

Corpro Systems Limited

Report and financial statements

Year ended 31 March 2018

Registered number SC110438

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Directors and advisors

Directors

J V Garcia
C Bernert
S Goodwin
S McGurk

Registered office

The Capitol
431 Union Street
Aberdeen
AB11 6DA

Company secretary

Dentons Secretaries Limited
One Fleet Place
London
England
EC4M 7WS

Independent auditor

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

Solicitor

Dentons UK and Middle East LLP
One Fleet Place
London
England
EC4M 7WS

Bankers

HSBC Bank Plc
2 Queens Road
Aberdeen
AB15 4ZT

Strategic report

The directors present their Strategic report for the year ended 31 March 2018.

Principal activities

The principal activity of Corpro Systems Limited (the "company") is the provision of coring services to the oil and gas industry. The company, a subsidiary of Reservoir Group Limited, is based in the United Kingdom and has operations in Europe, Africa, South East Asia and South America.

Business model and future developments

The business operates within the Corpro division of the Reservoir group, predominantly servicing the Europe, Africa, South East Asia and South America markets. The business will continue to operate and grow their products and services into these markets for the foreseeable future.

Business review and results

The loss for the financial year amounted to \$191,000 (2017: loss of \$1,864,000). Dividends of \$79,759,000 were paid in the year (2017: nil). Although the company made a post-tax loss in the year, it returned to a pre-tax profit as a result of a significant increase in revenue owing to the recovery of the oil and gas market.

Key performance indicators

The directors consider key performance indicators of the company to be turnover, gross profit and operating profit, all of which are influenced by the level of global oil and gas exploration and development which, in turn, is influenced by oil and gas prices.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company include future movements in oil and gas commodity prices which influence demand for services and geographical and political risks arising from operating in overseas locations. Further considerations of the risks and uncertainties facing the company and the wider group are made in the consolidated financial statements of Reservoir Group Limited.

Foreign exchange and interest rate risks

The company's primary cash flow risks arise from changes in foreign currency exchange rates and changes in interest rates. The exchange rate risks are partly mitigated by the business having most of its income and costs in one currency. In situations where there is a significant mismatch between currency of income and currency of expenditure the company will use foreign exchange forward contracts to hedge that exposure.

Credit risk

The company's principal financial assets are cash, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings. The company has no significant concentration of credit risk, with exposure spread over a number of customers.

Strategic report *(continued)*

Liquidity risk

In order to ensure that sufficient funds are available for ongoing operations and future development, the company is party to the borrowing arrangements of Madison Industries Holdings LLC and its subsidiary companies, together “the Group”. This brings the benefit associated with access, if required, to the funding available through these arrangements, together with the risks associated with becoming a guarantor to them.

Signed on behalf of the board

A handwritten signature in black ink, appearing to read 'S. McGurk', written over a horizontal line.

S McGurk
Director

30 January 2020

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2018.

Directors

The directors who held office during the year were as follows:

J V Garcia	
C Bernert	Appointed 17 November 2017
M Brausse	Resigned on 1 November 2018
J Mackie	Appointed on 26 June 2017, Resigned on 5 August 2018
G Kilmister	Resigned on 27 June 2017

Subsequent to the year end, the following directors were appointed:

S Goodwin	Appointed on 1 November 2018
S McGurk	Appointed on 1 November 2018

Dividend

The directors paid a dividend of \$79,759,000 (2017: \$Nil) during the year.

Employees

The Company is committed to providing staff and management training designed to encourage the necessary attitudes and skills to foster good communication and consultation at all levels with a view to informing and involving staff in the progress of the Company and its future. Communication with all employees is conducted through the regular dissemination of relevant information, announcements and meetings with management.

The Company is committed to all aspects of staff training. This is achieved through on the job training and through other local and national training and development initiatives. The Company operates an equal rights policy across all its subsidiaries.

Political contributions

The company made no political donations nor incurred any political expenditure during the year (2017: \$Nil).

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons:

The company is dependent for its working capital on funds guaranteed by other group companies. Reservoir Group Limited, a fellow group company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board



S McGurk

Director

30 January 2020

Statement of directors' responsibilities in respect of the report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Corpro Systems Limited

Opinion

We have audited the financial statements of Corpro Systems Limited for the year ended 31 March 2018 which comprise the Profit and loss Account and other comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, 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 company's affairs as at 31 March 2018 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.

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 below. 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Corpro Systems Limited (continued)

Other information (continued)

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

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

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

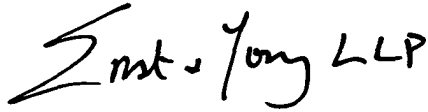
Independent auditor's report to the members of Corpro Systems Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is stylized, with the first letters of each word being prominent.

Kenneth MacLeod Hall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

30, January 2020

Profit and loss account and other comprehensive income
for the year ended 31 March 2018

	<i>Note</i>	2018 \$000	2017 \$000
Turnover	2	14,889	8,440
Cost of sales		(9,497)	(3,409)
Gross profit		5,392	5,031
Administrative expenses		(4,911)	(6,021)
Operating profit/(loss)		481	(990)
Income from shares in group undertakings		-	44
Profit / (Loss) on ordinary activities before taxation	3	481	(946)
Tax on profit/(loss) on ordinary activities	6	(672)	(918)
Loss for the financial year		(191)	(1,864)
Total comprehensive Loss for the year		(191)	(1,864)

All items relate to continuing operations.

The notes on pages 12 to 23 form an integral part of these financial statements.

Balance sheet
at 31 March 2018

	<i>Note</i>	2018 \$000	2018 \$000	2017 \$000	2017 \$000
Fixed assets					
Tangible assets	7		4,796		5,073
Current assets					
Stocks	9	50		225	
Debtors	10	15,331		102,049	
Cash at bank and in hand		613		1,930	
		<u>15,994</u>		<u>104,204</u>	
Creditors: amounts falling due within one year	11	<u>(14,914)</u>		<u>(23,451)</u>	
Net current assets			1,080		80,753
Net assets			<u>5,876</u>		<u>85,826</u>
Capital and reserves					
Called up share capital	14	512		512	
Profit and loss account		5,364		85,314	
Shareholders' funds			<u>5,876</u>		<u>85,826</u>

The notes on pages 12 to 23 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 30 January 2020 and were signed on its behalf by:



S McGurk
Director

Company registered number: SC110438

Statement of changes in equity
at 31 March 2018

	Called up Share capital	Profit and loss account	Total equity
	\$000	\$000	\$000
At 1 April 2016	512	87,178	87,690
Total comprehensive loss for the year			
Loss for the financial year	-	(1,864)	(1,864)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	(1,864)	(1,864)
	<hr/>	<hr/>	<hr/>
At 31 March 2017	512	85,314	85,826
	<hr/>	<hr/>	<hr/>
At 1 April 2017	512	85,314	85,826
Total comprehensive loss for the year			
Loss for the financial year	-	(191)	(191)
Equity dividends paid	-	(79,759)	(79,759)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	(79,950)	(79,950)
	<hr/>	<hr/>	<hr/>
At 31 March 2018	512	5,364	5,876
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Corpro Systems Limited (the “company”) is a company limited by shares and incorporated and domiciled in the UK with its registered office at The Capitol, 431 Union Street, Aberdeen AB11 6DA.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is US dollars. All amounts in the financial statements have been rounded to the nearest \$1,000.

The company’s ultimate UK parent undertaking, Reservoir Group Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Reservoir Group Limited are available to the public and may be obtained from the address in note 17. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation;
- Related party transactions;
- Financial instruments; and
- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons:

The company is dependent for its working capital on funds guaranteed by other group companies. Reservoir Group Limited, a fellow group company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Software	3 years straight line
Plant and machinery	2 – 10 years straight line
Fixtures and fittings	3 years straight line
Motor vehicles	4 years straight lin

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Plant and machinery includes non-consumable equipment utilised during the coring process such as coreheads, core barrels and surface tools. These items are re-used on multiple coring jobs and are written down over their estimated useful life of 8 years on average. Items which are lost in whole or damaged are written off in full in the period which this occurs.

1.6 Investments

Investments are measured at cost less accumulated impairment.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "Cash-Generating Unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes (continued)

1 Accounting policies (continued)

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Turnover

Turnover represents the invoiced value of goods and services net of commission charged, excluding value added tax. The company has three principal business streams being the provision of coring services, tool rental and the sale of tools and other parts. Turnover in respect of coring services is recognised as the service is rendered. Turnover in respect of tool rental is recognised over the period which the rental occurs. Turnover in respect of tool and part sales is recognised when the tools are shipped to the customer.

1.12 Leases

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Notes (continued)

1 Accounting policies (continued)

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, which the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue Recognition: Revenue for the provision of services is recognised based on the accounting period for which the rental of equipment or services of engineers relates.

Revenue for the provision of goods is recognised based on the date at which liability for those goods passes from the company to the customer. This corresponds with the date at which the customer signs a goods received note or similar document.

Taxation: Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Impairment / recoverability of debtors: The company makes an assessment of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider various factors including the ageing profile of debtors and historical experience. See Note 10 for the net carrying amount of debtors and any associated impairment provisions.

There are no material key sources of estimation uncertainty impacting the financial statements

Notes (continued)

2 Turnover

Turnover represents the value of services provided which fall within the company's ordinary activities after deduction of discounts and sales tax.

By geographical market

	2018 \$000	2017 \$000
Europe and Russia	4,114	2,681
Africa	7,133	4,043
South East Asia	-	14
America	2,995	1,702
Middle East	647	-
	<u>14,889</u>	<u>8,440</u>

No analysis of turnover by business stream is provided as the directors believe it may be prejudicial to the best interests of the company.

3 Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging / (crediting):

	2018 \$000	2017 \$000
Depreciation (note 7)	1,359	1,411
Rentals under operating leases:		
Plant and machinery	613	188
Land and buildings	249	260
Exchange loss / (gain)	51	(22)
Loss on disposal of fixed assets	28	103
	<u>33</u>	<u>38</u>

Audit of these financial statements

The auditors have not provided any non-audit services during the year.

Notes (continued)

4 Employee costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Production, distribution and sales	29	40
Administration	14	7
	<u>43</u>	<u>47</u>

The aggregate payroll costs of these persons were as follows:

	2018 \$000	2017 \$000
Staff costs during the period (including directors)		
Wages and salaries	2,971	3,031
Social security costs	239	246
Contributions to defined contribution plans (note 13)	75	72
	<u>3,285</u>	<u>3,349</u>

5 Directors' remuneration

The aggregate payroll costs of directors were as follows:

	2018 \$000	2017 \$000
Directors' remuneration	174	244
Share based payments	24	-
Company contribution to money purchase pension plans	11	-
	<u>209</u>	<u>244</u>

The directors' emoluments above were paid in relation to the services of one director (Year Ended 31 March 2018: one). The other directors did not receive any remuneration in respect of services to this company.

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account

The tax expense is made up as follows:

	2018 \$000	2017 \$000
<i>Current tax</i>		
UK tax – current year charge	136	-
UK tax - adjustments in respect of prior periods	-	104
UK tax – double tax relief	(136)	-
Overseas tax – current year charge	483	305
Overseas tax – adjustment in respect of prior year	(24)	188
Total current tax expense	459	597
<i>Deferred tax (see note 12)</i>		
Origination and reversal of timing differences	(50)	228
Adjustments in respect of prior years	263	93
Total deferred tax expense	213	321
Total tax expense	672	918

Reconciliation of effective tax rate

	2018 \$000	2017 \$000
Profit / (loss) before taxation	481	(946)
Tax using the UK corporation tax rate of 19% (2017: 20%)	91	(189)
Effect of overseas taxes	336	305
Accelerated capital allowances	-	85
Non-deductible expenses	1	5
Tax exempt revenues	-	(14)
Current tax exchange difference	-	9
Group relief surrendered	-	433
Effect of deferred tax provided at 17%	5	-
Current year deferred tax adjustment	-	53
Adjustments in respect of prior periods	239	283
Other permanent differences	-	(52)
Total tax expense included in profit or loss	672	918

Notes (continued)

6 Taxation (continued)

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for the year ended 31 March 2018 are taxed at an effective rate of 19% (2017: 20%).

UK Finance (No 2) Act 2015 which introduced reductions in the UK corporation tax rate to 18% effective from 1 April 2020 was enacted on 15 November 2015. UK Finance Act 2016 which introduced further reductions in the UK corporation tax rate to 17% effective 1 April 2020 was enacted on 15 September 2016.

Deferred tax is calculated in full on temporary differences under the liability method. The UK rate of corporation tax, currently 19% will reduce to 17% in April 2020. The company has provided deferred tax at 17% (2017: 19%).

7 Tangible fixed assets

	Software \$000	Plant and Machinery \$000	Fixtures & fittings \$000	Motor Vehicles \$000	Total \$000
Cost					
At 1 April 2017	12	13,614	242	143	14,011
Additions	-	1,120	3	-	1,123
Disposals	-	(338)	-	-	(338)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	12	14,396	245	143	14,796
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 1 April 2017	12	8,567	224	135	8,938
Charge for the year	-	1,338	13	8	1,359
Disposals	-	(297)	-	-	(297)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	12	9,608	237	143	10,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 1 April 2017	-	5,047	18	8	5,073
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	-	4,788	8	-	4,796
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Fixed asset investments

The company has the following investments in subsidiaries and jointly controlled entities:

Entity	Registered office address	Accounting year	Country of incorporation	Class of shares held	Ownership as at 31 March 2018	Ownership as at 31 March 2017
Reservoir Group do Brazil Servios de Petroleo Ltda	Estr. Sao Jose E Imboassica 1000 Macaé Rio De Janeiro 27925-540 Brazi	31 December	Brazil	Ordinary	100%	100%
Corpro Al Saudia Co.	P.O. Box 2756, Dammam 21461, Kingdom of Saudi Arabia	31 December	Kingdom of Saudi Arabia	Ordinary	92.5%	92.5%

The investments and joint ventures were written down to net realisable value amount of \$nil as of 31 March 2016. Subsequent to the year end, Corpro Systems Asia Pacific Pte Ltd, an entity in which Corpro System Limited held a 100% share, was liquidated.

9 Stocks

	2018 \$000	2017 \$000
Finished goods	50	225

10 Debtors

	2018 \$000	2017 \$000
Trade debtors	2,517	1,540
Amounts owed by group undertakings	6,152	97,617
Other debtors	765	786
Deferred tax assets (see note 12)	1,138	1,351
Prepayments and accrued income	4,689	755
Other taxation and social security	70	-
	15,331	102,049

Amounts owed by group undertakings are interest free and repayable on demand. These balances are unsecured in nature.

Notes (continued)

11 Creditors: amounts falling due within one year

	2018 \$000	2017 \$000
Bank loans and overdrafts (secured)	36	-
Trade creditors	1,909	735
Amounts owed to group undertakings	10,620	21,236
Other creditors	60	7
Overseas tax creditors	414	220
Accruals	1,875	1,253
	<u>14,914</u>	<u>23,451</u>

Amounts owed to group undertakings are interest free and repayable on demand. These balances are unsecured in nature.

12 Deferred tax assets

Deferred tax assets are attributable to the following:

	2018 \$000	2017 \$000
Accelerated capital allowances	1,116	1,335
Other	22	16
	<u>1,138</u>	<u>1,351</u>

13 Employee benefits

Defined contribution plans

The company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was \$75,000 (*Year Ended 31 March 2017: \$72,000*).

14 Capital and reserves

Share Capital

	2018 \$000	2017 \$000
<i>Allotted, called up and fully paid</i>		
350,000 Ordinary shares of £1 each	<u>512</u>	<u>512</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes (continued)

15 Financial commitments

At 31 March 2018, the company was committed to making the following total future minimum lease payments under non-cancellable operating leases:

	2018 \$000	2017 \$000
Less than one year	106	125
Between one and five years	233	1
	<hr/>	<hr/>
	339	126
	<hr/>	<hr/>

16 Related parties

The company is wholly owned and has taken advantage of the exemption available under Section 33.1A of FRS 102 not to disclose any transactions with entities that are part of the Reservoir Group Limited group which qualify as related parties. There are no other related party transactions in existence out with this disclosure exemption.

17 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Corpro Group Limited. The ultimate parent company and controlling party is Madison Industries Holdings LLC, a company incorporated in the USA.

The smallest and largest group within which the results of the company are consolidated is that of Reservoir Group Limited. The consolidated financial statements of Reservoir Group Limited are available publicly on Companies House.