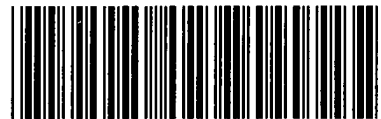


Company Registration No. 08236578 (England and Wales)

**OGH LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

MONDAY



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COMPANIES HOUSE

# OGH LIMITED

## COMPANY INFORMATION

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<b>Director</b>	S O'Donnell
<b>Company number</b>	08236578
<b>Registered office</b>	Palladium House 1-4 Argyll Street London W1F 7LD
<b>Auditor</b>	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor Palladium House 1-4 Argyll Street London W1F 7LD
<b>Business address</b>	Denmark House St Thomas Place Ely Cambridgeshire CB7 4EX

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# OGH LIMITED

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# OGH LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The director presents the strategic report for the year ended 31 December 2017

### **Principal Activities**

The principal activity of OGH Limited is that of a holding company with its primary subsidiaries being Oil & Gas Systems Limited ("OGSL") and Oil & Gas Measurement Limited ("OGML"). On the 8th April 2019, OGH Limited transferred its primary subsidiaries at fair market value to Solaris Engineering (CY) Limited – a holding company for an international engineering group of companies.

OGSL is a company concerned with the design and supply of bespoke engineered process packages and engineered metering systems to the oil, gas, power, chemical, and associated industries. It also supplies spare parts for these bespoke systems and provides site support services to its long-standing customer base. Throughout 2018 and 2019 the company has maintained its market share in difficult economic conditions. We are confident that this will be replicated in 2020.

OGML is a company concerned with the production and ongoing research and development of class leading product technology focused on design and supply of bespoke engineered flowmeters for fiscal metering, quality measurement and mixing systems, proprietary valves, liquid sampling systems and equipment for the oil and gas industry. In 2018, the trend of increasing sales continued within OGML, this trend was maintained in 2019 and we are confident for the year 2020. We strongly believe that OGML and its subsidiaries will become a significant presence in the specialised oil and gas product market.

### **Fair review of the business**

OGH Limited ("OGH") was established in 2012 to act as the holding company and strategic focal point for its group members. OGH oversees the developmental growth of several collaborative businesses and its aim is to create a vehicle that is recognisable throughout the world as a marquee of scientific and engineering excellence.

"Oil and Gas Holdings", the trading name for OGH, offers its group members a vehicle to consolidate their accounts and creates an environment where these developing businesses can be nurtured and allowed to flourish with an enhanced brand identity and corporate strength – something that will ultimately benefit both shareholders and the corporate group. OGH will explore opportunities to acquire strategic corporate assets and will also explore sales opportunities should interesting offers be received.

The present year figures show improvement in the financial strength of OGH Limited and this is a direct result of the structural changes made in the Group as a whole from 2015 onwards. In the past four years, we have significantly invested in the engineering and production of innovative products and have also invested heavily into research and development in new arenas. This has led to newly acquired intellectual property and provides us with confidence that such R&D will bring financial benefit in the coming years – especially within OGML. We have increased confidence in the future of our businesses and expect revenue growth in the next financial period.

As the price of crude oil has increased over the past year, we remain hopeful that this trend will resume once the global economic challenge of Covid-19 is resolved so that the established market presence of OGSL and the ever growing range of the product portfolio in OGM will allow us to take advantage of forthcoming opportunities. We remain confident that OGSL, OGML (and its subsidiaries) will consolidate growth experienced in previous years.

# OGH LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Principal risks and uncertainties

OGH trades through its primary subsidiaries, namely Oil & Gas Systems Limited (OGSL) and Oil & Gas Measurement Limited (OGML). As such, its principal risks and uncertainties are detailed below.

The financial instruments used by the Group arise wholly and directly from its activities. The financial instruments comprise debtors, cash at bank, trade creditors, trade financial instruments and loans and the Group has put in place the following measures in order to manage the financial risks arising from these financial instruments:

1. The Group regularly monitors the level of its debtors to ensure that they are always kept at reasonable levels.
2. The Group carefully manages its cash position by regularly monitoring its cash flow using cash flow forecasting. The company mitigates its exposure to currency fluctuations by the use of natural hedging.
3. The financial risk arising from the possible non advance of credit by the Group's creditors, either by exceeding the credit limit or not paying within the specified terms, is managed by regularly monitoring the trade balance and credit limit terms for all suppliers. Deposit accounts are used to hold large cash sums for the purpose of paying creditors when their amounts fall due.
4. The Group has a substantial long term loan facility at competitive rates which will allow it to drive its growth further.
5. The Group ensures that all invoices received from suppliers are paid within the invoice terms.

### Development and performance

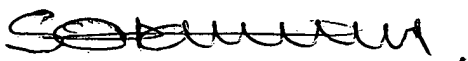
The Board of Directors is delighted that its primary subsidiaries, Oil & Gas Systems Limited and Oil & Gas Measurement Limited have consolidated their financial performance in this financial year but are aware the oil and gas engineering industries still face uncertain times ahead.

With this in mind, the Company continues to invest into Research and Development, In-House Manufacture and Testing in the belief that this will allow the Company to maintain its reputation in ever changing environments. We also continue to forge strong relationships with our partners throughout the globe in preparation for the future.

### Key performance indicators

We monitor key performance indicators on a monthly basis in both of the principal subsidiaries of the Company - Oil & Gas Systems Limited and Oil & Gas Measurement Limited and are delighted to report that the consolidated gross profit margin in our has subsidiaries has increased from the previous financial period. With a reduction in our administrative expenses, we have also seen an increase in the Profit Before Tax.

On behalf of the board



S O'Donnell

Director

16/04/2020

# OGH LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The director presents his annual report and financial statements for the year ended 31 December 2018.

#### **Principal activities**

A holding company which has trading subsidiaries operating in the oil and gas sector.

#### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

S O'Donnell

M Gurevich

B Halpert

(Resigned 12 February 2018)

(Appointed 12 February 2018 and resigned 1 January 2019)

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The director does not recommend payment of a dividend.

No preference dividends were paid. The director does not recommend payment of a final preference dividend.

#### **Financial instruments**

##### ***Financial risk management***

The group's financial instruments comprise cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main financial risks arising from these financial instruments are currency, credit and liquidity risk.

The financial risks arising from these financial instruments are considered low because of the nature of the industry structure and its culture. The group proactively manages all aspects of its work in order to either remove or reduce any financial risks.

##### ***Liquidity risk***

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

##### ***Foreign currency risk***

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity could involve the use of foreign exchange forward contracts.

# OGH LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

### **Statement of director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

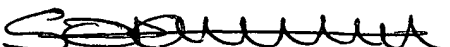
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....  
S O'Donnell  
Director

Date: 16/04/2020

# OGH LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OGH LIMITED

---

### Opinion

We have audited the financial statements of OGH Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, 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 FRS 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 parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# OGH LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF OGH LIMITED

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### 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 strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# OGH LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF OGH LIMITED

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### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Krieger FCA (Senior Statutory Auditor)  
for and on behalf of Blick Rothenberg Audit LLP

16<sup>th</sup> April 2020

Chartered Accountants  
Statutory Auditor

Palladium House  
1-4 Argyll Street  
London  
W1F 7LD

# OGH LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	11,883,031	11,255,932
Cost of sales		(8,365,998)	(7,281,816)
<b>Gross profit</b>		<b>3,517,033</b>	<b>3,974,116</b>
Administrative expenses		(4,722,173)	(3,512,861)
Other operating income		40,667	1,580
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(1,164,473)</b>	<b>462,835</b>
Interest receivable and similar income	8	17,770	3,451
Interest payable and similar expenses	9	(249,760)	(336,561)
Amounts written off investments	10	(1,291)	1,298,624
<b>(Loss)/profit before taxation</b>		<b>(1,397,754)</b>	<b>1,428,349</b>
Tax on (loss)/profit	11	170,168	311,743
<b>(Loss)/profit for the financial year</b>		<b>(1,227,586)</b>	<b>1,740,092</b>
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(1,221,059)	1,742,882
- Non-controlling interests		(6,527)	(2,790)
		<b>(1,227,586)</b>	<b>1,740,092</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# OGH LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

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	2018 £	2017 £
(Loss)/profit for the year	(1,227,586)	1,740,092
Other comprehensive income		
Currency translation differences	98,248	122,942
Total comprehensive income for the year	<u>(1,129,338)</u>	<u>1,863,034</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(1,122,811)	1,865,824
- Non-controlling interests	(6,527)	(2,790)
	<u>(1,129,338)</u>	<u>1,863,034</u>

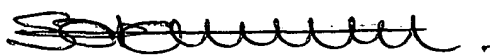
# OGH LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	13		92,536		114,621
Negative goodwill	13		(130,821)		(147,495)
Net goodwill			(38,285)		(32,874)
Other intangible assets	13		3,558,735		2,740,160
Total intangible assets			3,520,450		2,707,286
Tangible assets	14		3,359,712		4,264,749
Investments	15		57		6,028
			6,880,219		6,978,063
<b>Current assets</b>					
Stocks	18	616,807		932,733	
Debtors	19	6,633,192		5,359,718	
Cash at bank and in hand		2,268,521		1,295,695	
		9,518,520		7,588,146	
<b>Creditors: amounts falling due within one year</b>	20	(8,202,599)		(7,196,404)	
<b>Net current assets</b>			1,315,921		391,742
<b>Total assets less current liabilities</b>			8,196,140		7,369,805
<b>Creditors: amounts falling due after more than one year</b>	21	(12,495,519)		(10,539,846)	
<b>Net liabilities</b>			(4,299,379)		(3,170,041)
<b>Capital and reserves</b>					
Called up share capital	25	3,111,291		3,111,291	
Other reserves		141,365		141,365	
Profit and loss reserves		(7,577,127)		(6,454,316)	
<b>Equity attributable to owners of the parent company</b>			(4,324,471)		(3,201,660)
<b>Non-controlling interests</b>			25,092		31,619
			(4,299,379)		(3,170,041)

The financial statements were approved by the board of directors and authorised for issue on ..... 16/04/2019 .....  
and are signed on its behalf by:



S O'Donnell  
Director

# OGH LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investments	15	6,340,113	6,340,113
<b>Current assets</b>			
Debtors	19	3,806,684	2,880,913
Cash at bank and in hand		1,095,425	18,087
		<u>4,902,109</u>	<u>2,899,000</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(350,115)</u>	<u>(143,236)</u>
<b>Net current assets</b>		<u>4,551,994</u>	<u>2,755,764</u>
<b>Total assets less current liabilities</b>		<u>10,892,107</u>	<u>9,095,877</u>
<b>Creditors: amounts falling due after more than one year</b>	21	(7,839,019)	(5,891,444)
<b>Net assets</b>		<u><u>3,053,088</u></u>	<u><u>3,204,433</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	3,111,291	3,111,291
Profit and loss reserves		(58,203)	93,142
<b>Total equity</b>		<u><u>3,053,088</u></u>	<u><u>3,204,433</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £151,345 (2017 - £173,772 profit).

The financial statements were approved by the board of directors and authorised for issue on 16/04/2020 and are signed on its behalf by:



S O'Donnell  
Director

Company Registration No. 08236578

## OGH LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 January 2017</b>	3,111,291	141,365	(8,320,140)	(5,067,484)	34,409	(5,033,075)
<b>Year ended 31 December 2017:</b>						
Profit for the year	-	-	1,742,882	1,742,882	(2,790)	1,740,092
Other comprehensive income:						
Currency translation differences	-	-	122,942	122,942	-	122,942
Total comprehensive income for the year	-	-	1,865,824	1,865,824	(2,790)	1,863,034
<b>Balance at 31 December 2017</b>	3,111,291	141,365	(6,454,316)	(3,201,660)	31,619	(3,170,041)
<b>Year ended 31 December 2018:</b>						
Loss for the year	-	-	(1,221,059)	(1,221,059)	(6,527)	(1,227,586)
Other comprehensive income:						
Currency translation differences	-	-	98,248	98,248	-	98,248
Total comprehensive income for the year	-	-	(1,122,811)	(1,122,811)	(6,527)	(1,129,338)
<b>Balance at 31 December 2018</b>	3,111,291	141,365	(7,577,127)	(4,324,471)	25,092	(4,299,379)

# OGH LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>	3,111,291	(80,630)	3,030,661
<b>Year ended 31 December 2017:</b>			
Profit and total comprehensive income for the year	-	173,772	173,772
<b>Balance at 31 December 2017</b>	3,111,291	93,142	3,204,433
<b>Year ended 31 December 2018:</b>			
Loss and total comprehensive income for the year	-	(151,345)	(151,345)
<b>Balance at 31 December 2018</b>	3,111,291	(58,203)	3,053,088

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# OGH LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	460,255		337,899	
Interest paid		(249,760)		(336,561)	
Income taxes refunded		63,015		190,796	
<b>Net cash inflow from operating activities</b>		<u>273,510</u>		<u>192,134</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(1,073,717)		(1,152,051)	
Purchase of tangible fixed assets		(333,119)		(796,607)	
Proceeds on disposal of tangible fixed assets		20,700		-	
Proceeds on disposal of fixed asset investments		-		70,000	
Interest received		17,770		3,451	
<b>Net cash used in investing activities</b>		<u>(1,368,366)</u>		<u>(1,875,207)</u>	
<b>Financing activities</b>					
Proceeds from borrowings		2,069,145		954,500	
Payment of finance leases obligations		(1,502)		(33,521)	
<b>Net cash generated from financing activities</b>		<u>2,067,643</u>		<u>920,979</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>972,787</u>		<u>(762,094)</u>	
Cash and cash equivalents at beginning of year		1,294,366		2,056,460	
<b>Cash and cash equivalents at end of year</b>		<u><u>2,267,153</u></u>		<u><u>1,294,366</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		2,268,521		1,295,695	
Bank overdrafts included in creditors payable within one year		<u>(1,368)</u>		<u>(1,329)</u>	

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

OGH Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Palladium House, 1-4 Argyll Street, London, W1F 7LD.

The group consists of OGH Limited and all of its subsidiaries as listed in Note 16.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company and the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account, statement of cashflows, and related notes. The company's loss for the year was £151,345 (2017: £173,722 profit)

#### 1.2 Basis of consolidation

In the parent company's financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Within the parent company, investments in subsidiaries are accounted for at cost less impairment.

The consolidated financial statements incorporate those of OGH Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Oil & Gas Measurement, Oil & Gas Systems, Neftegasmetrology LLC, Oil and Gas Measurement Technology LLC, Multi-Flow Valves Inc, Metering and Technology Ltd and Metering and Technology SAS have all been included in the group financial statements using the purchase method of accounting.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies**

**(Continued)**

#### **1.3 Going concern**

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

During the year, the group had total comprehensive loss of £1,129,338 and has a negative balance sheet totalling £4,299,379. The directors are confident that the ultimate connected parent will continue to fund the group's working capital requirements, so that it meets the group's creditors when they fall due.

The group is reliant on ongoing funding from a connected company; creditors due in over 1 year includes a loan due from this company.

The director is confident that the Covid-19 outbreak will not impact the group's ability to continue as a going concern.

The group is currently continuing with production at under the government social distancing recommendations. There have not yet been any issues with supply chains, there are continued customer orders coming in and all staff are working either from home or in the offices.

Longer term the director is confident that they still have the support of the shareholders and that the group would be able to take advantage of any support offered by the British government.

#### **1.4 Turnover**

Turnover is the total amount receivable by the company for equipment supplied and services provided, invoiced in accordance with contract payment terms once certain milestones have been reached and on the basis applied to long term contracts, excluding sales taxes and trade discounts.

Long term contracts are assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract.

Turnover not relating to long term contracts represents amounts receivable for equipment, spare parts, rental income and site services, project management and from the recharge of administrative costs to other companies.

Revenue from the sale of equipment and spare parts is recognised when the significant risks and rewards of ownership of the items have passed to the buyer (usually on dispatch of the items), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of project management and site services is recognised upon completion of the service.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	10 years straight line
Other intangibles	5 years straight line

Development costs are amortised at the point at which a completed, commercially saleable product is developed, in accordance with Section 18 of FRS102 'Intangible Assets other than Goodwill'. The directors of the company are satisfied that all intangible assets that have been completed have been identified, and the correct amortisation has been charged accordingly, on the basis seen above.

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% Reducing balance basis
Fixtures, fittings and equipment	25% - 37.5% Reducing balance basis
Motor vehicles	17% Straight line basis
Other assets	See below

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Tangible assets within the "other assets" category relate to costs incurred in relation to multi-phase loops. This category of assets is carried at valuation. The directors are of the opinion that the cost value of these assets represents the most accurate fair value, and that any depreciation in relation to the assets in question is immaterial given their high residual value.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 Stocks

Stock represents spares for engineering projects, other measurement and calibration equipment, and equipment for resale.

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell on a first in, first out basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.11 Long term construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

##### 1.12 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### **Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

##### **Other financial liabilities**

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Trade and other creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.14 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.



# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### ***Depreciation and amortisation of tangible and intangible fixed assets***

The cost of tangible fixed assets is depreciated over its estimated useful economic life. Management estimates the useful lives of these tangible assets to vary. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy of tangible fixed assets is described in note 1.7. The carrying amount of the group's tangible fixed assets in the balance sheet is disclosed in note 14 of the financial statements.

The capitalised costs of intangible assets are amortised over their estimated useful lives. Management expect these useful lives to vary based on advances in technology and future research and development. Where the useful life of an intangible asset cannot be accurately estimated, the asset is amortised over a maximum of 10 years in accordance with paragraph 18.20 of FRS102. The accounting policy of intangible fixed assets is disclosed in note 1.9.

##### ***Warranty***

A warranty provision is provided on the construction contracts, providing for the anticipated cost of the labour and parts necessary to repair systems during the warranty period. The estimated warranty costs are accounted for by accruing these costs for each contract upon completion of the contract.

##### ***Construction contracts***

The group recognises contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. In determining the stage of completion of any contract, the group will also base its judgement on past experience and by relying on the work of specialists.

##### ***Stock***

The group writes down stock to net realisable value based on an estimate of the realisable value of stock. Written down stock is recorded when events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate or judgement, such difference will impact the carrying value of stock and write-downs of stock in the periods in which such estimates or judgements have been changed. The accounting policy of stocks is described in note 1.10. At the year end the carrying amount of stocks is stated in note 18.

##### ***Impairment of trade debtors***

The group reviews trade debtor balances for impairment and this is performed on a regular basis. Those balances which are considered to be recoverable remain in trade debtors and those which are not, are impaired and the impairment loss is recorded in the profit or loss. In making this judgement, the company evaluates, among other factors, the duration and the financial health of and short-term business outlook for the trade debtors, including factors such as industry and sector performance. The accounting policy of trade debtors is described in note 1.13. At the year end the carrying amount of trade debtors is stated in note 19.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Contract sales, spares and site services	11,883,031	11,255,932
	<u>          </u>	<u>          </u>
	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	17,770	3,451
	<u>          </u>	<u>          </u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,823,931	2,134,811
Europe	3,666,567	227,278
Rest of the world	6,392,533	8,893,843
	<u>          </u>	<u>          </u>
	11,883,031	11,255,932
	<u>          </u>	<u>          </u>

#### 4 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging:		
Exchange losses	148,439	23,901
Research and development costs	61,752	60,277
Depreciation of owned tangible fixed assets	941,533	944,602
Depreciation of tangible fixed assets held under finance leases	-	2,231
Impairment of owned tangible fixed assets	25,202	-
Amortisation of intangible assets	178,960	161,839
Impairment of intangible assets	76,226	-
Cost of stocks recognised as an expense	6,957,502	6,200,210
Operating lease charges	151,560	160,563
	<u>          </u>	<u>          </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £148,439 (2017 - £23,901).

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	20,000	13,863
Audit of the financial statements of the company's subsidiaries	33,365	31,650
	<u>53,365</u>	<u>45,513</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2018 Number	2017 Number
Workshop and engineering	84	94
Administration	20	12
Sales	5	5
Management	1	2
	<u>110</u>	<u>113</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,584,314	2,738,681
Social security costs	360,752	296,438
Pension costs	34,289	52,720
	<u>2,979,355</u>	<u>3,087,839</u>

### 7 Director's remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>106,760</u>	<u>155,175</u>

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 8 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	17,770	2,664
Other interest income	-	787
<b>Total income</b>	<b>17,770</b>	<b>3,451</b>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	17,770	2,664
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#### 9 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on finance leases and hire purchase contracts	123	3,654
Other interest on financial liabilities	249,446	252,912
	<b>249,569</b>	<b>256,566</b>
<b>Other finance costs:</b>		
Other interest	191	79,995
<b>Total finance costs</b>	<b>249,760</b>	<b>336,561</b>

#### 10 Amounts written off investments

	2018 £	2017 £
<b>Fair value gains/(losses) on financial instruments</b>		
Change in value of financial assets held at fair value through profit or loss	-	1,228,624
<b>Other gains/(losses)</b>		
(Loss)/gain on disposal of fixed asset investments	(1,291)	70,000
	<b>(1,291)</b>	<b>1,298,624</b>

#### 11 Taxation

	2018 £	2017 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(192,586)	(278,467)
Foreign current tax on profits for the current period	18,707	61,120
<b>Total current tax</b>	<b>(173,879)</b>	<b>(217,347)</b>

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Taxation

(Continued)

#### Deferred tax

Origination and reversal of timing differences	-	53
Write down or reversal of write down of deferred tax asset	3,711	-
Other adjustments	-	(94,449)
Total deferred tax	3,711	(94,396)
Total tax credit	(170,168)	(311,743)

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(1,397,754)	1,428,349
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(265,573)	271,386
Tax effect of expenses that are not deductible in determining taxable profit	1,242	823
Tax effect of income not taxable in determining taxable profit	-	(20,837)
Gains not taxable	-	(233,439)
Unutilised tax losses carried forward	(30,313)	(307,380)
Change in unrecognised deferred tax assets	3,711	-
Adjustments in respect of prior years	-	63,821
Group relief	-	(6,737)
Depreciation on assets not qualifying for tax allowances	42	67
Other permanent differences	-	(68,524)
Effect of overseas tax rates	23,101	2,399
Foreign exchange differences	15,824	19,052
Other differences	81,798	(32,374)
Taxation credit	(170,168)	(311,743)

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 £	2017 £
In respect of:			
Intangible assets	13	76,226	-
Property, plant and equipment	14	25,202	-
Fixed asset investments	15	300,216	-
		<u>          </u>	<u>          </u>
Recognised in:			
Administrative expenses		101,428	-
Amounts written off investments		300,216	-
		<u>          </u>	<u>          </u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

#### 13 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Development Costs £	Other intangibles £	Capitalised R&D £	Total £
<b>Cost</b>						
At 1 January 2018	220,851	(170,059)	2,569,489	272,404	59,580	2,952,265
Additions - internally developed	-	-	895,343	-	-	895,343
Additions - separately acquired	-	-	-	34,963	143,411	178,374
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2018	220,851	(170,059)	3,464,832	307,367	202,991	4,025,982
<b>Amortisation and impairment</b>						
At 1 January 2018	106,230	(22,564)	-	161,313	-	244,979
Amortisation charged for the year	22,085	(16,674)	92,346	60,904	20,299	178,960
Impairment losses	-	-	-	76,226	-	76,226
Exchange adjustments	-	-	-	5,367	-	5,367
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2018	128,315	(39,238)	92,346	303,810	20,299	505,532
<b>Carrying amount</b>						
At 31 December 2018	92,536	(130,821)	3,372,486	3,557	182,692	3,520,450
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2017	114,621	(147,495)	2,569,489	111,091	59,580	2,707,286
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 13 Intangible fixed assets

(Continued)

More information on the impairment arising in the year is given in note 12.

#### 14 Tangible fixed assets

Group	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Other assets	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2018	4,499,383	1,675,332	65,552	1,575,567	7,815,834
Additions	242,370	90,749	-	-	333,119
Disposals	(20,700)	-	(17,118)	-	(37,818)
Exchange adjustments	(474,631)	-	-	-	(474,631)
At 31 December 2018	4,246,422	1,766,081	48,434	1,575,567	7,636,504
<b>Depreciation and impairment</b>					
At 1 January 2018	2,217,659	1,267,874	65,552	-	3,551,085
Depreciation charged in the year	839,159	102,374	-	-	941,533
Impairment losses	-	25,202	-	-	25,202
Eliminated in respect of disposals	-	-	(17,118)	-	(17,118)
Exchange adjustments	(223,910)	-	-	-	(223,910)
At 31 December 2018	2,832,908	1,395,450	48,434	-	4,276,792
<b>Carrying amount</b>					
At 31 December 2018	1,413,514	370,631	-	1,575,567	3,359,712
At 31 December 2017	2,281,724	407,458	-	1,575,567	4,264,749

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Fixtures, fittings and equipment	-	6,694	-	-

More information on impairment movements in the year is given in note 12.



# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	16	-	3	6,340,113	6,340,113
Unlisted investments		57	6,025	-	-
		<u>57</u>	<u>6,028</u>	<u>6,340,113</u>	<u>6,340,113</u>

### Movements in fixed asset investments Group

	Shares in group undertakings £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 January 2018	3	6,025	6,028
Valuation changes	(3)	(4,677)	(4,680)
Disposals	-	(1,291)	(1,291)
At 31 December 2018	<u>-</u>	<u>57</u>	<u>57</u>
<b>Carrying amount</b>			
At 31 December 2018	<u>-</u>	<u>57</u>	<u>57</u>
At 31 December 2017	<u>3</u>	<u>6,025</u>	<u>6,028</u>

### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2018 and 31 December 2018	<u>6,340,113</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>6,340,113</u>
At 31 December 2017	<u>6,340,113</u>

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Flow Calibration Services Limited	England	Non-trading	Ordinary		100.00
Maurer Instruments Limited	England	Non-trading	Ordinary		100.00
Maurer Technologies Limited	England	Non-trading	Ordinary		100.00
Metering & Technology Ltd	England	Holding Company	Ordinary		82.00
Metering & Technology SAS France		Manufacturing flow meters and conditioners	Ordinary		82.00
Multi-Flow Valves, Inc	USA	Producing multi flow valves for the oil and gas industry	Ordinary	100.00	
Neftegasmetrology LLC	Russia	Producing oil sampling equipment for the oil and gas exploration industry	Ordinary		100.00
Oil & Gas Manufacturing Limited	England	Dormant	Ordinary	100.00	
Oil & Gas Measurement Limited	England	Producing oil sampling equipment for the oil and gas exploration industry	Ordinary	100.00	
Oil & Gas Measurement Technology LLC	Russia	Producing oil sampling equipment for the oil and gas exploration industry	Ordinary		99.99
Oil & Gas Services Limited	England	Dormant	Ordinary	100.00	
Oil & Gas Systems Limited	England	The design and supply of bespoke engineered process packages and engineered metering systems	Ordinary	100.00	
HDF Pyknometers Limited	England	Non-trading	Ordinary		100.00

On the 24th April 2018, OGH Limited indirectly acquired 100% of the share capital of HDF Pyknometers Limited, a company incorporated within the United Kingdom.

On the 8th April 2019, OGH Limited sold its entire shareholding in both Oil & Gas Systems Limited and Oil & Gas Measurement Limited. As a result, as at this point, OGH Limited no longer held any indirect ownership in Flow Calibration Services Limited, Maurer Instruments Limited, Maurer Technologies Limited, Metering & Technology Limited, Metering & Technology SAS, Neftegasmetrology LLC, Oil & Gas Measurement Technology LLC and HDF Pyknometers Limited.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	2,492,251	2,973,802	3,805,440	2,880,913
Equity instruments measured at cost less impairment	57	6,025	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	20,576,590	17,564,930	8,188,770	6,032,531

### 18 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	44,636	57,007	-	-
Work in progress	48,119	369,980	-	-
Finished goods and spares/parts for resale	524,052	505,746	-	-
	616,807	932,733	-	-

### 19 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,343,100	2,900,912	8,435	40,544
Unpaid share capital	501	501	-	-
Corporation tax recoverable	195,767	131,716	-	-
Amounts owed by group undertakings	-	-	3,797,005	2,832,144
Other debtors	331,870	432,462	-	8,225
Prepayments and accrued income	3,761,954	1,894,127	1,244	-
	6,633,192	5,359,718	3,806,684	2,880,913

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	22	1,368	1,329	-	-
Obligations under finance leases	23	-	1,502	-	-
Other borrowings	22	246,832	149,250	-	-
Trade creditors		3,487,816	3,527,100	296,828	132,254
Corporation tax payable		60	60	-	-
Other taxation and social security		121,468	171,260	364	2,149
Other creditors		518,802	729,685	1,148	-
Accruals and deferred income		3,826,253	2,616,218	51,775	8,833
		<u>8,202,599</u>	<u>7,196,404</u>	<u>350,115</u>	<u>143,236</u>

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Other borrowings	22	12,380,876	10,409,313	7,839,019	5,891,444
Other creditors		114,643	130,533	-	-
		<u>12,495,519</u>	<u>10,539,846</u>	<u>7,839,019</u>	<u>5,891,444</u>

### 22 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank overdrafts	1,368	1,329	-	-
Other loans	12,627,708	10,558,563	7,839,019	5,891,444
	<u>12,629,076</u>	<u>10,559,892</u>	<u>7,839,019</u>	<u>5,891,444</u>
Payable within one year	248,200	150,579	-	-
Payable after one year	12,380,876	10,409,313	7,839,019	5,891,444

Other loans bear interest at a rate of 1.625%, are unsecured and repayable on demand with no fixed repayment date.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 23 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	-	1,502	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease obligations are secured by way of a first legal charge over the relevant fixed asset.

### 24 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	34,289	52,720

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 25 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1,373,378 Ordinary shares of £1 each	1,373,378	1,373,378
Preference share capital		
Issued and fully paid		
3,500,000 Preference shares of \$1 each	1,737,913	1,737,913

The preference shares have no voting rights attached to them.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 26 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	24,871	64,736	-	-
Between two and five years	6,218	32,067	-	-
	<u>31,089</u>	<u>96,803</u>	<u>-</u>	<u>-</u>

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2018 £	2017 £
Aggregate compensation	<u>106,760</u>	<u>155,176</u>

At the year end, the group owed Talesword Limited, a connected company, £11,065,806 (2017: £8,804,860) on which interest of £135,761 (2017: £148,850) was charged at an annual rate of 1.625%.

Included within creditors are amounts of £131,425 (2017: £nil) due to Oil & Gas Machinery Limited and £431,310 (2017: £423,712) due to Solaris Engineering (CY) Limited, both connected companies.

During the prior year, the group wrote back a balance from creditors of £200,150, owed to Technoimpex Engineering Limited, a connected company.

The company has taken advantage of the exemption available in accordance with paragraph 33.1A of FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company has wholly owned subsidiary undertakings to which it is party to the transactions.

### 28 Controlling party

In the opinion of the directors the ultimate controlling party is the Solaris Trust.

# OGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 29 Cash generated from group operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(1,227,586)	1,740,704
Adjustments for:		
Taxation credited	(170,168)	(311,743)
Finance costs	249,760	336,561
Investment income	(17,770)	(3,451)
Amortisation and impairment of intangible assets	255,186	161,839
Depreciation and impairment of tangible fixed assets	966,736	1,123,063
Foreign exchange gains on cash equivalents	21,599	(6,575)
Loss/(gain) on sale of investments	1,291	(70,000)
Other gains and losses	-	(1,228,624)
Movements in working capital:		
Decrease/(increase) in stocks	315,926	(141,518)
(Increase) in debtors	(659,773)	(1,245,488)
Increase/(decrease) in creditors	725,054	(16,869)
<b>Cash generated from operations</b>	<b>460,255</b>	<b>337,899</b>