

PSI GROUP SERVICES LIMITED
Audited Financial Statements
for the Year Ended 31 December 2019

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for the year ended 31 December 2019**

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PSI GROUP SERVICES LIMITED
Company Information
for the year ended 31 December 2019

Director: A D Kerman

Registered office: 200 Strand
London
WC2R 1DJ

Registered number: 06822985 (England and Wales)

Auditors: Haines Watts
Chartered Accountants & Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Balance Sheet
31 December 2019

			2019		2018
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		-		27,125
Current assets					
Debtors	5	49,686,445		41,028,843	
Creditors					
Amounts falling due within one year	6	<u>46,795,218</u>		<u>38,165,625</u>	
Net current assets			<u>2,891,227</u>		<u>2,863,218</u>
Total assets less current liabilities			<u>2,891,227</u>		<u>2,890,343</u>
Capital and reserves					
Called up share capital	7		442,327		442,327
Retained earnings	8		<u>2,448,900</u>		<u>2,448,016</u>
Shareholders' funds			<u>2,891,227</u>		<u>2,890,343</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director and authorised for issue on 27 October 2020 and were signed by:

A D Kerman - Director

**Notes to the Financial Statements
for the year ended 31 December 2019**

1. Statutory information

PSI Group Services Limited is a private company, limited by shares, incorporated in England and Wales. The address of the registered office is 200 Strand, London, WC2R 1DJ.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, on a going concern basis.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating bad debt provisions in relation to third party and intercompany debts. A full review of debtors has been carried out and whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provision do not match the level of debts which ultimately prove to be uncollectable. The potential risk of this is considered to be low.

Turnover

Turnover is derived entirely from its parent company and fellow group subsidiaries. The turnover represents all the company's cost plus a 5-8% mark up.

Tangible fixed assets

Short-term leasehold property	Over the life of the lease
Motor vehicles	33.3% straight line
Fixtures and fittings	13.3% - 20% straight line
Computer Equipment	20% - 33.3% straight line

Notes to the Financial Statements - continued
for the year ended 31 December 2019

2. **Accounting policies - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and intends to settle on a net basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Notes to the Financial Statements - continued
for the year ended 31 December 2019

2. **Accounting policies - continued**

Going concern

PSI Group Services Limited receives loans from fellow group companies which enable the business to continue investing and developing for the future. Whilst no fixed repayment date is set by the group companies the loans have been granted on the basis of them being repayable on demand if the group needed to withdraw funding. The directors have obtained a letter from those companies confirming the terms and that it is their current intention to continue to loan PSI Group Services Limited further monies as needed so that the group is able to maintain a base in the United Kingdom.

An affiliate of the group, PetroSaudi Oil Services (Venezuela) Limited ("PSOSVL"), is currently involved in a legal dispute with its main client, PDVSA Service's S.A. ("PDVSA"), primarily regarding unpaid invoices under drilling contract entered into between the parties in 2010.

An arbitral tribunal was appointed under the Rules of the United Nations Commission on International Trade law ("UNCITRAL") to preside over the matter and rule on the claims and counter-claims. To date, the tribunal has issued several partial awards, the most notable of which was a partial award delivered in April 2017 following a hearing at the end of 2016. In that award the tribunal found predominantly in PSOSVL's favour with regard to the issues determined which related primarily to entitlement to day-rate remuneration. The final hearing to address all remaining claims took place in London between the 3rd and 21st of December 2018. PDVSA's remaining claims relate to periods prior to 2015 and include claims for damages for (in essence) alleged negligence in the performance of the drilling contract. The Company's remaining claims relate to Day Rate invoices earned since May 2016, interest due on outstanding or underpaid invoices and damages for various breaches by PDVSA of, amongst other things, its contractual obligation to provide tax documentation and the warranty of legality under the drilling contract. Cost submissions were made in June 2019 with replies to those submissions made in July 2019. On 17 July 2020, the Tribunal issued its Final Award in the Arbitration, which found in PSOSVL's favour. PDVSA has subsequently commenced annulment proceedings in respect of the Final Award in Paris and there are ongoing related proceedings in respect of the Escrow Account monies.

Notwithstanding the successful collection of outstanding amounts under the drilling contract, sufficient funds are available, due to successful collection of amounts under the standby letter of credit and tribunal awards, to ensure that PSI Group Services Limited has adequate resources to continue in operational existence for a period of at least twelve months.

Following the emergence and spread of the coronavirus (COVID-19) the director has examined the possible effects on the business of the company and believe its impact will be minimal with no disruption to operations.

Accordingly, the director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

3. **Employees and directors**

The average number of employees during the year was 4 (2018 - 9) .

Notes to the Financial Statements - continued
for the year ended 31 December 20194. **Tangible fixed assets**

	Motor vehicles £	Computer equipment £	Totals £
Cost			
At 1 January 2019	46,500	259,223	305,723
Disposals	(46,500)	(259,223)	(305,723)
At 31 December 2019	-	-	-
Depreciation			
At 1 January 2019	19,375	259,223	278,598
Eliminated on disposal	(19,375)	(259,223)	(278,598)
At 31 December 2019	-	-	-
Net book value			
At 31 December 2019	-	-	-
At 31 December 2018	27,125	-	27,125

5. **Debtors: amounts falling due within one year**

	2019 £	2018 £
Amounts owed by group undertakings	47,123,453	38,770,770
Other debtors	2,562,992	2,258,073
	<u>49,686,445</u>	<u>41,028,843</u>

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

	2019 £	2018 £
Trade creditors	1,656	139,520
Amounts owed to group undertakings	46,699,197	37,626,065
Other creditors	94,365	400,040
	<u>46,795,218</u>	<u>38,165,625</u>

7. **Called up share capital****Allotted, issued and fully paid:**

Number:	Class:	Nominal value: £0.01	2019 £	2018 £
44,232,700	Ordinary shares		<u>442,327</u>	<u>442,327</u>

8. **Reserves**

	Retained earnings £
At 1 January 2019	2,448,016
Profit for the year	884
At 31 December 2019	<u>2,448,900</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2019

9. **Disclosure under Section 444(5B) of the Companies Act 2006**

The Auditors' Report was unqualified.

Gary Staunton (Senior Statutory Auditor)
for and on behalf of Haines Watts

The audit report in the full accounts makes reference to the accounting policy on going concern highlighting the uncertainty caused by COVID-19.

10. **Related party disclosures**

Included in other debtors is a loan of £465,032 (2018: £nil) to the ultimate beneficial owner of the group which is interest free and repayable on demand.

11. **Ultimate controlling party**

The company's immediate parent is PetroSaudi International Limited, a company incorporated and registered in the Cayman Islands, by virtue of them holding the entire issued share capital of the company.

The company's ultimate parent company is PetroSaudi Holdings (Cayman) Limited, a company incorporated and registered in the Cayman Islands. No group financial statements are maintained by the company or group as there is no requirement.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.