ERCL Limited
Annual Report and Financial Statements
For the year ended 31 December 2018

Company Number: 08743541

Company Information

Parent Company	Getech Group plc
Directors	A Darbyshire
Company Secretary	A Darbyshire
Registered Number	08743541
Registered Office	Kitson House Elmete Lane Leeds LS8 2LJ
Auditors	Grant Thornton UK LLP No. 1 Whitehall Riverside 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 December 2018.

Principal activities

ERCL Limited specialises in upstream oil and gas services.

Results and dividends

The results for the period are set out on page 7.

The Directors paid a dividend of £nil during the period (2017: £nil).

Directors

The following Directors have held office since 1 January 2018:

A Darbyshire
W H Edwards (resigned 22 June 2018)
R J Heath (resigned 20 April 2018)

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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 auditor is 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

Small company exemptions
The company has taken the exemption conferred by S415(A) of the Companies Act 2006 permitting it to prepare a directors' report in accordance with the small companies regime on the grounds that it would qualify as small but for being a member of an ineligible group.

The company has further taken the exemption conferred by S414B of the Companies Act 2006 to not prepare a Strategic Report on the same grounds.

The report was approved by the Board on 10 May 2019 and signed on their behalf.

A Darbyshire
Company Secretary

Independent Auditor's Report

To the members of ERCL Limited

Opinion

We have audited the financial statements of ERCL Limited (the 'company') for the year ended 31 December 2018 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006
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 Directors' Report.

Matters on which we are required to report by exception
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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors for the financial statements
As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report (continued)

To the members of ERCL Limited

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our 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.

Grant Thornton UK LLP

Victoria McLoughlin BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
10 May 2019

Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 (Restated) £'000
Revenue	3	**657**	1,920
Cost of sales		**(888)**	(1,272)
Exceptional intangible impairments		-	(461)
Gross (loss)/profit		**(231)**	187
Administrative costs		**(271)**	(794)
Exceptional restructuring costs		**(152)**	-
Operating loss	0	**(654)**	(607)
Loss before tax		**(654)**	(607)
Income tax credit	6	**136**	145
Total comprehensive income for the period		**(518)**	(462)

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

The accompanying notes on pages 10 to 24 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2018

Company registration number: 08743541

	Note	31 Dec 2018 £'000	31 Dec 2017 (Restated) £'000	31 July 2016 (Restated) £'000
Assets				
Non-current assets				
Property, plant and equipment	9	**10**	11	22
Intangible assets	8	**296**	290	582
Deferred tax assets	6	**143**	43	-
		449	344	604
Current assets				
Corporation tax asset		**24**	132	-
Trade and other receivables	10	**160**	469	1,008
Cash and cash equivalents		**143**	267	220
		327	868	1,228
Total assets		**776**	1,212	1,832
Liabilities				
Current liabilities				
Trade and other payables	11	**159**	77	231
		159	77	231
Non-current liabilities				
Deferred tax liabilities	6	**-**	-	4
		-	-	4
Total liabilities		**159**	77	235
Net assets		**617**	1,135	1,597
Equity				
Equity attributable to owners of the Parent				
Share capital	12	**10**	10	10
Retained earnings	13	**607**	1,125	1,587
Total equity		**617**	1,135	1,597

The financial statements on pages 7 to 24 were approved and authorised for issue by the Board of Directors on 10 May 2019.

A Darbyshire

Director

The accompanying notes on pages 10 to 24 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 August 2016	10	1,587	1,597
Total transactions with owners	-	-	-
Total comprehensive income for the year	-	(462)	(462)
At 31 December 2017	10	1,125	1,135
Total transactions with owners	-	-	-
Total comprehensive income for the period	-	(518)	(518)
At 31 December 2018	**10**	**607**	**617**

The accompanying notes on pages 10 to 24 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 December 2018 were approved by the board and authorised for issue on 10 May 2019 and the Statement of Financial Position was signed on the Board's behalf by A Darbyshire.

ERCL Limited specialises in upstream oil and gas services.

ERCL Limited is incorporated and domiciled in England and Wales and its registered office address is Kitson House, Elmete Lane, Leeds, LS8 2LJ.

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 are set out in Note 2.16.

2. Accounting Policies

2.1. New standards adopted as at 1 January 2018

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018. Our review of prior period contracts resulted in no adjustment to the opening balance of retained earnings.

Contracts with multiple performance obligations

Many of the Company's contracts comprise a variety of performance obligations including, but not limited to, hardware, software, elements of design and customisation, after-sales services, and installation. Under IFRS 15, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customising it).

Whilst this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Company in any year.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

There have been no changes in classification or measurement of financial assets or liabilities as a result of the application of IFRS 9.

IFRS 16 'Leases'
IFRS 16 replaces IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. The Company have decided to early adopt using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

The Company did not hold any leases in the prior year with a term of over 12 months and as a result there is no adjustment to equity as at 1 January 2018.

2.2. *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 period unless otherwise stated.

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 statement of financial position 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 period ended 31 December 2018. These accounts are available from its registered office at Kitson House, Elmete Hall, Elmete Lane, Leeds LS8 2LJ.

2.6. Intangible Assets and Amortisation

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated to write down their cost by equal instalments over their estimated economic lives at the following rate:

Reports	-	ten years on a straight-line basis

2.7. 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 PPE 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.

2.8. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI or FVTPL.

Subsequent measurement of financial assets - Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets
IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39
In the prior year, the impairment of trade receivables was based on the incurred loss model. Receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default.

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*

The Company has adopted IFRS 15 and its principles. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for products and services provided, excluding VAT and comparable overseas taxes. Typical invoice payment terms are 30 days for all categories of revenue.

Revenue from products and services falls into the two categories below:

Consultancy services

The company provides various consulting services to its customers. Revenue from these services is recognised on a time-and-materials basis plus a margin as the services are provided. Customers are invoiced monthly as work progresses.

Multiclient products

For sales of data and completed products, revenue is recognised when performance obligations have been satisfied, which is on dispatch unless otherwise agreed.

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 period-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at period-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 liabilities are not discounted.

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 is 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 period to which they relate. Prepaid contributions are recognised as an asset. Unpaid contributions are reflected as a liability.

2.16. 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.

Carrying amount of non-current assets

Where there is an indication of impairment, a review of the carrying values of non-current assets is undertaken as follows:

- Intangible non-current assets are estimated on the basis of value in use

The value is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculation of future cash flows. For intangible assets, future cash flows are forecast revenues from the associated cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit.

2.17. Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant consolidated income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which are included within the exceptional category include:

- spend on the integration of significant acquisitions and other major restructuring programmes;
- significant goodwill or other asset impairments relating to specific market events; and
- other particularly significant or unusual items.

2.18. Reporting period

The current period covers a 12-month period from 1 January 2018 to 31 December 2018. The comparative period was 17 months, which was enacted to align the company's accounts with those of its parent company, Getech Group Plc.

Notes to the Financial Statements

3. Revenue

Revenue, analysed geographically between markets, was as follows:

	Year ended 31 December 2018 Revenue £'000	17-month period ended 31 December 2017 Revenue £'000
North America	**66**	34
United Kingdom	**77**	442
Africa	**117**	585
Rest of Europe	**54**	25
Asia	**304**	834
Australasia	**39**	-
South and Central America	**-**	-
	657	1,920

During the year all revenues were generated from consultancy services.

4. Operating (loss)/profit

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

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 (Restated) £'000
Impairment of intangibles - exceptional	-	461
Impairment of intangibles – other	-	88
Depreciation of property, plant and equipment	**8**	14
Research and development tax credits shown within administrative expenses	**(2)**	(26)
Research and development costs expensed as incurred	**79**	805
Remuneration receivable by the Company's auditor for audit services:		
– the auditing of the accounts	**5**	5
Operating leases:		
– rental costs of land and building	**66**	144
Foreign exchange movement	**(8)**	(18)

The rental cost of land and buildings relate to leases that expired in the year and were therefore not restated under IFRS 16.

5. Directors and employees

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

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Wages and salaries	**720**	1,357
Social security costs	**77**	156
Pension costs	**23**	41
	820	1,554

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

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Administration	**1**	2
Technical	**10**	15
	11	17

Directors' remuneration comprised the following:

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Directors' emoluments	**121**	317
Pension costs	**1**	5
	122	322

During the period, one director (2017: one) had benefits accruing under money purchase pension schemes.

6. Income tax

The income tax charge comprises:

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Current income tax		
Current period	**(22)**	(101)
Foreign taxation	-	34
Prior year	**(14)**	(30)
Total current tax	**(36)**	(97)
Deferred tax		
Current period	**(100)**	(54)
Change in future tax rates	-	6
Total deferred tax	**(100)**	(48)
Tax (credit) on profit	**(136)**	(145)

Factors affecting the tax charge for the period:

The tax credit for the period can be reconciled to profit per the statement of comprehensive income at the standard rate of corporation tax in the UK of 19% (2017: 19.47%) as follows:

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Loss from ordinary activities before tax	**(654)**	(624)
Tax at UK corporation tax rate of 19% (2017: 19.47%)	**(124)**	(121)
Effects of:		
Additional deduction for research and development	**(15)**	(77)
Surrender of tax losses for R&D tax credit refund	**27**	34
Income not taxable	-	(19)
Group relief given / (claimed)	-	23
Adjustment to tax charge in respect of prior years	**(14)**	(30)
Foreign tax credits	-	35
R&D expenditure credits	-	7
Deferred tax not recognised	**(9)**	-
Other differences	**(1)**	-
Effect of change in future tax rates	-	3
Total tax credit reported in the statement of comprehensive income	**(136)**	(145)

Deferred taxation

The net movement on the deferred tax asset/(liability) accounts is as follows:

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Deferred tax assets/(liabilities)		
Balance brought forward	**43**	(4)
Charged in respect of timing differences	**100**	53
Charged in respect of changes in future tax rates	**-**	(6)
Balance carried forward	**143**	43

The deferred taxation recognised in the financial statements at 17% (2017: 17%) is set out below:

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Accelerated capital allowances	**(2)**	(2)
Tax losses	**145**	45
Net deferred tax asset / (liability)	**143**	43

7. Dividends

	Year ended 31 December 2018 £'000	17-month period ended 31 December 2017 £'000
Paid during the period		
Dividends on ordinary shares at £nil per share (2017: £nil per share)	-	-
	-	-

Notes to the Financial Statements

8. Intangible assets

The carrying amounts of intangible assets for the period presented in the financial statements are reconciled as follows:

	Reports £'000	Total £'000
Cost		
At 1 January 2018 (restated)	844	844
Additions	13	13
At 31 December 2018	857	857
Amortisation and impairment		
At 1 January 2018 (restated)	555	555
Charge for the period	6	6
At 31 December 2018	561	561
Carrying amount		
At 31 December 2018	**296**	**296**
At 1 January 2018 (restated)	289	289

Amortisation charges are included in "Cost of Sales" in the statement of comprehensive income.

9. Property, plant and equipment

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

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2018	33	26	59
Additions	-	7	7
Disposals	(33)	-	(33)
At 31 December 2018	-	33	33
Depreciation			
At 1 January 2018	27	21	48
Charge for the period	6	2	8
Depreciation on disposal	(33)	-	(33)
At 31 December 2018	-	23	23
Carrying amount			
At 31 December 2018	**-**	**10**	**10**
At 1 January 2018	6	5	11

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

10. Trade and other receivables

	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Trade receivables	**59**	126
Amounts owed by group undertakings	**88**	302
Other receivables	**7**	24
Prepayments and accrued income	**6**	17
	160	469

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 expected credit loss. There is a provision for doubtful debts of £242,000 (2017: £228,000).

11. Trade and other payables

	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Current liabilities		
Trade payables	**11**	21
Amounts owed to group undertakings	**128**	7
Social security and other taxes	**13**	38
Other payables	**2**	3
Accruals and deferred income	**5**	8
	159	77

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

12. Share capital

	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Authorised		
10,000 Ordinary Shares of £1 each (2017: 10,000)	**10**	10
Issued, called up and fully paid		
10,000 Ordinary Shares of £1 each (2017: 10,000)	**10**	10

13. Reserves

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

Retained earnings includes all current and prior period retained profits and losses, net of distributions made.

14. Related party transactions

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

15. 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, and whose registered office is Kitson House, Elmete Hall, Elmete Lane, Leeds, LS8 2LJ.

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

16. Prior year adjustment

The prior period has been adjusted to reclassify Reports generated internally from Inventories to Intangible Assets. The nature of the underlying Reports and their longer-term value means they meet the criteria for recording as Intangible Assets. The adjustment has resulted in the following revisions to line items in the financial statements:

Statement of Comprehensive Income

31 December 2017	Unadjusted balance £'000	Adjustment £'000	**Adjusted balance £'000**
Cost of sales	(1,289)	17	**(1,272)**

Statement of Financial Position

31 December 2017	Unadjusted balance £'000	Adjustment £'000	**Adjusted balance £'000**
Intangible assets	-	290	290
Inventories	273	(273)	-
Retained Earnings	1,108	17	1,125

The opening balance adjustment for the period ending 31 December 2017 was as follows:

1 August 2016	Unadjusted balance £'000	Adjustment £'000	**Adjusted balance £'000**
Intangible assets	-	582	**582**
Inventories	582	(582)	—