordance with best estimates of the timing and amounts expected to fall due.

A financial liability is derecognised only when the obligation is extinguished; that is, when the obligation is discharged or cancelled or it expires.

2.11. Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

2.12. Revenue recognition

Turnover comprises amounts arising from the provision of goods and services falling within an entity's ordinary activities. It is measured at the fair value of the consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

The Company often enters into sales transactions involving a range of the Company's products and services, for example for the delivery of multi-client studies and consultancy services.

The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

For sales of data and completed project studies, revenue is recognised when the transfer of risk and reward is made to the customer, on dispatch unless otherwise agreed.

Consultancy fees are recognised as revenue in the accounting period in which the revenue becomes receivable.

2.13. Foreign currency translation and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items, measured at fair value, which are translated using the exchange rates at the date when fair value was determined. Where a gain or loss on a non-monetary item is recognised in other comprehensive income the foreign exchange component of that gain or loss is also recognised in other comprehensive income.

2.14. Income taxes
Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover the related asset or settle the related obligation.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are not discounted.

Deferred tax liabilities are generally recognised in full with the exception of the following:

- on the initial recognition of goodwill on investments in subsidiaries and joint ventures where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future on the initial recognition of a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax liabilities are not discounted.

2.15. Post-employment benefits and short-term employee benefits

Short-term employee benefits
Short term employee benefits including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Company would expect to pay as in the event of unused entitlement.

Post-employment benefit plans
Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset. Unpaid contributions are reflected as a liability.

2.16. Lease contracts
Operating leases exist where the lessee of a leased asset does not substantially bear all the risks and rewards relating to the ownership of the asset. Economic ownership of the leased asset is not transferred to the lessee. Payments made under operating leases are charged to profit or loss on a straight line basis over the lease term.

Notes to the Financial Statements

2.17. Key judgements and uncertainties

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Deferred taxation

Management judgement is required in determining provisions for deferred tax liabilities and assets. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and the tax returns. Management must assess the probability that the deferred tax assets will be recovered from future taxable income.

3. Revenue

Revenue, analysed geographically between markets, was as follows:

	Year ended 31 July 2016	7 months ended 31 July 2015
	Revenue £'000	Revenue £'000
North America	**2**	—
United Kingdom	**677**	112
Africa	**973**	1,774
Rest of Europe	**14**	—
Asia	**464**	533
South and Central America	**22**	4
	2,152	2,423

4. Operating profit

The operating profit for the year has been arrived at after charging/(crediting):

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Cost of inventories recognised as an expense	63	—
Depreciation of property, plant and equipment	14	7
Remuneration receivable by the Group's auditor for audit services:		
- the auditing of the accounts	5	5
Operating leases:		
- rental costs of land and building	102	67
Foreign exchange movement	(110)	19

5. Directors and employees

The employee benefit expenses, including directors, during the year were as follows:

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Wages and salaries	1,191	709
Social security costs	137	77
Pension costs	31	19
	1,359	806

The average number employed by the Company, including Executive Directors, was:

	Year ended 31 July 2016 Number	7 months ended 31 July 2015 Number
Administration	**3**	3
Technical	**23**	23
	26	26

Directors' remuneration comprised the following:

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Directors' emoluments	**224**	137
Pension costs	**3**	2
Payments to third parties for Directors' services	—	131
	227	270

During the period, one directors (2015: one) had benefits accruing under money purchase pension schemes.

6. Income tax

The income tax charge comprises:

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Current income tax		
Current year	**5**	228
Prior year	**(124)**	—
Total current tax	**(119)**	228
Deferred tax		
Current year	**(1)**	(1)
Prior year	—	—
Total deferred tax	**(1)**	(1)
Tax (credit)/expense on profit	**(120)**	227

Notes to the Financial Statements

Factors affecting the tax charge for the year:

The tax (credit)/expense for the year can be reconciled to profit per the statement of comprehensive income at the standard rate of corporation tax in the UK of 20% (2015: 20%) as follows:

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Profit from ordinary activities before tax	**477**	1,070
Tax at UK corporation tax rate of 20% (2015: 20%)	**95**	219
Effects of:		
Disallowed expenditure	**1**	9
Additional deduction for research and development	**(49)**	—
Income not taxable	**(19)**	—
Group relief claimed	**(23)**	
Adjustment to tax charge in respect of prior years	**(124)**	—
Total tax (credit)/expense reported in the consolidated statement of comprehensive income	**(119)**	228

Deferred taxation

The net movement on the deferred tax liability accounts is as follows:

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Deferred tax liabilities		
Balance brought forward	**5**	6
Accelerated capital allowances	**(1)**	(1)
Balance carried forward	**4**	5

The deferred taxation recognised in the financial statements at 18% (2015: 20%) is set out below:

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Accelerated capital allowances	**(4)**	(5)
Net deferred tax (liability)	**(4)**	(5)

Notes to the Financial Statements

7. Dividends

	Year ended 31 July 2016 £'000	7 months ended 31 July 2015 £'000
Paid during the period		
Dividends on ordinary shares at £80 per share (2015: £nil)	800	—
	800	—

8. Property, plant and equipment

The carrying amounts of property, plant and equipment for the years presented in the financial statements are reconciled as follows:

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 August 2015	22	23	45
Additions	11	-	11
At 31 July 2016	33	23	56
Depreciation			
At 1 August 2015	8	12	20
Charge for the period	6	8	14
At 31 July 2016	14	20	34
Carrying amount			
At 31 July 2016	**19**	**3**	**22**
At 1 August 2015	14	11	25

Depreciation charges are included in "Administrative costs" in the statement of comprehensive income.

9. Inventories

	2016 £'000	2015 £'000
Work in progress	582	116

There is a charge included in profit or loss for the year of £37,000 (2015: £nil) as an expense arising from an impairment review of inventories.

10. Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**537**	1,219
Amounts owed by group undertakings	**404**	214
Other receivables	**27**	18
Prepayments and accrued income	**40**	60
	1,008	1,511

All amounts are short term. The carrying amounts of trade and other receivables are considered to be reasonable approximations to fair value.

All of the Company's trade and other receivables have been reviewed for indicators of impairment, there is a provision for doubtful debts of £126,000 (2015: £13,000). Some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2016 £'000	2015 £'000
Not more than three months	198	168
More than three months but not more than six months	163	744
More than six months but not more than one year	—	—
	361	912

11. Trade and other payables

	2016 £'000	2015 £'000
Current liabilities		
Trade payables	**115**	48
Social security and other taxes	**83**	46
Other payables	**6**	6
Accruals and deferred income	**27**	36
	231	136

The carrying amounts of trade and other payables are considered to be reasonable approximations to fair value.

12. Share capital

	2016 £'000	2015 £'000
Authorised		
10,000 Ordinary Shares of £1 each (2015: 10,000)	**10**	**10**
Issued, called up and fully paid		
10,000 Ordinary Shares of £1 each (2015: 10,000)	**10**	**10**

Notes to the Financial Statements

13. Reserves

Called-up share capital represents the nominal value of shares that have been issued

Profit and loss account includes all current and prior period retained profits and losses

14. Financial commitments

As at 31 July 2016, ERCL had outstanding commitments for future lease payments under non-cancellable operating leases which fall due as follows:

Land and buildings	**31 July 2016** **£**	31 December 2015 £
In one to two years	**65**	—

15. Related party transactions

As permitted by FRS 101, the Company has not disclosed transactions with Group undertakings.

16. Ultimate controlling party

The immediate and ultimate parent company is Getech Group plc, which is the smallest and the largest group in which the Company's accounts are consolidated.

Getech Group plc is the ultimate controlling party, the Directors consider there to be no controlling party of Getech Group plc.