

## **Society of Petroleum Engineers Europe Limited**

Consolidated financial statements for the year ended 31 March 2012

Registered number 2778741

Registered charity number 1017482



## Annual report and financial statements for the year ended 31 March 2012

### **Trustees**

Egbert Imomoh (Chairman)  
Leon Beugelsdijk  
Maurizio Rampoldi  
Colin Black  
Clara Altobelli  
Mark Rubin

### **Company secretary**

Nicola Bradbury

### **Registered office**

First Floor  
Threeways House  
40/44 Clipstone Street  
London, W1W 5DW

### **Auditors**

BDO LLP  
Prospect Place  
85 Great North Road  
Hatfield, Hertfordshire, AL9 5BS

### **Bankers**

Barclays Bank  
Pall Mall Corporate Group  
50 Pall Mall  
London  
SW1A 1QA

### **Solicitors**

Lee Boulton Monier-Williams  
1 The Sanctuary  
Westminster  
London SW1P 3JT

### **Investment Advisors**

UBS Wealth Management  
1 Curzon Street  
London  
W1J 5UB

## **Trustees report**

For the year ended 31 March 2012

The trustees, who are also the directors, present their report, together with the consolidated financial statements and auditor's report for the year ended 31 March 2012

### **Trustees and their interests**

The trustees, who are also the directors, who served during the year were as follows

Leon Beugelsdijk (Elected 9 September 2011)  
Maurizio Rampoldi (Elected 9 September 2011)  
Colin Black (Elected 9 September 2011)  
Clara Altobelli (Elected 9 September 2011)  
John Donachie (Resigned 11 May 2012)  
Mark Rubin  
Ian Phillips (Resigned 9 September 2011)  
Klaus Potsch (Resigned 9 September 2011)  
Colin David (Resigned 9 September 2011)  
Alain Labastie (Resigned 10 May 2012)  
Egbert Imomoh (Elected 10 May 2012)

One-third of directors retire by rotation and, being eligible, offer themselves for re-election. Directors who retired in FY12 were Mr Ian Phillips, Klaus Potsch and Colin David on 9 September 2011

The trustees are appointed on the recommendation of the board of directors of the parent undertaking and the existing trustees and in accordance with the Companies Act 2006

### **Principal officer**

The principal officer of the company and group during the year was

Nicola Bradbury - Managing Director - Europe, Russia, Caspian and Sub Saharan Africa and Company Secretary

### **Public Benefit**

In setting our objectives and planning our activities our Trustees have given careful consideration to the Charity Commission's general guidance on public benefit

The society believes that the key aspects of public benefit will be achieved by

- Development of the E&P (Exploration and production) Industry workforce. SPE is the technical and professional home for those engaged in all aspects of the upstream oil and gas industry. All charitable activities focus on sharing of knowledge that keeps the E&P industry sustainable and are undertaken to further our charitable purpose to collect, disseminate, and exchange technical knowledge concerning the exploration, development and production of oil and gas resources, and related technologies for the public benefit

## Trustees report (continued)

For the year ended 31 March 2012

- By addressing Technical Challenges, as the largest upstream professional society, SPE provides a worldwide forum for sharing technology, knowledge and the latest solutions for overcoming the technical challenges of finding and producing more oil and natural gas. SPE also helps address critical issues of the future such as sustainability of energy supplies and carbon sequestration.
- By preparing the next generation of energy professionals for careers in our industry. SPE's programs help by offering both professional and skill development through workshops, publications, section network groups and online mentoring.
- By working with schools and universities to attract more young people to our profession with scholarships, our global energy multilingual education outreach program, Energy4me, the SPE Ambassador program and Teacher Workshops and Education events aimed at students.
- By maintaining high professional standards by offering members continuing education options globally. SPE Petroleum Engineering certification offers an international credential recognizing petroleum engineering expertise.
- Supporting local sections, university chapters, technical interest groups, co-operation with other UK and international learned societies and by encouraging volunteerism within the community.

### Structure, Governance and Management

#### Governing Document

Society of Petroleum Engineers Europe Limited is a company limited by shares, which was incorporated on 6 January 1993 and commenced trading on 1 March 1993. It is a subsidiary undertaking of Society of Petroleum Engineers Stichting, a charitable company incorporated and operating in the Netherlands. The objects of the company are set out in its Memorandum and Articles of Association. In February 1993, the company was registered as a charity, with the purpose of aiding the dissemination of petroleum engineering knowledge through a variety of programmes including publications, specialist meetings, scholarships and internet based services.

#### Appointment of Trustees

##### Trustees, induction and training

New trustees are recruited from the Society's membership and are identified by peer review. A trustee induction handbook is provided to new trustees. This handbook is divided into four units, designed to (1) safeguard the values and mission of the organisation, (2) determine the strategy and structure of the organisation, (3) ensure the organisation operates in a responsible and accountable manner, and (4) ensure the effective functioning of the board.

#### Organisation

The SPE Stichting board is comprised of the SPE International officers. The Stichting board is responsible for broad financial and operational oversight for the organisation.

Each regional board, including the board of trustees of the Society of Petroleum Engineers Europe Limited, is comprised of directors selected at-large from within the region. Having at-large directors serving on those boards gives a broad-based representation that enhances the decisions of those boards. The regional subsidiary boards have general fiduciary and operational oversight responsibility for the subsidiary operations.

In summary, the responsibilities of the various governing bodies are as follows:

## Trustees report (continued)

For the year ended 31 March 2012

- The SPE International Board is responsible for policy and program development for the Society's worldwide activities
- The SPE Stichting board has fiduciary and operational oversight responsibility for the entire organization, and
- The regional subsidiary boards have fiduciary and operational oversight responsibility for the subsidiary operations

The SPE Executive Director manages the worldwide staff operations. Each subsidiary has at least one Staff Director or General Manager who manages the regional operations. These Staff Directors/General Managers report to the Executive Director. The Executive Director works closely with the Society officers and each of the governing bodies in making decisions and setting direction. Generally, the SPE International Board sets strategic direction and establishes policies after consultation with staff. Additionally, staff consult with the appropriate governing body on major operational issues, but staff have responsibility for operational decisions and execution of board-approved programs.

### **Risk Management**

The trustees have continued their overview during the year to examine the major strategic, business and operational risks which the charity faces. Systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

### **Objectives and Activities**

The objectives and principal activities of Society of Petroleum Engineers Europe Limited continue to be to promote (a) the science and technology of petroleum and natural gas exploration and recovery, and (b) the oil and natural gas industry and improvements in efficiency. The charity achieves its objectives through a variety of programmes including publications, specialist meetings, scholarships and internet based services.

SPE offers information about the oil and gas industry developed for society as a whole. It offers to provide speakers to schools and civic groups on energy and encourages and supports SPE members to become active in their local schools, speaking to students and teachers about the importance of the energy industry, the environment and the technologies that are used to recover oil and natural gas, and their importance to modern society. SPE has compiled multi-lingual resources to help students learn about energy and guide teachers and parents to other useful sources of information. SPE also offers schools and civic organisations the opportunity to request a speaker on energy topics. SPE also maintains information on the types of careers available, the importance of petroleum engineers, scholarships, and schools that offer technical degree programs.

### **Distinguished Lecturer Program**

The Distinguished Lecturer Program, available to sections throughout the world, is one of the most popular SPE-administered programs. This annual program began in 1961 with three highly regarded "Distinguished Lecturers". Sending 29 to 33 lecturers to 180 sections and providing three lectures per season averages 530 presentations per program year.

## Trustees report (continued)

For the year ended 31 March 2012

The Distinguished Lecturer Program is a key component of SPE's technology dissemination mission. The program is designed to provide sections with outstanding, expert speakers for section meetings. It also recognizes the professional contributions of those selected as Distinguished Lecturers.

Every SPE section is now entitled up to three Distinguished Lecturer presentations each year. The program runs from September through July. Rising travel costs and the reduced number of flights to some of the more remote locations continue to provide challenges in scheduling lecturer visits as we add new sections.

The Distinguished Lecturer Committee selects topics and individual lecturers each year. Each lecturer chosen by the Distinguished Lecturer Committee is an authority in his or her field and a competent public speaker. Candidates are selected in August and Lecturers in September for the following program year. The cost of this program continues to grow annually due to increases in travel expenses worldwide. This trend is compounded by our increasing number of new sections in remote locations, which adds to the airline and travel expenses required to send our lecturers there.

### Regional Star Scholarships

In 2009, SPE launched a new scholarship program to support both undergraduate and graduate studies. Through this program, SPE has committed to approximately USD 1,000,000 annually, funding this program through member advantage funds. Each of the 15 regions has customized the number and value of scholarships and fellowships to align with the needs of the region. Each region can award USD 5,000 for undergraduate scholarships and USD 10,000 for graduate fellowships. Both the scholarships and fellowships are renewable yearly, for up to four years, until graduation or a degree completion occurs. Students must show sufficient academic progress and enrolment to continue in the program. This program is administered globally by a coordinator in the Americas office with additional coordination for applications from regional office staff.

The main objectives for the previous year, as well as the trustees' assessment of the charity's actual performance during the year against these objectives, are set out below.

- To disseminate technical information through technical conferences and meetings. 25 events were held in UK, Europe, Russia and West Africa, attended by SPE professional members, students and non-members. This figure was very slightly below initial scheduling expectations due to the economic climate causing a couple of African events to be postponed to the next financial year.
- To maintain and add information to the society's online resources and educational publications and services. SPE's e-library-OnePetro saw over a million downloads with many universities supporting the program. Energy4me.org continues to grow with material in 6 languages and used globally by schools. Regional websites allow easy access to SPE's information.
- To institute, establish and promote education and training courses, scholarship grants, awards and prizes. Encourage applicants from diverse economic and geographic backgrounds. Educational material grew. 32 Scholarships in place. Students took part in contests encouraging knowledge and integrity in their development. Global training courses update to ensure maximum benefit. Distinguished Lecturer program remains a success.

## Trustees report (continued)

For the year ended 31 March 2012

- To ensure the organisational structure provides the resources necessary to meet the societies objectives, encourage volunteerism across the societies membership to support objectives and strategy SPE constantly reviews it's structure to ensure resources are available to meet objectives Over the year 4,000+ members volunteered to help meet SPE's goals A volunteer page on spe.org enables members to volunteer for upcoming programmes

On-going objectives, together with how the charity aims to achieve these objectives, are

- To sustain vital programmes for membership and increase regional activities, including the scheduling of 38 events in 2012/13 and continue to build on major regional and niche events such as Intelligent Energy, Offshore Europe, Russian Oil and Gas and the European HSE Conference Particular emphasis is also placed on training and running special events for students and their teachers
- To develop new sections and student chapters in the region, focussing on demand in areas such as the Caspian and Sub-Saharan Africa, working with Universities to improve education standards and funding
- To work supporting student chapters, with emphasis on developing member services resourcing
- To heighten awareness amongst both membership and the wider public of the energy sector via the Energy4me programme, Ambassador visits to schools and colleges and web based services
- To identify additional services to ensure that the Society continues to fulfil its mission and establish a charitable giving programme
- To continue funding provision for the SPE's Distinguished Lecturer Tour
- Provide ongoing funding for the society's Star Scholarship programme and Student paper competitions

### Achievements and Performance

All of SPE's initiatives and activities are directed and organised by its members, with staff support All such initiatives and activities are regularly reviewed and assessed by the membership, by use of membership and non-membership surveys In addition, rigorous Key Performance Indicators set by the SPE Board of Directors regularly review and measure performance in all areas of the Society's work, including Publications and Periodicals, Technical Meetings and Conferences, Audit and Administration, Internet-Based Services and Member Services

### Investment policy

The charity's policy is to invest in funds whose risk profile is considered to be low to moderate The aim is to achieve over a period of several years better returns than those achieved by funds with a similar risk profile

During the period there was a significant increase in the market value of the investment portfolio This reflected the turbulent market conditions as a whole

## Trustees report (continued)

For the year ended 31 March 2012

### Financial Review

Details of the results of activity of the Society of Petroleum Engineers Europe itself are set out in the Statement of Financial Activities

The first half of 2011 was packed with drama, the Arab spring and Fukushima catastrophe dominated headlines in Q1, and Q2 was dominated by concerns over a slowdown in US growth, Q3 the European credit crunch. Pessimism was on the rise in the last two months of 2011. The euro crisis had flared up again, and observers saw some European banks as suffering from liquidity problems. The European Central Bank's (ECB) Long term Refinancing operations, Quantitative Easing in Japan and interest rate cuts in China, and the US economy avoiding recession have since restored a certain calm from the September lows for risk assets that have continued into Q1 2012.

The investment portfolio performance has benefited particularly from the recovery in Equities where SPE was overweight. Overseas equity markets outperformed with the portfolio's bias to Far Eastern markets positively impacting the portfolio. Portfolio performance against the benchmark has improved as the year has progressed.

	3 Months from Jan12 (%)			6 Months from Sep 11 (%)			12 Months from Apr 11 (%)		
	Portfo	Bmk	Relative	Portfo	Bmk	Relative	Portfo	Bmk	Relative
Gross of Fees	5.4	4.1	1.3	10.8	10.9	(0.1)	1.9	5.7	(3.8)

During the year the Society of Petroleum Engineers Europe consolidated group had incoming resources of £5.3m and expended resources of £3.8m. Taken together with unrealised loss on investment assets, there was a surplus for the year of £1.4m. Included within the group's activities analysis of expenditure (note 3) there is £700k sponsorship of the distinguished lecturer program, a cornerstone initiative of the Society's charitable programs and £300k for the STAR scholarship program. SPE international dedicate more than one million dollars to be awarded by our 15 Regions, which represents a 10% increase on previous years support for the same, programs.

The partnership with Reed Exhibitions continues to be of critical importance both to SPE Europe and to SPEI's ability to deliver membership programs such as the Star Scholarship scheme and Distinguished Lecturer Programme. Over a two year period Offshore Europe, Russia Oil and Gas, Intelligent Energy and Arctic and Extreme Environments contribute over £3m to SPE. The partnership revenue accounts for the majority of the growth in reserves.

**2011 Offshore Europe** show was reduced to 3 days, from 3.5, yet the event saw a growth of 3% of attendees. The event exceeded budgeted revenue by 18% which was an overall increase of 13% against the 2009 Show. The total revenue to SPE was £2.9m. This compares with the last Offshore Europe conference year ended 31st March 2010, when incoming resources from the Offshore Europe partnership amounted to £2.8m.



## Trustees report (continued)

For the year ended 31 March 2012

**Intelligent Energy 2012** The recent SPE Intelligent Energy 2012 held in Utrecht, The Netherlands was very well attended. A new concept in open collaboration, Vision 2020, was introduced. Vision 2020 gives participants a chance to help build a vision for the future of the industry through online forums and discussions. Vision 2020 opened this important debate to the live audience in Utrecht and to anyone with access to the Intelligent Energy website.

**The launch of Arctic and Extreme Environments Conference was held in October 2011** in Moscow also held in partnership with Reed Exhibitions. Whilst the event did not meet budget expectations the event was considered a success as far as delegate feedback, quality technical sessions and good discussion in the Panels/Plenary. The impression was that SPE Europe were ahead of the curve with the launch of this event, addressing a key knowledge topic. The event is seen as having great growth potential.

Great efforts were made to maintain the technical content within the portfolio of meetings, which resulted in a successful year of workshops and conferences with the composite indicators (KPI) index of 73% (For this purpose, the composite index percentage is calculated from feedback made by attendees relating to - administration, technical content, social activities and networking opportunities received from participation. The benchmark is set by the trustees), this compares to 79% in 2011. The heaviest weighted areas relate to Technical Content Networking Opportunities, both key elements of the Charity's objectives. In this financial year the technical content of workshops was rated 73% (FY11 77 %) and conferences 72% (FY11 69%). Would recommend indicators (KPI) for conferences were 79% (FY11 81%) and workshops 88% (FY11 87%) respectively, both exceeding the benchmarks.

An average workshop and conference margin of 49 per cent was achieved from trading activities outside the partnerships.

At the end of the financial year the Society of Petroleum Engineers Europe consolidated group held net assets of £8,346,533. Listed investments plus cash and bank deposits totalled £7,728,697 at the end of 2012, comfortably sufficient to meet the group's obligations to creditors. Global stock market uncertainty continues to provide challenges and this resulted in an unrealised loss on investment assets for this financial year of £76k (2011 gain of £125,911).

The principal source of funding during the year continues to be income from conferences.

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## Trustees report (continued)

For the year ended 31 March 2012

### Policy on Reserves

The primary purpose of the Reserve Fund (the Fund) for the Society of Petroleum Engineers Europe (SPEU) and the aim of the Trustees' reserves policy is to make available a source of revenues to be used by SPEU or other subsidiaries of SPE Stichting to

- ensure the continuation of normal business activities should SPEU's operating revenues be insufficient to meet expenses during a period of sustained economic distress
- provide risk funds for the development of member service programs as approved by the SPE Stichting Board of Directors, and
- accommodate minor annual operating surpluses and deficits that may occur from time to time

The corpus of the SPEU Reserve Fund shall be determined by the total resources expended as reported in the SPEU annual consolidated financial statement, as approved by the SPEU Board of Directors, averaged over a two year period. In addition to the corpus described above, funds in the amount of one-half the annual total resources expended should be accumulated for use in future capital expenditures and new ventures. Any amount over the established corpus in the Reserve Fund balance can be used for any purpose consistent with the Society's charitable status and as approved by the SPEU Board of Directors.

SPE International has instituted an Advantage Programme which allocated 4% of its global reserve funds towards new initiatives, including Public Energy Education, Dedicated Programmes for the Young, Free Meeting Attendance for Academics and Additional Distinguished Lecturer Visits to Local Sections.

### Plans for Future Periods

The key elements of the Charity's medium to long-term strategy are

- To publish and disseminate technical information through conferences, meetings, publications and the multi society technical resource OnePetro and [www.spe.org](http://www.spe.org)
- To maintain and add information to SPE's knowledge reservoir and provide both public and membership access to such library, to include Universities and student bodies
- To institute, establish and promote educational training courses, scholarship grants, awards and prizes
- To continually evaluate the services provided to members, customers and the public at large to ensure the society is able to provide such services at the best possible rate
- To ensure the organisation structure provides the resources necessary to meet the Society's objectives

**Trustees report (continued)**  
For the year ended 31 March 2012

**Financial risk management objectives and policies**

The trustees constantly monitor the risks and uncertainties facing the company with particular reference to the exposure on price, exchange rates, credit, liquidity and cashflow risks. Management have procedures in place whereby forward contracts may be used to hedge against foreign exchange risks and credit control procedures are tightly monitored in order to minimise liquidity and cashflow risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

**Trustees Responsibilities**

The Trustees who are also directors of Society of Petroleum Engineers Europe Limited for the purposes of company law are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group of the incoming resources and application of resources including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following information for the accounting year to 31 March 2012 is presented in the form required by the Charity Commission and the Companies Act 2006 and as amended by the Charities Act of 2006.

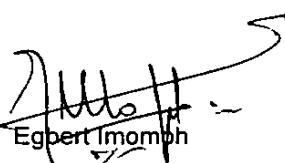
**Trustees report (continued)**  
For the year ended 31 March 2012

**Auditor**

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

On behalf of the Trustees



Egbert Imomoh

Trustee

30 August 2012

30/8/12

## Independent auditor's report

### **INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF THE SOCIETY OF PETROLEUM ENGINEERS EUROPE LIMITED**

We have audited the financial statements of Society of Petroleum Engineers Europe Limited for the year ended 31 March 2012 which comprise the Group Statement of Financial Activities (including the income and expenditure account), the Group and Parent Charitable Company Balance Sheets and related notes. 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).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2012, and of the group's incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or

## Independent auditor's report (continued)

- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit,



Gary Hanson, Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor  
Hatfield  
United Kingdom  
Date

30 August 2012

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Consolidated statement of financial activities

(Incorporating an income and expenditure account)

For the year ended 31 March 2012

	Notes	2012 £	2011 £
<b>Incoming resources from generated funds</b>			
Investment income – Bank interest, dividends and interest		168,050	132,609
<b>Incoming resources from charitable activities</b>	2	8,065,817	3,595,527
<b>Less: share of Joint Venture</b>		<u>(5,925,810)</u>	<u>(260,032)</u>
<b>Total incoming resources</b>		<u>2,308,057</u>	<u>3,468,104</u>
<b>Resources expended</b>			
<b>Cost of generating funds:</b>			
Investment management costs		34,365	29,650
<b>Management fee</b>		156,048	155,423
<b>Charitable activities</b>	3	3,444,624	3,580,809
<b>Governance costs</b>	4	<u>182,373</u>	<u>174,194</u>
<b>Total resources expended</b>		<u>3,817,410</u>	<u>3,940,076</u>
<b>Net outgoing resources for the year</b>	3	(1,509,353)	(471,972)
<b>Share of net interest in joint venture</b>	6	<u>2,962,905</u>	<u>130,016</u>
<b>Net (outgoing)/incoming resources for the year before other recognised losses</b>		<u>1,453,552</u>	<u>(341,956)</u>
<b>Other recognised (Losses)/Gains</b>			
(Losses)/Gains on investment assets - unrealised		<u>(75,486)</u>	<u>125,911</u>
<b>Net movements in funds</b>		<u>1,378,066</u>	<u>(216,045)</u>
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>6,967,467</u>	<u>7,183,512</u>
<b>Total funds carried forward</b>		<u>8,345,533</u>	<u>6,967,467</u>

There are no recognised gains or losses other than the net incoming resources for the year

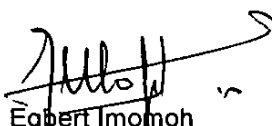
All incoming resources and resources expended derive from activities are continuing activities

The accompanying accounting policies and notes form an integral part of the financial statements

**Consolidated balance sheet**  
for the year ended 31 March 2012  
Registered number 2778741

	Notes	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible assets	8		43,548		48,091
Investment in joint ventures	9				
Share of gross assets		1,066,879		4,948,725	
Share of gross liabilities		(1,066,879)		(4,948,725)	
		-		-	
Other Investments	9	5,062,741		5,002,051	
Fixed asset investments			5,062,741		5,002,051
			5,106,289		5,050,142
<b>Current assets</b>					
Debtors	10	1,456,200		712,176	
Cash at bank and in hand		2,665,956		2,323,747	
		4,122,156		3,035,923	
<b>Creditors: amounts falling due within one year</b>	11	(881,912)		(1,117,598)	
<b>Net current assets</b>			3,240,244		1,918,325
<b>Net assets</b>			8,346,533		6,968,467
<b>Capital and funds</b>					
Called-up share capital	12		1,000		1,000
Unrestricted funds	13		8,345,533		6,967,467
<b>Total capital and funds</b>			8,346,533		6,968,467

The financial statements were approved by the board and authorised for issue on 30 August 2012

  
Egbert Imomoh  
Trustee

30/8/12

30 August 2012

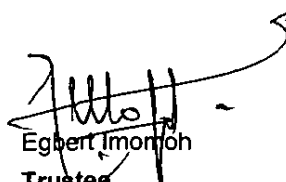
The accompanying accounting policies and notes form an integral part of the financial statements



**Company balance sheet**  
for the year ended 31 March 2012  
Registered number 2778741

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	8	43,548	48,091
Investments	9	<u>5,062,745</u>	<u>5,002,055</u>
		<u>5,106,293</u>	<u>5,050,146</u>
<b>Current assets</b>			
Debtors	10	3,061,737	2,012,247
Cash at bank and in hand		<u>558,088</u>	<u>254,900</u>
		3,619,825	2,267,147
<b>Creditors' amounts falling due within one year</b>	11	<u>(380,429)</u>	<u>(348,826)</u>
		3,239,396	1,918,321
<b>Net current assets</b>			
<b>Net assets</b>		<u>8,345,689</u>	<u>6,968,467</u>
<b>Capital and funds</b>			
Called-up equity share capital	12	1,000	1,000
Unrestricted funds	13	<u>8,344,689</u>	<u>6,967,467</u>
<b>Total capital and funds</b>		<u>8,345,689</u>	<u>6,968,467</u>

The financial statements were approved by the board and authorised for issue on 30 August 2012

  
 Egbert Imomoh  
 Trustee  
 30 August 2012

The accompanying accounting policies and notes form an integral part of the financial statements

## Notes to the financial statements (continued)

for the year ended 31 March 2012

### 1 Accounting policies

A summary of the group's principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

#### *a) Basis of preparation*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the provisions of the Companies Act 2006, the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005 2<sup>nd</sup> edition) and applicable accounting Standards

#### *b) Basis of consolidation*

The group financial statements consolidate the accounts of Society of Petroleum Engineers Europe Limited and all its subsidiary undertakings up to 31 March 2012. In the company's accounts, investments in subsidiary undertakings are stated at cost, less amounts written off

The group financial statements incorporate joint ventures under the gross equity method of accounting, supplemented by additional disclosures for joint ventures

No statement of financial activities (i.e. income and expenditure account) is presented for Society of Petroleum Engineers Europe Limited as provided by Section 408 of the Companies Act 2006. The company's results for the year are shown in note 13

#### *c) Fund accounting*

General funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity

#### *d) Incoming resources*

##### *Investment income*

Investment income relates to dividends and interest realised on investments and bank interest receivable. Investment income is accounted for on the accruals basis, other than dividend income, which is recognised on a declared basis

##### *Charitable activities*

Incoming resources from charitable activities relates to conference income and represents amounts receivable (exclusive of VAT) from visitors to, and exhibitors at, petroleum conferences organised by the group, together with donations from sponsor companies and other contributions. Conference income is recognised at the point at which the event is held

Notes to the financial statements (continued)  
for the year ended 31 March 2012

**1. Accounting policies (continued)**

*e) Resources expended*

*Fundraising trading*

Fundraising trading costs relate to management fees paid during the year. These costs are accounted for on an accruals basis.

*Investment management fee*

These costs relate to fees charged by investment managers for managing the investment portfolio. These costs are accounted for on an accruals basis.

*Charitable activities*

Charitable activities comprise expenditure, including staff costs, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of resources. These costs are accounted for on the accruals basis.

*Governance costs*

Governance costs relate to expenditure, including Board expenses, attributable to the costs of running the Board. These costs are accounted for on an accruals basis.

*f) Tangible fixed assets*

Tangible fixed assets are shown at original historical cost. Depreciation is provided on a straight line basis on all tangible fixed assets at rates designed to write off costs, less estimated residual values, over their expected useful lives, as follows:

Computer equipment	- 3 years
Fixtures, fittings and equipment	-10 years

*g) Investments*

Investments are stated at market value. It is the group's policy to keep valuations up to date such that when investments are sold, there is no gain or loss arising. As a result, the Statement of Financial Activities includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year, and realised gains and losses of investments disposed during the year. Disclosure is made in note 9 of the difference between the historical cost and the sale proceeds of the investments sold during the year.

*h) Joint ventures*

An entity is treated as a joint venture where the group holds a long term interest and shares control under a contractual agreement.

## Notes to the financial statements (continued)

For the year ended 31 March 2012

### 1. Accounting policies (continued)

In the group accounts, interests in joint ventures are accounted for using the gross equity method of accounting. The consolidated statement of financial activities indicates the group's share of the joint venture's turnover and includes the group's share of the net interest in the joint ventures. In the consolidated balance sheet, the group's share of the identifiable gross assets and its share of the gross liabilities attributable to its joint ventures are shown separately.

#### *i) Operating lease commitments*

Rentals paid under operating leases are charged on a straight line basis over the lease term.

#### *j) Foreign currency*

In the accounts of individual undertakings, transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of financial activities.

The results of overseas operations are translated at the average rate of exchange during the period. Balance sheet accounts are translated at the rate ruling at the balance sheet date.

#### *k) Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'cash flow statements' (Revised 1996) not to prepare cash flow statements on the grounds that it is a 'Small' company under the Companies Act 2006.

#### *l) Pension costs*

The group provides pensions to all employees through a funded defined contribution scheme. The amount expended in the statement of financial activities is the contributions payable in the year.

#### *m) Financial instruments*

##### *Forward contracts*

Forward exchange contracts are used to manage currency fluctuations on stock purchasing in foreign currencies by entering into a forward exchange contract to match the future foreign currency commitment when due. Foreign exchange contracts and the amounts due are valued at the time when the contract is taken out.

##### *Financial liabilities and equity instruments*

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

## Notes to the financial statements (continued)

For the year ended 31 March 2012

### 1. Accounting policies (continued)

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### 2. Incoming resources from charitable activities

	<b>Total 2012 £</b>	<b>Total 2011 £</b>
Conference income	<u><b>8,065,817</b></u>	<u><b>3,595,527</b></u>

The geographic split of the turnover is as follows

<b>Geographic Region</b>	<b>2012 £</b>	<b>2011 £</b>
UK	<b>5,924,690</b>	<b>311,131</b>
Europe	<b>1,786,761</b>	<b>2,850,099</b>
Russia	<b>281,630</b>	<b>434,150</b>
Africa	<u><b>72,736</b></u>	<u><b>147</b></u>
	<u><b>8,065,817</b></u>	<u><b>3,595,527</b></u>

## Notes to the financial statements (continued)

For the year ended 31 March 2012

### 3 Net outgoing resources for the year

Net outgoing resources for the year are stated after charging

	2012 £	2011 £
Staff costs (see note 5)	777,853	721,020
Depreciation	9,681	25,589
Auditors' remuneration	32,100	31,700

### Resources expended in respect of charitable activities

Activity	Activities undertaken directly	Support costs management	Support costs other	Total 2012	Total 2011
Conferences	1,237,538	691,281	388,653	2,317,472	2,580,309
Members' Programs	1,000,482	126,670	-	1,127,152	1,000,500
	<u>2,238,020</u>	<u>817,951</u>	<u>388,653</u>	<u>3,444,624</u>	<u>3,580,809</u>

Support costs are analysed as follows

	2012 £	2011 £
Support costs		
Staff costs	686,695	640,626
Other operating expenses	131,256	124,868
Administration costs	<u>388,653</u>	<u>1,185,217</u>
	<u>1,206,604</u>	<u>1,950,711</u>

£700,000 sponsorship of the Distinguished lecturer program a corner stone initiative of the Society's charitable programs and £300,000 for the STAR scholarship program are included within the Members' Programs

Notes to the financial statements (continued)  
for the year ended 31 March 2012

**4 Governance costs**

Governance costs are stated in respect of

	2012 £	2011 £
External audit	32,100	29,600
Other Financial services and consultancy	40,830	38,191
Board expenses	433	3,257
Management salaries	109,010	103,146
	<u>182,373</u>	<u>174,194</u>

**5 Staff costs**

	2012 £	2011 £
Wages and salaries	678,764	637,569
Social security costs	75,720	54,335
Other pension costs (note 14c)	23,369	29,116
	<u>777,853</u>	<u>721,020</u>

The average number of employees including directors (who are trustees) employed by the group during the year was:

	2012 Number	2011 Number
Members Program	3	5
Conference organisation	8	7
Support	9	6
Management and administration	5	5
	<u>25</u>	<u>23</u>

The number of employees earning over £60,000 during the year, excluding pension contributions, was as follows

	2012 Number	2011 Number
Income band £60,000 - £70,000	<u>1</u>	<u>-</u>

Pension contributions to money purchasing pension scheme in respect of the above employee during the year were £3,289 (2011 Nil)

*Trustees' remuneration*

No remuneration was paid, nor was due, to any of the trustees during the year

The trustees expenses for the year amounted to £ Nil (2011 £Nil)

**Notes to the financial statements (continued)**  
**For the year ended for the year ended 31 March 2012**

**6. Income from joint venture**

The company is entitled to draw the whole of its share of the profits of both Offshore Europe Partnership and E & P Events LLP. The company has received, as part of its entitlement under the Offshore Europe Partnership agreement, an amount of £2,760,471 (2011 £10,836) and under the E & P Events LLP agreement, an amount of £202,434 (2011 £119,180) in the year ended 31 March 2012.

The partnerships hold biennial conferences for petroleum engineers. Audited accounts are prepared for the Offshore Europe partnership for the 21 month period ended 31 December 2011. The last Offshore Europe Partnership conference was held during the year ended 31 March 2012, and the audited accounts are available for the 21 month period ended 31 December 2011. The E&P Events LLP audited accounts are available for the year ended 31 December 2011.

The geographical analysis of the share of the company's profits from the joint ventures is as follows:

	2012	2011
United Kingdom	2,760,471	10,836
Europe	236,424	15,420
Rest of the world	(33,990)	103,760
	<hr/> 2,962,905 <hr/>	<hr/> 130,016 <hr/>

**7. Taxation**

Society of Petroleum Engineers Europe Limited is a registered charity and is not subject to UK corporation tax on profits from its charitable activities. The subsidiaries are not charities and are therefore subject to corporation tax on their profits.



Notes to the financial statements (continued)  
For the year ended for the year ended 31 March 2012

**8 Tangible fixed assets**

	Computer equipment	Fixtures, fittings and equipment	Total
Group and company			
	£	£	£
<b>Cost</b>			
At beginning of year	107,850	80,592	188,442
Additions	3,350	1,788	5,138
Disposal	-	-	-
At end of year	<b>111,200</b>	<b>82,380</b>	<b>193,580</b>
<b>Depreciation</b>			
At beginning of year	105,768	34,583	140,351
Charge for the year	2,184	7,497	9,681
Disposals	-	-	-
At end of year	<b>107,952</b>	<b>42,080</b>	<b>150,032</b>
<b>Net book value</b>			
At 1 April 2011	2,082	46,009	48,091
<b>At 31 March 2012</b>	<b>3,248</b>	<b>40,300</b>	<b>43,548</b>

All of the company's fixed assets are held for use on a continuing basis for the organisation of conferences

Notes to the financial statements (continued)  
For the year ended for the year ended 31 March 2012

**9. Fixed asset investments**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Joint ventures	-	-	-	-
Listed investments	<b>5,012,960</b>	4,616,416	<b>5,012,960</b>	4,616,416
Cash awaiting investment	<b>49,781</b>	385,635	<b>49,781</b>	385,635
Subsidiary undertakings	-	-	<b>4</b>	4
	<b><u>5,062,741</u></b>	<b><u>5,002,051</u></b>	<b><u>5,062,745</u></b>	<b><u>5,002,055</u></b>

The group has a 50% interest in two Joint Ventures E&P Events LLP and Offshore Europe Partnership. The partnerships hold biennial conferences for petroleum engineers. Audited accounts are prepared for the Offshore Europe Partnership every two years. The last Offshore Europe Partnership Conference was held during the year Ending 31 March 2012, and audited accounts are available for the 21 months ended 31 December 2011. The E&P Events LLP audited accounts are available for the year ended 31 December 2011.

The Group is entitled to draw the whole of its share and the profit of both Offshore Europe Partnership and E&P Events LLP. The Group has received, as part of its entitlement under the Offshore Europe Partnership agreement, an amount of £2,760,471 (2011, £10,836), and under the E&P Events LLP agreement, an amount of £202,434 (2011, £119,180) in the year ending 31 March 2012.

The Group's aggregate interests in the joint venture are as follows,

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Turnover	<b>5,925,810</b>	260,032
Tangible fixed assets	-	-
Current assets	<b>1,066,879</b>	4,948,725
Liabilities due within one year	<b>(1,066,879)</b>	(4,948,725)
Net assets	<b>-</b>	-

Included in income resources from charitable activities in addition to conference programming income receivable, there is cost reimbursements and management fees from the two joint ventures amounting to £161,460 (2011 £106,819).

**Notes to the financial statements (continued)**  
**For the year ended for the year ended 31 March 2012**

**9. Fixed asset investments (Continued)**

**Principal group investments**

The company has two wholly-owned subsidiary undertakings at the year end SPE Trading Limited and SPE Ventures Limited, both of which are registered in England and Wales

*Listed investments*

	2012 £	2011 £
Market value as at beginning of year	4,616,416	4,588,069
Additions	1,996,536	691,784
Disposal proceeds	(1,524,506)	(789,348)
Net investment (loss)/profit unrealised in year	<u>(75,486)</u>	<u>125,911</u>
Market value at end of year	<u>5,012,960</u>	<u>4,616,416</u>
Historical cost at end of year	<u>4,453,565</u>	<u>3,983,053</u>
Unrealised gain at end of year	<u>559,395</u>	<u>633,363</u>
Realised gain on historical cost basis	<u>117,369</u>	<u>82,483</u>

Listed investments comprise investments listed on the UK Stock Exchange

**10 Debtors: Amounts falling due within one year**

	Group 2012 £	2011 £	Company 2012 £	2011 £
Trade debtors	811,488	254,218	111,757	32,798
Amount owed by fellow subsidiary	207,371	198,712	141,379	86,293
Amounts owed by subsidiary undertakings	-	4,719	2,731,205	1,810,324
Other debtors	44,131	17,923	13,846	16,189
Prepayments and accrued income	<u>393,210</u>	<u>236,604</u>	<u>63,550</u>	<u>66,643</u>
	<u>1,456,200</u>	<u>712,176</u>	<u>3,061,737</u>	<u>2,012,247</u>

Notes to the financial statements (continued)  
for the year ended 31 March 2012

**11. Creditors: amounts falling due within one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade Creditors	169,328	389,997	106,160	102,420
Amounts owed to fellow subsidiary	43,378	46,571	28	18,241
Amount owed to subsidiary undertakings	-	1,970	-	-
Taxation and social security	67,705	21,173	67,634	15,620
Accruals and deferred income	<u>601,501</u>	<u>657,887</u>	<u>206,607</u>	<u>212,545</u>
	<u>881,912</u>	<u>1,117,598</u>	<u>380,429</u>	<u>348,826</u>

**Deferred Income**

Deferred income relates to advanced conference registrations, exhibition and sponsorship income. Income deferred in the current year relates to advanced conference registrations, exhibition and sponsorship income for conferences taking place after 31 March 2012.

	Group	Company
	£	£
Balance as at 1 April 2011	147,382	-
Amount released to incoming resources	(147,382)	-
Amount deferred in year	152,709	-
Balance as at 31 March 2012	<u>152,709</u>	<u>-</u>

**12 Called-up equity share capital**

	2012	2011
	£	£
Group and company <i>Authorised</i> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully-paid</i> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Notes to the financial statements (continued)  
For the year ended for the year ended 31 March 2012

**13. Reconciliation of movements in capital and funds**

	Balance 1 April 2011	Income	Net (losses) on investment	Expenditure	Balance 31 March 2012
Group	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	1,000
Unrestricted general funds	6,967,467	5,270,962	(75,486)	(3,817,410)	8,345,533
Total capital and funds	6,968,467	5,270,962	(75,486)	(3,817,410)	8,346,533
<b>Company</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Called-up equity share capital	1,000	-	-	-	1,000
Unrestricted general funds	6,967,467	3,884,903	(75,486)	(2,432,195)	8,344,689
Total capital and funds	6,968,467	3,884,903	(75,486)	(2,432,195)	8,345,689

**14 Guarantees and financial commitments**

*a Capital commitments*

At the end of the year there were no capital commitments (2011 £Nil)

*b Lease commitments*

Annual commitments under non-cancellable operating leases are as set out below

	Group 2012 £	2011 £	Company 2012 £	2011 £
Operating leases, for land and buildings, which expire within two to five years	111,375	111,375	111,375	111,375

On the 18 April 2012 the company entered into an additional operating lease for land and buildings of £92,625

*c Pension arrangements*

The company provides defined contribution pension schemes for all employees

The amount charged to the statement of financial activities is the contributions payable in the year and amounted to £23,369 (2011 £29,116)

*d Contingent liabilities*

As a partner in Offshore Europe Partnership and E & P Events LLP, SPE Trading Limited is jointly and severally liable, without limit, for the debts of the partnerships. In the event that either partnership fails to pay any debt for which it has primary liability or is unable to pay amounts due, creditors may look directly to SPE Trading Limited for settlement of their debts or obligations.

Notes to the financial Statements (continued)  
for the year ended 31 March 2012

**15 Subsidiary undertakings**

	SPE Ventures Limited £	SPE Trading Limited £
Turnover	1,955,918	161,460
Income from joint venture	-	2,962,905
Costs	<u>(1,816,144)</u>	<u>(220,976)</u>
Net profit	139,774	2,903,389
Gift Aid payment	<u>(139,718)</u>	<u>(2,903,512)</u>
Profit/(loss) before tax	56	(123)
Tax charge	<u>(56)</u>	<u>1,269</u>
Retained funds for the year	<u>-</u>	<u>1,146</u>
Net assets	<u>2</u>	<u>1,148</u>

**16. Ultimate parent undertaking**

The ultimate parent company and controlling related party is Society of Petroleum Engineers (SPE) Stichting, registered in The Netherlands

The largest and smallest group in which the results of the company are consolidated is that headed by Society of Petroleum Engineers (SPE) Stichting. The consolidated accounts of this group are available to the public and may be obtained from the company's offices at First Floor, Threeways House, 40/44 Clipstone Street, London W1W 5DW

As a wholly owned subsidiary the company has taken advantage of the exemption conferred in Financial Reporting standard 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by the Society of Petroleum Engineers (SPE) Stichting