

Registrar's Copy

Cyclotech Limited

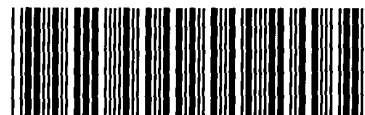
Report and Financial Statements

Year Ended

31 December 2013

Company Number 2887371

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Cyclotech Limited

Report and financial statements for the year ended 31 December 2013

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Directors

I Jack
J Andrews
R Bjoroy

Secretary and registered office

P Droy, Victory House Manor Royal, Crawley, West Sussex, RH10 9LD

Company number

2887371

Auditors

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

Cyclotech Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company in the year under review was that of providers of hydrocarbon separation technology and services to the oil and gas industry. There have been no changes to the company's activities in the year under review.

Review of the business and future developments

Revenue increased sharply in 2013 as forecasted with the start-up of new projects for Russia and progress on some major contracts carried from last year. Activity remained very high however gross margins depleted due to project mix and significant cost overruns on some high value projects carried from 2012. Cost overruns were mainly for supplier driven delays and issues.

Looking forward to 2014, the revenue is expected to drop with completion of a high value project for Russia. However, the gross margin is expected to improve with closure of loss making projects.

Key performance indicators

The board considers Turnover, Gross margins, Cash flow and performance of contract backlog to be the key indicators of business performance.

Turnover increased by 71% (2012 - decreased by 9.5%) from £19,436k in 2012 to £33,196k in 2013. Export turnover represented 91% (2012 - 67%), increase mainly driven by the new Russia project.

Gross margins decreased from 11% in 2012 to 8.1% in 2013 resulting in gross profit of £2,697k (2012 - £2,123k). The company showed an operating loss of £1,999k (2012 - loss of £1,869k) principally due to drop in gross margins, as a result of the loss making projects referred to above. The increase in administrative expenses related to legal case with a supplier in the UK contributed to increase in losses.

Cash balances decreased to £234k (2012 - £2,972k) due to payment of intercompany loans at year end.

Principal risks and uncertainties

The company mitigates the risk attached to foreign currency exposure by the use of the group inter-company treasury department. The company manages cashflow and liquidity risk by keeping tight control and forecasting of cashflow by maintaining good working relationships with its customers and suppliers, and maintaining substantial credit facilities with its parent company.

Approval

This strategic report was approved on behalf of the Board on 26 November 2014

R Bjoroy

Director



Cyclotech Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year. The directors do not recommend the payment of a dividend.

Principal risks and uncertainties

The company's principle risks and uncertainties have been detailed within the strategic report.

Research and development

It is the policy of the company to constantly research and develop new initiatives and new technologies, to further enhance the company's reputation as market leading technologists. This is done through both self funded in house work, as well as sourcing external funding in "Joint Venture Agreements" with other operators in the oil and gas sector. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and written off when production commences. All other development costs are written off in the year of expenditure.

Directors

The directors of the company during the year were:

I Jack
J Andrews
R Bjoroy

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Cyclotech Limited

Report of the directors for the year ended 31 December 2013 (*continued*)

Auditors

All of the current directors 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 directors 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 offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006. A resolution to reappoint them will be proposed at the next Annual General Meeting.

On behalf of the Board

R Bjoroy

Director

Date



26 Nov 2014

Cyclotech Limited

Independent auditor's report

TO THE MEMBERS OF CYCLOTECH LIMITED

We have audited the financial statements of Cyclotech Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Cyclotech Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

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

BDO LLP

Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date *27 November 2014*

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

Cyclotech Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	33,195,684	19,436,352
Cost of sales		<u>(30,498,688)</u>	<u>(17,312,906)</u>
Gross profit		2,696,996	2,123,446
Administrative expenses		<u>(4,695,641)</u>	<u>(3,993,137)</u>
Operating loss	5	(1,998,645)	(1,869,691)
Interest payable and similar charges		<u>(543)</u>	<u>-</u>
Loss on ordinary activities before taxation		(1,999,188)	(1,869,691)
Taxation on loss from ordinary activities	6	<u>484,187</u>	<u>518,817</u>
Loss on ordinary activities after taxation	14	<u>(1,515,001)</u>	<u>(1,350,874)</u>

All amounts relate to continuing activities.

All recognised gains and losses for the current and prior period are included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

Cyclotech Limited

Balance sheet at 31 December 2013

<i>Company number 2887371</i>	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	7		353,572		639,774
Current assets					
Stocks	8	427,829		687,317	
Debtors	9	32,315,455		10,298,214	
Cash at bank and in hand		234,379		2,972,166	
		<u>32,977,663</u>		<u>13,957,697</u>	
Creditors: amounts falling due within one year	10	<u>(31,356,222)</u>		<u>(11,133,693)</u>	
Net current assets			<u>1,621,441</u>		<u>2,824,004</u>
Total assets less current liabilities			<u>1,975,013</u>		<u>3,463,778</u>
Creditors: amounts falling due after more than one year	11	(1,105,448)		(1,105,448)	
Provisions for liabilities and charges	12	<u>(80,602)</u>		<u>(54,366)</u>	
			<u>(1,186,050)</u>		<u>(1,159,814)</u>
Net assets			<u>788,963</u>		<u>2,303,964</u>
Capital and reserves					
Called up share capital	13		130		130
Share premium account	14		44,495		44,495
Profit and loss account	14		744,338		2,259,339
Shareholder's funds	15		<u>788,963</u>		<u>2,303,964</u>

The financial statements were approved by the board of directors and authorised for issue on 26 November 2014

R Bjoroy
Director



The notes on pages 8 to 16 form part of these financial statements.

Cyclotech Limited

Notes forming part of the financial statements for the year ended 31 December 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

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 a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Schlumberger Limited, a company incorporated in the Curacao and the company is included in its consolidated financial statements.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Turnover on sales not accounted for as long term contracts is recognised when the goods are accepted by the customer, and in accordance with the terms of the contract.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts are included as long term contract balances in stock.

Grant income

Grants received by the company in relation to research and development projects are treated as deferred income and released to the profit and loss account as the related expenditure is incurred.

Depreciation

Depreciation is provided to write off the cost, less their estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	- 10% straight line per annum
Plant and machinery	- 10-20% straight line per annum
Furniture, fittings and equipment	- 33% straight line per annum

Cyclotech Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date except where rates of exchange are fixed under contractual arrangements.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Pension costs

The company pays into personal defined contribution pension schemes of both employees and directors. The company's contributions are charged in the profit and loss account as incurred.

Research and development

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is clearly defined and related expenditure is separately identifiable;
- The project is technically feasible and commercially viable;
- Current and future costs are expected to be exceeded by future sales; and
- Adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding 3 years commencing in the year the company starts to benefit from the expenditure.

All other research and development costs are written off in the year of expenditure.

Cyclotech Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

2 Turnover

	2013 £	2012 £
Analysis by geographical market:		
United Kingdom	2,969,857	6,298,804
Other	30,225,827	13,137,548
	<u>33,195,684</u>	<u>19,436,352</u>

Turnover is wholly attributable to the principal activity of the company.

3 Employees

	2013 £	2012 £
Staff costs (including directors) consist of:		
Wages and salaries	2,722,756	2,369,148
Social security costs	241,889	271,196
Other pension costs	155,697	128,047
Other staff costs	60,995	63,999
	<u>3,181,337</u>	<u>2,832,390</u>

The average number of employees, including directors, during the year was as follows:

	2013 Number	2012 Number
Support	34	30
Sales	1	2
Research and development	1	1
Administration	6	6
	<u>42</u>	<u>39</u>

Cyclotech Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

4 Directors' emoluments

	2013 £	2012 £
Aggregate emoluments	301,228	175,208
Company pension contributions	46,542	8,295
	<u>347,770</u>	<u>183,503</u>

The number of directors for which retirement benefits are accruing under money purchase pension scheme amounted to 1 (2012 - 1).

Emoluments of the highest paid director amounted to £281,780 (2012 - £175,208), contributions to their defined contribution pension scheme amounted to £50,391 (2012 - £8,295).

5 Operating loss

	2013 £	2012 £
This has been arrived at after crediting:		
Depreciation		
- owned by the company	172,539	119,142
Hire of land and buildings		
- operating leases	194,323	220,299
Hire of other assets		
- operating leases	5,835	10,462
Auditors' remuneration:		
- audit services	35,250	41,379
- non audit services	3,235	825
Exchange loss	251,068	66,021
	<u></u>	<u></u>

Cyclotech Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

6 Taxation on loss from ordinary activities

	2013 £	2012 £
<i>Current tax</i>		
UK corporation tax charge on loss for the year	(475,842)	(462,045)
Adjustments in respect of prior periods	(34,581)	(42,999)
	<hr/>	<hr/>
Total current tax	(510,423)	(505,044)
<i>Deferred tax</i>		
Origination and reversal of timing differences	33,598	(8,065)
Effects of changes in tax rates on opening liability	(7,362)	(5,708)
	<hr/>	<hr/>
Taxation on loss on ordinary activities	(484,187)	(518,817)
	<hr/>	<hr/>

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(1,999,188)	(1,869,691)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK 23.25% (2012 - 24.5%)	(464,811)	(458,075)
Effects of:		
Expenses not deductible for tax purposes	(1,713)	(1,804)
Depreciation in excess of capital allowances	(9,318)	12,011
Other short term timing differences	-	(30)
Tax rate difference for loss carry back	-	(14,153)
Adjustments in respect of prior periods	(34,581)	(42,993)
	<hr/>	<hr/>
	(510,423)	(505,044)
	<hr/>	<hr/>

Cyclotech Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

7 Tangible assets

	Leasehold improvements £	Plant and machinery £	Furniture fittings and equipment £	Total £
<i>Cost</i>				
At 1 January 2013	191,013	922,667	375,937	1,489,617
Transfers	-	22,595	-	22,595
Disposals	-	(153,290)	-	(153,290)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	191,013	791,972	375,937	1,358,922
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2013	142,756	341,966	365,121	849,843
Provided for the year	42,978	119,201	10,360	172,539
Disposals	-	(17,032)	-	(17,032)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	185,734	444,135	375,481	1,005,350
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2013	5,279	347,837	456	353,572
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	48,257	580,701	10,816	639,774
	<hr/>	<hr/>	<hr/>	<hr/>

Included within plant and machinery are assets with a net book value of £424,123 (2012 - £528,020) which are generating rental income. The rental income generated by these assets during the year was £385,367 (2012 - £262,560).

8 Stocks

	2013 £	2012 £
Finished goods and goods for resale	427,829	687,317
	<hr/>	<hr/>

Cyclotech Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

9 Debtors

	2013 £	2012 £
Trade debtors	1,916,860	1,067,343
Amounts owed by group undertakings	2,991,753	1,449,348
Other debtors	1,326,146	247,119
Amounts recoverable on long term contracts	26,080,696	7,534,404
	<u>32,315,455</u>	<u>10,298,214</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	4,075,240	1,174,212
Other creditors	5,800,342	3,694,514
Amounts owed to group companies	21,442,155	6,257,494
Accruals	38,485	7,473
	<u>31,356,222</u>	<u>11,133,693</u>

11 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>1,105,448</u>	<u>1,105,448</u>

12 Deferred tax liability

	2013 £	2012 £
<i>Deferred taxation</i>		
At 1 January 2013	54,366	68,139
Charge/(credit) for the year (see note 6)	26,236	(13,773)
	<u>80,602</u>	<u>54,366</u>
Deferred tax liability		
	<u>80,602</u>	<u>54,366</u>
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	<u>80,602</u>	<u>54,366</u>

Cyclotech Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

13 Share capital

	2013 Number	Allotted, called up and fully paid 2012 Number	2013 £	2012 £
Ordinary shares of 10p each	1,302	1,302	130	130

14 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2013	44,495	2,259,339
Loss for the year	-	(1,515,001)
At 31 December 2013	44,495	744,338

15 Reconciliation of movement in shareholder's funds

	2013 £	2012 £
Loss for the year	(1,515,001)	(1,350,874)
Opening shareholder's funds	2,303,964	3,654,838
Closing shareholder's funds	788,963	2,303,964

16 Commitments under operating leases

As at 31 December 2013, the company had annual commitments under non-cancellable operating leases as set out below:

	2013 Land and buildings £	2013 Other £	2012 Land and buildings £	2012 Other £
Operating leases which expire:				
Within one year	44,031	796	28,199	-
In two to five years	110,000	6,808	144,100	7,896
	154,031	7,604	172,299	7,896

Cyclotech Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

17 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with members of the group headed by Schlumberger Limited, a company incorporated in Curacao, on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in these consolidated financial statements.

18 Ultimate parent undertaking and controlling party

The company's immediate parent company is Almida Group Limited, a company which is incorporated in England and Wales. The company's ultimate parent company is Schlumberger Limited, a company incorporated in Curacao and whose share capital is listed on The New York Stock Exchange.

The smallest and largest group in which the results of the company are consolidated is that headed by Schlumberger, Limited a company incorporated in Curacao. Copies of its group financial statements are available from: Schlumberger Limited, 5599 San Felipe, Houston, Texas 7705 USA.