

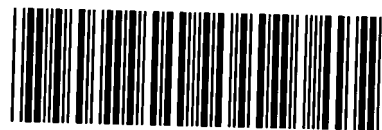
Society of Petroleum Engineers Europe Limited

Consolidated financial statements for the year ended 31 March 2018

Registered number: 2778741

Registered charity number: 1017482

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Society of Petroleum Engineers Europe Limited

Registered number: 2778741

Registered charity number: 1017482

Trustees

Carlos Chalbaud (resigned 7th April 2017)

Clara Altobelli (resigned 7th April 2017)

Colin Black (resigned 7th April 2017)

Emmanuel Egbogah (resigned 7th April 2017)

Leon Beugelsdijk (resigned 8th March 2018)

Maurizio Rampoldi (resigned 7th April 2017)

Stephen Graham

Graeme Newton (appointed 7th April 2017 and resigned 20 July 2018)

James Rawes (appointed 7th April 2017)

Suzanne Lubkowska (Chairman) (appointed 7th April 2017, resigned 31st December 2017)

Karl Luvig Heskestad (appointed 16th March 2018)

Company Secretary

Joe Healy (Resigned 21st September 2017 and re-appointed 21st July 2018)

Graeme Newton (appointed 21st September 2017 and resigned 20th July 2018)

Registered Office

Fourth Floor West

America House

2 America Square

London EC3N 2LU

Trustees report

Auditors

Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

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 AG
1 Finsbury Avenue
London EC2M 2AN

Trustees report (continued)

For the year ended 31 March 2018

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 2018.

Trustees and their Interests

The Trustees, who are also the Directors, who served during the year were as follows:

Carlos Chalbaud (resigned 7th April 2017)
Clara Altobelli (resigned 7th April 2017)
Colin Black (resigned 7th April 2017)
Emmanuel Egbogah (resigned 7th April 2017)
Leon Beugelsdijk (resigned 8th March 2018)
Maurizio Rampoldi (resigned 7th April 2017)
Stephen Graham
Graeme Newton (appointed 7th April 2017, resigned 20th July 2018)
James Rawes (appointed 7th April 2017)
Suzanne Lubkowska (Chairman) (appointed 7th April 2017, resigned 31st December 2018)
Karl Luvig Heskestad (appointed 16th March 2018)

One-third of Directors retire by rotation and, being eligible, offer themselves for re-election.

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 and Company Secretary

Joe Healy – Human Resources Director and Company Secretary
Sue Frye – Director, Europe, Caspian and Sub-Saharan Africa Events
Phil Chandler – Senior Manager, Sales and Business Development
James Rawes – VP Sales, Marketing and Business Development
Graeme Newton – Senior Manager, Finance (until 20 July 2018)

Structure, Governance and Management

Governing Document

Society of Petroleum Engineers Europe Limited, company registration number: 2778741 and charity registration number: 1017482, 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 (SPE) Inc, a charitable company incorporated and operating in the USA. 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.

Trustees report (continued)

For the year ended 31 March 2018

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. Trustees are provided with ongoing training and support as required to enable them to fulfil their duties effectively.

The Trustees of the board are not remunerated for the service that they provide to the Charity as Trustees of the board but where they fulfil other employment activities for the SPE group, they will receive remuneration from the Group. In such cases, remuneration is benchmarked against appropriate external data and reviewed by senior management, and if appropriate, the remuneration committee on a regular basis.

Organisation

The SPE Inc Board is comprised of the SPE International officers. The SPE Inc 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:

- The SPE International Board is responsible for policy and programme development for the Society's worldwide activities
- The SPE Inc Board has fiduciary and operational oversight responsibility for the entire organisation; and
- The regional subsidiary boards have fiduciary and operational oversight responsibility for the subsidiary operations.

The SPE Chief Executive Officer (CEO) together with the Chief Operations Officer (COO) manages the worldwide staff operations. Each subsidiary has an Events Director who oversees the regional operations. The Events Directors report to the Chief Operations Officer. The Chief Executive Officer and Chief Operations Officer work 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 programmes.

Strategic Report

Objectives and Activities

The objectives and principal activities of Society of Petroleum Engineers Europe Limited continue to be in line with the vision of SPE International, which is to "enable the global oil and gas E&P industry to share technical knowledge needed to meet the world's energy needs in a safe and environmentally responsible manner", which guides the overall mission "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; and to provide opportunities for professionals to enhance their technical and professional competence".

The Group achieves its objectives through a variety of programmes including publications, technical meetings, scholarships, educational programmes, training courses and web based services.

Public Benefit

In planning our activities to meet our objectives 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 Exploration and Production (E&P) 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.

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 programmes help by offering both professional and skill development through workshops, training courses, publications, Section activities 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 programme, Energy4me, the SPE Ambassador programme and teacher workshops and education events aimed at students and school children.

By maintaining high professional standards by offering members continuing education options globally. SPE Petroleum Engineering Certification offers an international credential recognising petroleum engineering expertise.

Trustees report (continued)

For the year ended 31 March 2018

Distinguished Lecturer Programme

The Distinguished Lecturer Programme, available to Sections throughout the world, is one of the most popular SPE-administered programmes. This annual programme began in 1961 with three highly regarded "Distinguished Lecturers." Currently SPE sends 30 to 35 lecturers to 187 Sections providing three lectures per season, which averages 580 presentations per programme year.

The programme is a key component of SPE's technology dissemination mission. The programme is designed to provide Sections with outstanding, expert speakers for Section meetings. It also recognises the professional contributions of those selected as Distinguished Lecturers.

Every compliant SPE Section is now entitled to up to two Distinguished Lecturer presentations each year. The programme runs from September through June. 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. Potential lecturers are selected in May and finalised in September/October for the following programme year. The cost of this programme 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. Recognising the importance of the programme to the industry globally this is one of the programmes which SPE Europe funds.

Regional Star Scholarships

In 2009, SPE launched a new scholarship programme to support both undergraduate and graduate studies. Through this programme, SPE has committed approximately USD 1,000,000 annually, funding this programme through member advantage funds. Each of the 16 regions has customised 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 programme.

After the 2015 awards were announced it was decided that no new scholarships would be awarded for this programme but SPE would continue to honour pre-existing awards. As a result, each year since 2015, fewer payments are made and 4th year instalments are planned to be honoured to the recipients in 2019. In 2016 approximately 80 payments were made at a cost of USD 377,000, 26 of which going to members under the jurisdiction of SPE Europe. The Global cost is expected to reduce to USD 300,000 in 2017 and USD 182,000 in 2018. This programme will remain suspended for new applicants until further notice.

The programme is administered globally by a coordinator in the Americas office with additional coordination for applications from regional office staff. SPE Europe also donates to this very valuable programme to ensure security of upcoming talent for the industry in the years ahead.

Trustees report (continued)

For the year ended 31 March 2018

Current Position and Future Strategy

The main objectives for the forthcoming year, as well as the Trustees' assessment of the Group's actual performance for this year, are set out below:

Technical Meetings

The Group conducts its trading activities through its two trading subsidiaries, SPE Ventures Limited and SPE Trading Limited. These companies organise and hold workshops, training courses and conferences to further the aims of the charitable organisation.

The overall aim of the Group is to disseminate technical information through technical conferences and meetings:

In FY18, 18 events were held in Europe, Russia, the Caspian and Sub-Saharan Africa, which were attended by SPE professional members, students and non-members. This figure includes conferences, workshops, forums and training courses. A number of workshops were cancelled or postponed as the effects of the drop in the oil price began to be felt and there was significant uncertainty within the industry.

In FY19, SPE Europe will continue to sustain its core objective of the dissemination of technical knowledge with 23 events scheduled across the region. The number of technical meetings, particularly workshops and training courses, is less than in previous years in response to the ongoing impact of the low oil price and a general nervousness within the industry. The focus is on maintaining the quality of the larger events which have been effected to a slightly lesser degree. However, work continues to develop our presence, influence and membership in the target areas of Norway, the Caspian and Sub-Saharan Africa.

Educational Programmes

SPE continues to maintain and add information to the Society's online resources and educational publications and services.

One-Petro

OnePetro, a multi-society online library, contains over 160,000 technical papers from SPE as well as 18 other publishing partners. OnePetro is supported by subscriptions from academic and corporate institutions as well as individual paper sales. The technical resources available on OnePetro continue to grow with peer-reviewed journal articles as well as proceedings from conferences held worldwide being added monthly. The majority of papers are in the English language; however, there are also papers available in the Russian language.

Energy4Me

The Energy4me programme to educate school aged children and their teachers and parents about the industry also continues to grow with materials now available in seven languages and used globally by schools. Regional websites allow easy access to SPE's information. SPE Europe supported and participated in the Big Bang Fair held in March 2018 in Birmingham. The Fair, supported by some 200 organisations and attracting over 70,000 school children, parents and teachers, introduced visitors to all aspects of Science, Technology, Engineering and Maths (STEM) as well as the associated career opportunities. SPE Europe intends to participate and support this event again in March 2019.

Trustees report (continued)

For the year ended 31 March 2018

Training Courses

Over 130 training courses are now held globally with nine being located in the Europe, Russia, Caspian and Sub-Saharan Africa region in FY18 and fifteen planned for FY19. Training courses on offer will continue to be refreshed in the coming year to ensure both topicality and local instructors offering maximum value and benefit to attendees.

Scholarships

In addition to the 81 Star Scholarships and Fellowships, seven other Scholarships are awarded globally each year. This includes the SPE Foundation Gus Archie Scholarship (one winner receiving USD 5,000 for up to 4 years), SPE Foundation Nico van Wingen Graduate Fellowship (one winner receiving USD 5,000 for up to 4 years), Henry DeWitt Smith Memorial Fellowship (one winner single payment of USD 5,000) and the Imomoh Scholarship (four winners with a single payment of USD 2,000).

These payments are also administered globally by a coordinator in the Americas office with additional coordination for applications from regional London office staff.

Student Paper Contests

Regional contests continue to be run annually with the winners offered an expenses paid trip to compete internationally at the SPE Annual Meeting with other regional winners. Up to 42 winners (three per 14 regional contests). Funding included return flights, four nights' accommodation, event registration and VISA costs if required. This is processed by the Young Member Programs Team in the London Office.

Distinguished Lecture Programme

This programme, outlined above, remains a great success being extremely valued by the membership globally. SPE Europe will continue to fund this important programme.

Awards Programme

With awards presented at a Section, regional and international level SPE members achieve recognition amongst their peers within the industry.

Certification Programme

Certification exams continue to be run to give a qualification for those who choose to study hard for and take this multidisciplinary open book exam. High value is placed by the industry on those who can claim achievement of this qualification.

Trustees report (continued)

For the year ended 31 March 2018

Sections

SPE members are all affiliated to a local Section. This structure allows for members based geographically close to each other the opportunity to network with other members through meetings and events at a local level. Some Sections are larger and some more active than others. In FY18 we saw the establishment of new Sections in this region in Algeria, Cameroon, Namibia, Republic of South Sudan and Turkmenistan. In FY19 new Sections will continue to be established as the membership continues to grow across the regions.

Student Chapters

Student Chapters are all affiliated with an academic establishment offering a relevant petroleum engineering related course. In FY18 there were sixteen new Student Chapters established within our Region. The universities were based in Algeria, Bangladesh, Egypt, India, Indonesia, Nigeria, Pakistan, Russia, Uganda and Ukraine. In the coming year, new Chapters will continue to be established allowing SPE to continue the connection between students and our professional membership to secure the future of the industry workforce. There continues to be a strong growth in Student Chapters, however the criteria for establishing Student Chapter have been tightened.

SPE Europe will continue to work in the year ahead to identify programmes and projects which meet our mission. The Trustees review new programmes regularly which they can support and new projects are regularly assessed for their value.

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.

Risk Management

The Trustees have continued their overview during the year to examine the major strategic, business and operational risks which the charity faces. Society of Petroleum Engineers Europe and its related entities face multiple risks. These various risks are normal and customary as they relate to Society of Petroleum Engineers Europe's business. In addition to management's assessment of these risks, SPE's internal audit function has been actively auditing SPE's operations in London for over five years as well as more recently in Moscow. Throughout this timeframe, internal audit has observed, and reports that, the risks listed below are effectively managed in accordance with standard SPE and industry practices.

Strategic Risks (External)

- Political unrest – political issues/changes, e.g. Russia, Middle East, Africa
- Economic environment – 'Great Recession', banking issues, stagnant economic growth
- Social activism – oil spill(s), public perception/image of oil industry

Trustees report (continued)

For the year ended 31 March 2018

- Cultural factors – diversity of religion(s), migration, aging of customer base

Business Operating and Financial Risks (Internal)

- Processes – support SPE's mission; membership growth, event management
- Personnel – hiring, retention/attrition, training, growth
- Compliance – FCPA, UK Bribery Act, UK Charities Commission, Data Protection and privacy laws
- Sanctions – observing legal restrictions applicable to designated countries
- Traditional financial risks – addressed by the internal audit department; risk assessment, audit planning, systems and processes, evaluation of internal control(s) design, substantive testing of all major classes and categories of financial transactions, fraud awareness

External risks

SPE Europe's management has remained aware of the primary external risks and has taken measures, such as cancelling, moving and rescheduling of events that might present security or safety risks to attendees, sponsors and staff. There are no examples where any known significant risk was ignored.

Internal risks

SPE Europe's management has identified and improved its primary business processes consistently over time. Personnel levels are expanded or reduced as necessary and properly trained. Management has taken steps to ensure compliance with all applicable regulations promulgated by the governing bodies such as the UK Charities Commission and has acted proactively to ensure compliance with current regulations. Management has complied with all legal sanctions imposed by all governments involved. Financial risks have been assessed and evaluated by SPE's Internal Audit department. Management has responded positively to recommendations made by Internal Audit.

Financial risk management objectives and policies

The Trustees constantly monitor the risks and uncertainties facing the Group with particular reference to the exposure on price, exchange rates, credit, liquidity and cash flow risks. Management has 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 cash flow risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

Reserves policy

The SPE Europe board regularly reviews the financial position and performance of the charity and its trading subsidiaries and is confident that, despite the current global downturn in oil prices, the organisation has sufficient resources to continue trading as a going concern for the foreseeable future.

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 Inc to:

Trustees report (continued)

For the year ended 31 March 2018

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 programmes as approved by the SPE Inc Board of Directors; and
- accommodate minor annual operating surpluses and deficits that may occur from time to time.

The target amount for 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. Funds in the amount of one-half (6 months) the annual total resources expended should be accumulated for use in future capital expenditures and new ventures. Any amount over the target level for 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, complimentary Meeting Attendance for Academics and Additional Distinguished Lecturer Visits to Local Sections.

	2018	2017	2016
Unrestricted funds	8,437,117	8,277,792	9,938,409
Less; Tangible fixed assets	(33,839)	(66,352)	(119,403)
Less; Programme related investment (subject to annual board approval the intention is to designate funds to the support of the Star scholarship and Distinguished lecture programme administered by the Society of Petroleum Engineers, in line with the 2017 strategic plan)	(1,000,000)	(2,200,000)	(3,400,000)
Level of reserves available for purpose consistent with the Society's charitable status	7,403,278	6,011,440	6,419,006

In line with our reserves policy, the target amount for the SPEU reserves fund for the financial year ending 31 March 2018 is calculated to be equivalent to £4.8m (2017: £5.0m). When compared to the target reserve fund balance of £5.0m, a surplus of £2.4m in the level of reserves available for charitable purposes remains. The level of reserves available takes into consideration £4.8m being designated for charitable purposes over the next four years for the Distinguished Lecturer programme and Student Scholarships.

Investment Policy and Performance

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.

Trustees report (continued)

For the year ended 31 March 2018

At the end of this financial year, the portfolio performance over the last 12 months was 3.24% against the benchmark performance for a comparable period of 2.32%.

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.

During the year the Society of Petroleum Engineers Europe consolidated Group had incoming resources from charitable activities of £4.2m (2017: £3.1m) and investment gains of £55k (2017: gain of £676k), the Group has expended resources of £4.1m (2017: £5.5m). Taken together with gains on investment assets, there was a surplus for the year of £0.2m (2017: deficit of £1.7m). Performance overall was above expectations, mostly due to the strong performance of the Group's investment portfolio. Excluding the returns on the Group's investments, performance was below expectations and this is due to tough trading conditions resulting from the down turn in oil price which started during the second half of 2014. The major achievements during the year can be attributed to the holding of the Russian Petroleum Conference, the Offshore Europe Conference and the Caspian Technical Conference and Exhibition, all of which took place within this financial year, and exceeded budgeted expectations.

This year the Group's income receivable from the joint ventures amounted to £2.7m (2017: £9k). Over the two year period Offshore Europe and Engineous (Formerly Intelligent Energy) have historically contributed over 2.7m in profits to SPE, this is forecast to slightly decrease in future periods, due to continued tough trading conditions. The partnership with Reed Exhibitions continues to be of critical importance both to SPE Europe and to SPEI's ability to deliver membership programmes such as the Star Scholarship Programme and Distinguished Lecturer Programme.

Included within the Group's activities analysis of expenditure (note 3) there is £800k sponsorship of the Distinguished Lecturer programme, a cornerstone initiative of the Society's charitable programmes and £400k for the STAR scholarship programme.

At the end of the financial year the Society of Petroleum Engineers Europe consolidated Group carries forward net assets of £8,438,117 (2017: £8,278,792). Listed investments plus cash and bank deposits totalled £8,253,961 (2017: £6,656,906) at the financial year end, comfortably sufficient to meet the Group's short term obligations to creditors.

Operations

SPE Europe conducts its trading activities through its two trading subsidiaries, SPE Ventures Limited and SPE Trading Limited. During the year ended 31 March 2018, SPE Ventures Limited made an operating loss of £(103,017). The company's main operations relate to the staging of conferences, workshops and training courses for professionals who are employed in the oil and gas industry. During the year ended 31 March 2018, SPE Trading Limited made an operating profit of £151,585. The company's main operations relate to the staging of joint venture conferences for professionals who are employed in the oil and gas industry.

Trustees report (continued)

For the year ended 31 March 2018

The principal source of funding during the year continues to be income from conferences and workshops with this financial year including the Intelligent Energy event. In FY18 every effort has been made to keep costs as low as possible to ensure that events are not only relevant to the membership but also affordable. Local advice and recommendations continue to drive the programmes being produced in the emerging regions where events can act as a shop window on the Society and support our growth initiatives in these areas.

Highlights of this year's event programme are as follows:

Russian Petroleum Technology Conference

More than 700 industry experts from 20 countries and 175 organisations took part in the 2017 SPE Russian Petroleum Technology Conference. The event included 22 technical sessions, where 200 specialists delivered their presentations. During the conference, the delegates visited 5 round tables and 12 knowledge sharing sessions.

4th Annual Caspian Technical Conference & Exhibition

CTCE returned to Azerbaijan with the continued support of the NOC SOCAR. CTCE co located again with the SEG and EAGE conferences providing a cross industry with an event with four parallel streams and three common plenaries over three days. In today's continued difficult climate CTCE attracted over 540 attendees from 22 Countries and 104 Different organisations. In addition, there was the 4th regional student development summit that was run at the Baku Higher Oil School.

Norway One Day Seminar

NODS is an evolution of the previous Bergen one day seminar and was also moved to a hotel venue from its historic location. The broadening of the committee, addition of new members including operators and under the patronage of Equinor (STATOIL) NODS attracted 233 attendees up 31% on 2017 (178) and will provide a profit for the first time in 4 years

Workshops were again significantly affected by the continued downturn in the market and reduced budgets with only 5 events going ahead. Similarly, training courses are only offered alongside major conferences with mixed success.

Final year actual revenues vs budget for ECR 124% for EC 111% for Russia 140%. ECR region also included London Conference, Bergen one day seminar and EFDC. (NOTE:\$15,625 was generated for the INSPIRE programme at OE which was not budgeted for)

Plans for Future Periods

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

- Capability Development
- Knowledge Transfer
- Promoting Professional and Social Responsibility
- Public Education about the Petroleum Engineering profession and industry issues

SPE's programmes all strive to meet these strategic priorities fitting with the overall mission.

Trustees report (continued)

For the year ended 31 March 2018

Statement of 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' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- 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 adequate accounting records that are sufficient to show and explain the charitable Company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

The Report of the Trustees, which includes the Strategic Report, was approved by the Board and signed on their behalf

by:



James Rawes

Trustee

17th December 2018

Independent auditor's report

Independent Auditor's Report to the Members of the Society of Petroleum Engineers (Europe) Limited

Opinion

We have audited the financial statements of Society of Petroleum Engineers Europe Limited for the year ended 31st March 2018 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet and Consolidated Cash Flow Statement 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31st March 2018 and of the group's incoming resources and application of resources 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 group 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable 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 trustees 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.

Independent auditor's report (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement page 15, 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, and for such internal control as the trustees 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 trustees are responsible for assessing the group's or the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditor's report (continued)

Use of the report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 19 December 2018

Consolidated statement of financial activities
(Incorporating an income and expenditure account)
For the year ended 31 March 2018

	Notes	2018 £	2017 £
Income from			
Charitable activities	2	1,358,834	2,977,134
Income from joint ventures	6	2,643,609	8,769
Investment income – Bank interest, dividends and interest		158,972	150,888
Total		4,161,415	3,136,791
Expenditure on:			
Raising funds			
Investment management costs		27,670	23,704
Management fee		88,761	171,759
Charitable activities	3	3,940,359	5,278,134
Total		4,056,790	5,473,597
Gains on investments		54,700	676,188
Net income/(expenditure)		159,325	(1,660,617)
Reconciliation of funds			
Total funds brought forward		8,277,792	9,938,409
Total funds carried forward		8,437,117	8,277,792

All income and expenditure are derived from 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 2018
Registered number: 2778741

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	8		33,839		66,352
Fixed asset investments	9		<u>5,850,096</u>		<u>5,664,303</u>
			5,883,935		5,730,655
Current assets					
Debtors	10	896,038		2,109,322	
Cash at bank and in hand		<u>2,403,865</u>		<u>992,603</u>	
		3,299,903		3,101,925	
Creditors: amounts falling due within one year	11	<u>(745,721)</u>		<u>(553,788)</u>	
Net current assets			<u>2,554,182</u>		<u>2,548,137</u>
Net assets			<u>8,438,117</u>		<u>8,278,792</u>
Capital and funds					
Called-up share capital	12		1,000		1,000
<i>Unrestricted funds</i>					
General fund	13		7,437,117		6,077,792
Designated fund	13		<u>1,000,000</u>		<u>2,200,000</u>
Total capital and funds			<u>8,438,117</u>		<u>8,278,792</u>

The financial statements were approved by the board and authorised for issue on 17th December 2018.



James Rawes

Trustee

17th December 2018

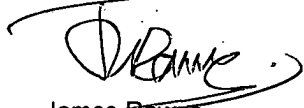
The accompanying accounting policies and notes form an integral part of the financial statements

Company balance sheet
for the year ended 31 March 2018
Registered number: 2778741

		2018	2017
	Notes	£	£
Fixed assets			
Tangible assets	8	33,839	66,352
Investments	9	5,850,100	5,664,307
		<u>5,883,939</u>	<u>5,730,659</u>
Current assets			
Debtors	10	3,785,238	4,607,626
Cash at bank and in hand		292,931	298,506
		<u>4,078,169</u>	<u>4,906,132</u>
Creditors: amounts falling due within one year	11	<u>(1,155,231)</u>	<u>(1,942,122)</u>
Net current assets		<u>2,922,938</u>	<u>2,964,010</u>
Net assets		<u>8,806,877</u>	<u>8,694,669</u>
Capital and funds			
Called-up equity share capital	12	1,000	1,000
<i>Unrestricted funds</i>			
General fund	13	7,805,877	6,493,669
Designated fund	13	1,000,000	2,200,000
Total capital and funds		<u>8,806,877</u>	<u>8,694,669</u>

No separate statement of financial activities is presented for Society of Petroleum Engineers Europe Limited as provided by Section 408 of the Companies Act 2006. The surplus for the year for Society of Petroleum Engineers Europe Limited for Companies Act 2006 purposes was £112,208 (2017: £1,409,016 loss).

The financial statements were approved by the board and authorised for issue on 17th December 2018



James Rawes

Trustee

17th December 2018

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

Consolidated cash flow statement
for the year ended 31 March 2018
Registered number: 2778741

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	(a)	1,394,328	(1,968,177)
Cash flows from investing activities:			
Dividends		158,972	75,952
Purchase of property, plant and equipment		10,946	-
Proceeds from sale of investments		991,834	3,570,998
Purchase of investments		(1,074,251)	(4,224,626)
Net cash used in investing activities		65,609	(577,676)
Change in cash and cash equivalents in the reporting period		1,459,937	(2,545,853)
Cash and cash equivalents at the beginning of the reporting period		1,133,558	3,679,411
Cash and cash equivalents at the end of the reporting period		2,593,495	1,133,558

Note (a) – Reconciliation of cash flows from operating activities

	2018 £	2017 £
Net income/(expenditure) for the reporting period	159,325	(1,660,617)
Net cash provided by/(used in) operating activities		
Adjustments for:		
Depreciation charges	43,459	53,051
Gains/(losses) on investments	(54,700)	(84,854)
Dividends, interest and rent from investments	(158,972)	(75,952)
Decrease in debtors	1,213,284	593,177
Decrease /(Increase) in creditors	191,932	(792,982)
Net cash provided by/(used in) operating activities	1,394,328	(1,968,177)
Analysis of cash and cash equivalents		
Cash in hand	2,403,865	992,603
Notice deposits (less than 3 months)	189,630	140,955
Cash and cash equivalents	2,593,495	1,133,558

Notes to the financial statements

for the year ended 31 March 2018

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 in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011 and UK Generally Accepted Practice.

Society of Petroleum Engineers (Europe) Limited meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) Going concern

As highlighted in the report of the Trustees, having assessed the Group's financial position, its plans for the foreseeable future and the risks to which it is exposed, the Trustees are satisfied that it remains appropriate to prepare the financial statements on the going concern basis.

The individual entity accounts of Society of Petroleum Engineers Europe Limited have taken advantage of the disclosure exemption under FRS 102 to separately disclosure categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a Group basis in the notes to the accounts.

c) 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 2018. 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 equity method of accounting, supplemented by additional disclosures for joint ventures.

The Group's results for the year are shown on page 18.

Notes to the financial statements (continued)

For the year ended 31 March 2018

1. Accounting policies (continued)

d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

e) Fund accounting

Unrestricted funds comprise general funds where monies are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and designated funds where monies are unrestricted but they have been designated by the Trustees for a specific purpose.

f) Income

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 receipt.

Charitable activities

Income 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 and associated income is only recognised at the point at which the event is held and is deferred for events which occur in the next accounting period.

Notes to the financial statements (continued)

for the year ended 31 March 2018

1. Accounting policies (continued)

g) *Expenditure*

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.

h) *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	- 5 to 10 years

i) *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.

j) *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 2018

1. Accounting policies (continued)

In the Group accounts, interests in joint ventures are accounted for using the equity method of accounting. The consolidated statement of financial activities indicates the Group's share of the net interest in the joint ventures. In the consolidated balance sheet notes, amounts owing from the joint venture are disclosed

k) Operating lease commitments

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

l) 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.

m) Financial instruments

The Group has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade, other creditors and accruals.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

n) 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.

o) Company information

The charity is a private limited company, registered by shares (registered number 2778741), which is incorporated and domiciled in the England and Wales. The address of the registered office is Fourth Floor West, America House, 2 America Square, London EC3N 2LU.

Notes to the financial statements (continued)

for the year ended 31 March 2018

2. Income from charitable activities

	Total 2018	Total 2017
	£	£
Conference income	<u>1,358,834</u>	<u>2,977,134</u>

The geographic split of the turnover is as follows:

Geographic Region	2018	2017
	£	£
UK	204,554	270,478
Europe	292,312	1,625,802
Russia and Caspian	862,968	860,312
Africa	-	220,542
	<u>1,358,834</u>	<u>2,977,134</u>

3. Net income/expenditure for the year

Net income/expenditure for the year are stated after charging:

	2018	2017
	£	£
Staff costs (see note 5)	1,256,282	1,341,637
Depreciation	43,459	58,946
Rent	239,481	204,959
Auditors' remuneration	30,520	25,820
Non-audit expenses	4,550	3,950

Notes to the financial statements (continued)

for the year ended 31 March 2018

Expenditure in respect of charitable activities

Activity	Activities undertaken directly	Support costs management	Support costs other	Total 2018	Total 2017
Conferences	557,001	1,180,692	729,047	2,466,740	3,898,610
Members' Programmes	1,200,000	273,619	-	1,473,619	1,379,524
	<u>1,757,001</u>	<u>1,454,311</u>	<u>729,047</u>	<u>3,940,359</u>	<u>5,278,134</u>

Support costs are analysed as follows:

	2018	2017
	£	£
Support costs:		
Staff costs	1,182,267	1,285,181
Other operating expenses	108,604	137,002
Governance costs	239,619	198,990
Administration costs	652,869	451,314
	<u>2,183,358</u>	<u>2,072,487</u>

£800,000 sponsorship of the Distinguished Lecturer programme, a corner stone initiative of the Group's charitable programmes and £400,000 for the STAR scholarship programme are included within the Members' Programmes.

4. Governance costs

Governance costs are stated in respect of:

	2018	2017
	£	£
External audit and taxation services	35,070	29,770
Other financial services and consultancy	41,059	27,752
Board expenses	50	127
Management salaries	163,440	141,341
	<u>239,619</u>	<u>198,990</u>

Notes to the financial statements (continued)

for the year ended 31 March 2018

5. Staff costs

	2018	2017
	£	£
Wages and salaries	970,477	1,174,602
Social security costs	226,721	113,027
Other pension costs (note 14c)	59,084	54,008
	<u>1,256,282</u>	<u>1,341,637</u>

Staff costs exclude the salaries for 3 individuals totalling £336,126 (2017: £202,807) who are employed by the Group but work primarily for Society of Petroleum Engineers Inc and whose time has been re-charged to that entity.

The average number of employees, including Directors (who are Trustees), employed by the Group during the year was:

	2018	2017
	Number	Number
Members programme	3	4
Conference organisation	6	7
Support	3	6
Sales	4	7
Management and administration	4	4
	<u>20</u>	<u>28</u>

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

	2018	2017
	Number	Number
Income band £110,000 - £119,999	1	-
Income band £100,000 - £109,999	-	1
Income band £90,000 - £99,999	1	1
Income band £80,000 - £89,999	-	-
Income band £70,000 - £79,999	-	1

Pension contributions to money purchasing pension scheme in respect of the above employees during the year were £8,635 (2017: £11,609)

The key management personnel of the charity comprise the Human Resources Director, the Events Director for Europe, Caspian and Sub-Saharan Africa, the Senior Manager for Sales and Business Development, the VP Sales, Marketing and Business Development and the Senior Manager for Finance.

The total employee benefits of the key management personnel of the charity were £487,944 (2017: £272,028).

There were no redundancy payments in the year. During 2017 redundancy payments totalling £36,848 were paid to four staff members as a result of an organisational restructure. All payments were made in full during the course of last year with no accrued balances at the year end.

Notes to the financial statements (continued)

for the year ended 31 March 2018

Trustees' remuneration

The following Trustees received the following remuneration as employees during the year:

	Basic	Benefits	Total
James Rawes	135,000	6,514	141,514
Phil Chandler	98,412	5,926	103,938
Graeme Newton	79,954	4,886	84,839
Total	313,366	16,925	330,292

The Trustees expenses for the year amounted to £Nil (2017: £Nil).

Notes to the financial statements (continued)

for the year ended 31 March 2018

6. Income from joint venture

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

	2018	2017
United Kingdom	2,643,609	8,769
	2,643,609	8,769

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.

8. Tangible fixed assets

	Computer equipment	Fixtures, fittings and equipment	Total
Group and Company			
	£	£	£
Cost			
At beginning of year	148,614	283,811	432,425
Additions	10,946	-	10,946
At end of year	159,560	283,811	443,371
Depreciation			
At beginning of year	148,614	217,459	366,073
Charge for the year	3,733	39,726	43,459
At end of year	152,347	257,185	409,532
Net book value			
At 1 April 2017	2,248	66,352	66,352
At 31 March 2018	9,461	26,626	33,839

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 31 March 2018

9. Fixed asset investments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Listed investments	5,660,466	5,523,348	5,660,466	5,523,348
Cash awaiting investment	189,630	140,955	189,630	140,955
Subsidiary undertakings	-	-	4	4
	<u>5,850,096</u>	<u>5,664,303</u>	<u>5,850,100</u>	<u>5,664,307</u>

The Group has a 50% interest in two joint ventures E&P Events LLP, registered in England and Wales, 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 December 2017, and audited accounts are not currently available for the 24 months ended 31 December 2017. The E&P Events LLP audited accounts are available for the year ended 31 December 2017.

The Group is entitled to draw the whole of its share of 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 £2,379,248 (2017: £574,565), and under the E&P Events LLP agreement, an amount of £Nil (2017: £4,500) in the year ending 31 March 2018.

The Group's aggregate interests in the joint ventures are as follows;

	2018	2017
	£	£
Turnover	<u>4,941,741</u>	<u>150,530</u>
Tangible fixed assets		
Current assets	414,541	693,509
Liabilities due within one year	(414,541)	(693,509)
Net assets	<u>-</u>	<u>-</u>

Included in incoming resources from charitable activities, in addition to conference programming income receivable, there are cost reimbursements, sponsorship and management fees from the two joint ventures amounting to £170,259 (2017 £29,750).

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 (see note 15).

Notes to the financial statements (continued)

for the year ended 31 March 2018

9. Fixed asset investments (continued)

Listed investments

	2018 £	2017 £
Market value as at beginning of year	5,523,348	4,784,866
Additions	1,074,251	4,224,626
Disposal proceeds	(991,833)	(4,162,332)
Net investment gain in year	54,700	676,188
Market value at end of year	5,660,466	5,523,348
Historical cost at end of year	5,097,316	4,838,655
Unrealised gain at end of year	548,562	684,693
Realised gain on historical cost basis	242,482	642,492

Listed investments comprise investments listed on the UK Stock Exchange.

10. Debtors: Amounts falling due within one year

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	298,506	187,401	45,253	29,499
Amount owed by joint ventures	264,361	-	-	-
Amount owed by related entities	69,111	1,647,689	60,825	1,483,721
Amounts owed by subsidiary undertakings	-	-	3,510,019	2,853,313
Other debtors	60,082	39,024	68,561	57,178
Prepayments and accrued income	203,978	235,208	100,580	183,915
	<u>896,038</u>	<u>2,109,322</u>	<u>3,785,238</u>	<u>4,607,626</u>

Notes to the financial Statements (continued)
for the year ended 31 March 2018

11. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade Creditors	65,673	83,982	40,049	59,962
Amounts owed to related group entities	103,454	69,878	101,255	57,760
Amount owed to subsidiary undertakings	-	-	685,321	1,614,270
Taxation and social security	44,020	61,738	44,020	61,738
Accruals and deferred income	532,572	338,190	284,587	148,392
	745,721	553,788	1,155,231	1,942,122

Deferred Income

Income deferred in the current year relates to advanced conference registrations, exhibition and sponsorship income for conferences taking place after 31 March 2018.

	Group	Company
	£	£
Balance as at 1 April 2017	88,542	-
Amount released to incoming resources	(88,542)	-
Amount deferred in year	156,059	-
Balance as at 31 March 2018	156,059	-

Notes to the financial Statements (continued)
for the year ended 31 March 2018

12. Called-up equity share capital

	2018 £	2017 £
Group and Company		
<i>Allotted, called-up and fully-paid</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13. Reconciliation of movements in capital and funds

	Balance 1 April 2017	Income	Net gains on investment	Expenditure	Transfers	Balance 31 March 2018
2018						
Group	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	-	1,000
Unrestricted general funds	6,077,792	4,161,415	54,700	(2,856,790)	-	7,437,117
SPE Members Program fund	2,200,000	-	-	(1,200,000)	-	1,000,000
Total capital and funds	<u>8,278,792</u>	<u>4,161,415</u>	<u>54,700</u>	<u>(4,056,790)</u>	<u>-</u>	<u>8,438,117</u>
Company	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	-	1,000
Unrestricted general funds	6,493,669	860,162	54,700	(2,122,080)	-	5,286,452
Members Program fund	2,200,000	-	-	(1,200,000)	-	1,000,000
Total capital and funds	<u>8,694,669</u>	<u>860,162</u>	<u>54,700</u>	<u>(3,322,080)</u>	<u>-</u>	<u>6,287,452</u>

Notes to the financial Statements (continued)
for the year ended 31 March 2018

13. Reconciliation of movements in capital and funds

	Balance 31 April 2016	Income	Net gains/ (losses) on investment	Expenditure	Transfers	Balance 31 March 2017
2016						
Group	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	-	1,000
Unrestricted general funds	6,538,409	3,136,791	676,188	(4,273,596)	-	6,077,792
SPE Members Program fund	3,400,000	-	-	(1,200,000)	-	2,200,000
Total capital and funds	9,939,409	3,136,791	676,188	(5,473,596)	-	8,278,792
Company	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	-	1,000
Unrestricted general funds	6,702,685	3,379,588	676,188	(2,106,348)	-	7,805,877
Members Program fund	3,400,000	-	-	(1,200,000)	-	2,200,000
Total capital and funds	10,103,685	3,379,588	676,188	(3,306,348)	-	8,806,877

The Members Programme fund comprises funds designated by the Trustees to support the Members Programme, both of which are administered by the Company in line with the funding programme set out in the 2018 strategic plan. The level of funding made available to these programmes will be reviewed annually by the Board.

Notes to the financial Statements (continued)

for the year ended 31 March 2018

14. Guarantees and financial commitments

a. Capital commitments

At the end of the year there were no capital commitments (2017: £Nil).

b. Lease commitments

At 31 March 2018 the Group and Company had aggregate minimum lease payment commitments under non-cancellable operating leases as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Operating leases for land and buildings, which expire:				
In less than one year	89,068	204,959	89,068	204,959
within one to two years	-	85,400	-	85,400

After the year end, the Company entered into a non-cancellable operating lease commitment for land and buildings amounting to £976,320 over a 6 year period.

c. Pension arrangements

The Group 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 £59,048 (2017: £54,008).

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 2018

15. Subsidiary undertakings

	SPE Ventures Limited	SPE Trading Limited
	£	£
Turnover	1,173,556	170,259
Income from joint venture	-	2,685,855
Costs	(1,276,783)	(142,859)
Net loss	(103,227)	2,713,255
Interest receivable	210	-
Profit/(loss) before tax	(103,017)	2,713,255
Tax charge	-	-
Profit/(loss) after tax	(103,017)	2,713,255
Retained earnings at start of year	(264,291)	(151,585)
Gift Aid payment	-	(2,561,670)
Retained earnings at end of year	(367,308)	-
Net (liabilities)/ assets	(367,306)	2

The Company owns the whole of the issued ordinary share capital of SPE Ventures Limited and SPE Trading Limited, both companies being registered in England (company no. 02538982 and 02365974) and sharing the same registered office as SPE Europe (see not 1o).

The Group conducts its trading activities through its two trading subsidiaries, SPE Ventures Limited and SPE Trading Limited. These companies organise and hold workshops, training courses and conferences to further the aims of the charitable organisation.

The value of the parent Company's investment in each of its subsidiary companies is £2. SPE Ventures Limited and SPE Trading Limited are registered at the Company's offices at First Floor, Threeways House, 40/44 Clipstone Street, London W1W 5DW.

16. Ultimate parent undertaking

The ultimate parent company and controlling related party is Society of Petroleum Engineers (SPE) Inc, registered at 222 Palisades Creek Drive, Richardson, Texas 75080 USA.

The largest Group in which the Company was a member, during the year until 31st January 2017 was headed by Society of Petroleum Engineers (SPE) Stitching, a charitable company incorporated in the Netherlands.

Notes to the financial Statements (continued)

for the year ended 31 March 2018

Effective from 1st February 2017, the Company was sold and the immediate parent company became Society of Petroleum Engineers (SPE) Inc. The consolidated accounts of this Group are available to the public and may be obtained from the Company's offices at Fourth Floor West, America House, 2 America Square, London EC3N 2LU.

Notes to the financial Statements (continued)

for the year ended 31 March 2018

At year end, the Group had the following related party transactions and year end balances with Group entities:

	Transactions charged to related parties in the year £	Transactions charged from related parties in the year £	Receivable from related party at year end £	Payable to related party at year end £
2018				
SPE International	5,253	51,190	62,189	(986)
SPE Canada	-	-	-	(106)
SPE Foundation	-	-	3,028	-
SPE Middle East	9,302	(2,744)	3,826	(1,119)
SPE Asia Pacific	8,511	-	67	-
SPE sections and chapters	-	-	-	(101,244)
			<u>69,110</u>	<u>(103,455)</u>
2017				
SPE International	161,055	(25,699)	1,592,747	(3,672)
SPE Canada	-	-	-	(81)
SPE Foundation	-	-	5,574	-
SPE Middle East	10,709	(68,621)	49,293	(8,365)
SPE Asia Pacific	-	(2,830)	-	-
International Petroleum Technology Conf.	-	-	75	-
SPE sections and chapters	-	-	-	(57,748)
			<u>1,647,689</u>	<u>(69,866)</u>

17. Financial instruments

At the balance sheet date the consolidated Group held financial assets at amortised cost comprising cash and short term deposits, trade debtors and other debtors of £3,295,283 (2017: £3,007,672) and financial liabilities at amortised cost, comprising trade creditor, accruals and other creditors of £545,639 (2017: £403,508). Total interest income received in respect of financial assets held at amortised cost totalled £Nil (2017: £Nil).

The charity held assets at fair value through income and expenditure of £5,660,465 (2017: £5,523,348). Movements in the year through the statement of financial activities comprised income of £158,972 (2017: £150,888) and gains of £54,700 (2017: gains of £676,188).